DATRONIX HOLDINGS LIMITED
連達科技控股有限公司*

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

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013

The board of directors (the "Board") of Datronix Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2013 together with the comparative figures for the corresponding year of 2012 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	**2013** **HK$'000**	2012 *HK$'000*
Turnover	*5*	**284,038**	262,606
Cost of sales		**(193,042)**	(176,090)
Gross profit		**90,996**	86,516
Other revenue and gain	*5*	**15,671**	15,788
Distribution and selling expenses		**(19,232)**	(18,881)
Administrative expenses		**(51,091)**	(50,104)
Profit before income tax expense	*7*	**36,344**	33,319
Income tax expense	*8*		
Current tax - tax for the year		**(4,230)**	(3,260)
- over provision in respect of prior years		**1,248**	3,048
Deferred taxation		**(21)**	(2)
		(3,003)	(214)
Profit for the year and attributable to owners of the Company		**33,341**	33,105

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	**2013** **_HK$'000_**	2012 *HK$'000*
Profit for the year and attributable to owners of the Company		**33,341**	33,105
Other comprehensive income, net of tax			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**1,035**	1,635
Item that will not be reclassified to profit or loss:			
Surplus on revaluation of leasehold land and buildings held for own use		**13,267**	33,343
Other comprehensive income for the year and attributable to owners of the Company, net of tax		**14,302**	34,978
Total comprehensive income for the year and attributable to owners of the Company		**47,643**	68,083
Earnings per share			
- Basic and diluted	*9*	**HK$0.104**	HK$0.103

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2013

	Notes	**2013**	2012
		HK$'000	HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**189,521**	178,134
Payment for leasehold land held for own use under operating leases		**4,310**	4,378
Goodwill		**9,486**	9,486
		203,317	191,998
CURRENT ASSETS			
Inventories		**87,839**	84,288
Trade receivables	*10*	**34,513**	29,240
Prepayments, deposits and other receivables		**3,984**	1,882
Amount due from ultimate holding company		**51**	45
Amount due from a related company		**94**	25
Tax prepayment		**1,348**	5,192
Cash and cash equivalents		**429,460**	404,539
		557,289	525,211
CURRENT LIABILITIES			
Trade and other payables	*11*	**17,655**	17,900
Current tax liabilities		**1,436**	1,123
		19,091	19,023
NET CURRENT ASSETS		**538,198**	506,188
TOTAL ASSETS LESS CURRENT LIABILITIES		**741,515**	698,186
NON-CURRENT LIABILITIES			
Employee benefits		**19,482**	18,397
Deferred tax liabilities		**25,121**	22,840
		44,603	41,237
NET ASSETS		**696,912**	656,949
CAPITAL AND RESERVES			
Issued capital		**32,000**	32,000
Reserves		**664,912**	624,949
TOTAL EQUITY		**696,912**	656,949

Notes:

1. Statement Of Compliance

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. Basis Of Measurement

The consolidated financial statements have been prepared under the historical cost basis except for certain leasehold land and buildings, which are measured at revalued amounts as explained in the accounting policies set out in the annual report.

3. Functional And Presentation Currency

The consolidated financial statements are presented in Hong Kong dollars ("HK$"). Each entity in the Group maintains its books and records in its own functional currency. The functional currency of the Company is HK$. The board of directors considered that it is more appropriate to present the financial statements in HK$ as the shares of the Company are listed on the Main Board of the Stock Exchange of Hong Kong Limited.

4. Adoption Of HKFRSs

Adoption of new/revised HKFRSs – effective 1 January 2013

HKFRSs (Amendments)	Annual Improvements 2010 – 2012 Cycle
Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income
Amendments to HKFRS 7	Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement

Except as explained below, the adoption of these amendments has no material impact on the Group's financial statements.

<u>HKFRSs (Amendments) - Annual Improvements 2010-2012 Cycle</u>

The Basis of Conclusions for HKFRS 13 Fair Value Measurement was amended to clarify that short-term receivables and payables with no stated interest rate can be measured at their invoice amounts without discounting, if the effect of discounting is immaterial. This is consistent with the Group's existing accounting policy.

<u>Amendments to HKAS 1 (Revised) – Presentation of Items of Other Comprehensive Income</u>

The amendments to HKAS 1 (Revised) require the Group to separate items presented in other comprehensive income into those that may be reclassified to profit and loss in the future and those that may not. Tax on items of other comprehensive income is allocated and disclosed on the same basis.

The Group has adopted the amendments retrospectively for the financial year ended 31 December 2013. Items of other comprehensive income that may and may not be reclassified to profit and loss in the future have been presented separately in the consolidated statement of profit or loss and other comprehensive income. The comparative information has been restated to comply with the amendments. As the amendments affect presentation only, there are no effects on the Group's financial position or performance.

4. Adoption Of HKFRSs (Continued)

Amendments to HKFRS 7 - Offsetting Financial Assets and Financial Liabilities

HKFRS 7 is amended to introduce disclosures for all recognised financial instruments that are set off under HKAS 32 and those that are subject to an enforceable master netting agreement or similar arrangement, irrespective of whether they are set off under HKAS 32.

The adoption of the amendments has no impact on these financial statements as the Group has not offset financial instruments, nor has it entered into a master netting agreement or a similar arrangement.

HKFRS 10 - Consolidated Financial Statements

HKFRS 10 introduces a single control model for consolidation of all investee entities. An investor has control when it has power over the investee (whether or not that power is used in practice), exposure or rights to variable returns from the investee and the ability to use the power over the investee to affect those returns. HKFRS 10 contains extensive guidance on the assessment of control. For example, the standard introduces the concept of "de facto" control where an investor can control an investee while holding less than 50% of the investee's voting rights in circumstances where its voting interest is of sufficiently dominant size relative to the size and dispersion of those of other individual shareholders to give it power over the investee. Potential voting rights are considered in the analysis of control only when these are substantive, i.e. the holder has the practical ability to exercise them.

The standard explicitly requires an assessment of whether an investor with decision making rights is acting as principal or agent and also whether other parties with decision making rights are acting as agents of the investor. An agent is engaged to act on behalf of and for the benefit of another party and therefore does not control the investee when it exercises its decision making authority. The accounting requirements in HKAS 27 (2008) on other consolidation related matters are carried forward unchanged. The Group has changed its accounting policy in determining whether it has control of an investee and therefore is required to consolidate that interest.

The adoption does not change any of the control conclusions reached by the group in respect of its involvement with other entities as at 1 January 2013.

HKFRS 13 – Fair Value Measurement

HKFRS 13 provides a single source of guidance on how to measure fair value when it is required or permitted by other standards. The standard applies to both financial and non-financial items measured at fair value and introduces a fair value measurement hierarchy. The definitions of the three levels in this measurement hierarchy are generally consistent with HKFRS 7 "Financial Instruments: Disclosures". HKFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The standard removes the requirement to use bid and ask prices for financial assets and liabilities quoted in an active market. Rather the price within the bid-ask spread that is most representative of fair value in the circumstances should be used. It also contains extensive disclosure requirements to allow users of the financial statements to assess the methods and inputs used in measuring fair values and the effects of fair value measurements on the financial statements. HKFRS 13 is applied prospectively.

HKFRS 13 did not materially affect any fair value measurements of the Group's assets and liabilities and therefore has no effect on the Group's financial position and performance. The standard requires additional disclosures about fair value measurements and these are included in annual report 2013. Comparative disclosures have not been presented in accordance with the transitional provisions of the standard.

5. Turnover And Other Revenue

a) Turnover
Turnover represents the net invoiced value of goods sold.

b) Other revenue and gain

	2013	2012
	HK$'000	*HK$'000*
Bank interest income	**7,988**	5,822
Exchange gain, net	**6,789**	7,836
Income from disposal of scrap materials	**538**	599
Reversal of interest accrued on unitary income tax	**-**	1,046
Reversal of provision for impairment loss on trade receivables	**14**	-
Sundry income	**342**	485
	15,671	15,788

6. 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 oversea 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.

a) Geographical information
The Group comprises the following main geographical segments:

	Revenue from external customers	
	2013	2012
	HK$'000	*HK$'000*
Hong Kong (place of domicile)	**1,718**	1,085
The People's Republic of China	**-**	-
The United States of America ("US")	**241,083**	233,536
Europe	**10,551**	9,442
Other countries	**30,686**	18,543
	282,320	261,521
	284,038	262,606

b) Information about major customers
Revenue from external customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	2013	2012
	HK$'000	*HK$'000*
Customer A	**55,346**	69,274
Customer B	**64,709**	49,214
Customer C	**47,630**	48,465
	167,685	166,953

7. Profit Before Income Tax Expense

Profit before income tax expense is arrived at after charging the following:

	2013	2012
	HK$'000	*HK$'000*
Cost of inventories recognised as expenses	**193,042**	176,090
Amortisation of payment for leasehold land held for own use under operating leases	**122**	117
Auditor's remuneration	**748**	702
Depreciation of property, plant and equipment	**6,838**	7,545
Loss on disposal of property, plant and equipment	**69**	42
Research and development expenditure	**6,187**	5,823

8. Income Tax Expense

Income tax expense in the consolidated statement of comprehensive income represents:

	2013	2012
	HK$'000	*HK$'000*
Current tax – Hong Kong Profits Tax		
- tax for the year	**3,044**	2,341
- over provision in respect of prior years	**(27)**	(38)
	3,017	2,303
Current tax – Overseas		
- tax for the year	**1,186**	919
- over provision in respect of prior years	**(1,221)**	(3,010)
	(35)	(2,091)
Deferred taxation	**21**	2
	3,003	214

The provision for Hong Kong Profits Tax for 2013 is calculated at 16.5% (2012:16.5%) of the estimated assessable profits for the year.

The PRC subsidiary is subject to PRC Enterprise Income Tax at 25% (2012: 25%).

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

9. Earnings Per Share

The calculation of basic earnings per share is based on the profit attributable to the owners of the Company of approximately HK$33,341,000 (2012: HK$33,105,000) and on the weighted average number of 320,000,000 (2012: 320,000,000) shares in issue during the year.

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

10. Trade Receivables

Customers are usually offered a credit period ranging from 30 days to 90 days. The ageing analysis of trade receivables as at the end of the reporting period is as follows:

	2013	2012
	HK$'000	*HK$'000*
Within 30 days	**24,035**	18,028
31 to 60 days	**7,225**	7,917
61 to 90 days	**2,555**	2,581
Over 90 days	**981**	1,011
	34,796	29,537
Less: Allowance for doubtful debts	**(283)**	(297)
	34,513	29,240

11. Trade And Other Payables

	2013	2012
	HK$'000	*HK$'000*
Trade payables	**11,755**	12,001
Other payables and accrued expenses	**5,900**	5,899
	17,655	17,900

The ageing analysis of trade payables as at the end of the reporting period is as follows:

	2013	2012
	HK$'000	*HK$'000*
Within 30 days	**5,107**	5,760
31 to 60 days	**4,105**	4,085
61 to 90 days	**2,077**	1,955
Over 90 days	**466**	201
	11,755	12,001

12. Retained Profits

The Group's profit after dividend, of approximately HK$466,380,000 (2012: HK$444,239,000) is retained and carried forward.

13. Dividends

The Board proposed a final dividend of HK$0.025 per share (2012: HK$0.014 per share), totaling HK$8,000,000 in respect of the year ended 31 December 2013 (2012: HK$4,480,000). An interim dividend of HK$0.01 per share (2012: HK$0.014 per share) was paid during the year.

FINAL DIVIDEND

The Board proposed a final dividend of HK$0.025 per share in respect of the year ended 31 December 2013 subject to the approval of the shareholders at the Company's annual general meeting to be held on Wednesday, 28 May 2014 ("AGM"). The proposed final dividend is expected to be paid on Tuesday, 17 June 2014, to shareholders whose names appear on the register of members of the Company at the close of business on Wednesday, 4 June 2014.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 26 May 2014 to Wednesday, 28 May 2014, both dates inclusive, during which period no transfer of shares will be registered. In order to be entitled to attend and vote at the forthcoming annual general meeting, all duly completed transfer forms 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, Wan Chai, Hong Kong, for registration not later than 4:30 p.m. on Friday, 23 May 2014.

The proposed final dividend is subject to the approval by the shareholders of the Company at the forthcoming annual general meeting. The register of members of the Company will be closed from Thursday, 5 June 2014 to Friday, 6 June 2014, both dates inclusive, during which period no transfer of shares will be registered. To qualify for the final 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, Wan Chai, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 4 June 2014. The cheques for dividend payment will be sent on about Tuesday, 17 June 2014.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2013 have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

MANAGEMENT DISCUSSION & ANALYSIS

Business Review

Despite of the performance of the first half of 2013, Datronix has come back strong with substantial progress in implementing strategy to improve our growth in revenue and profitability. A successful strategy was adopted to improve our competitiveness and regain our position with our existing customers and products. Through additional integration and automation, management believes can further reduce lead times and offset the increasing direct labor cost in China. This is a continuing program that already has proven to be beneficial to our PRC manufacturing operations, as well as to our supply base and customer base.

Our second half of 2013 has regained our disappointed position experienced in first six months of 2013. Revenue for the year ended December 31, 2013 increased 8% to HK$284 million, from HK$263 million for the year ended December 31, 2012. Gross profit reported HK$91 million, 32% of sales, has demonstrated our goal to tighten our labor cost control for the second half of 2013. The net earnings attributable to shareholders for the year ended December 31, 2013 were HK$33 million, 12% of sales, compare to HK$33 million for the prior year.

Datronix remains healthy financial position with cash balance of HK$429 million and there is no issuance of debt for year 2013.

Market Review

Communication and Networking

Communication segment contributed HK$76 million of sales for year 2013, compared to HK$92 million in previous year. This segment contributed 27% of the Group's total turnover. The communication and networking customers end demand was in a weakened state for year 2013. Gradual recovery is expected for this segment for year 2014.

Data Processing

Data processing segment contributed 7% of the Group's turnover. Sales for this segment were HK$21 million in 2013, compare to HK$14 million in 2012. The segment was affected by the general recovered economy.

Industrial Application

Industrial application segment sales reached to HK$102 million in 2013, an increase of 7% compared to HK$95 million in 2012, due to a continuous growth on major customers in this segment. This segment contributed 36% of the Group's total turnover.

High Reliability Segment

This segment demands precise technology, advance technical know-how and good workmanship by the Group. The healthcare segment and high reliability products showed strengthen rebound and improved our sales in this segment. The segment reported HK$85 million for year 2013, and HK$62 million in year 2012. This segment contributed 30% of our total sales.

Achievement and Awards

In recognition of the quality, value of its products and of the Group's service and performance, the Group has to date received 39 awards from customers including the "SUPPLIER OF THE YEAR" received in 2013.

Looking Forward

As the economy in the United States and Europe show sign of improvement, our backlog orders for the coming year look optimistic. Our short and mid term goal will be exploring new horizons and opportunities on various industries and segment through our existing sales channels and our acquired company. Yet, we remain cautious on the continuous rise in labor costs is China. Efforts in streamline manufacturing procedures, improve efficiencies and invest in automation will be our primary effort to fight the rise in labor costs in China.

We would like to take this opportunity to thank our shareholders, business partners, customers and bankers for their continuous support to the Group, and to all the staff for their contributions for the past year.

Financial Review
The Group delivered a stable earnings result for year ended 2013. Turnover was HK$284 million as at 31 December 2013 (2012: HK$263 million).

Gross profit in 31 December 2013 was HK$91 million with gross margin representing 32%, compared to HK$87 million with gross margin representing 33% for the same period last year. Profit recorded HK$33 million and HK$33 million for the year ended 2013 and 2012 respectively. Net profit margin was 12% in 31 December 2013, compared to 13% in 31 December 2012.

Liquidity, Financial Resources And Capital Structure
As at 31 December 2013, the Group had a total equity of approximately HK$697 million (2012: HK$657 million), and cash and cash equivalents of approximately HK$429 million (2012: HK$405 million), which were predominately denominated in US dollars and Renminbi.

For the year ended 31 December 2013, 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 year ended 31 December 2013.

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

Employees And Remuneration Policy
As at 31 December 2013, the Group employed approximately 1,175 personnel around the world, with approximately 134 in Hong Kong, 980 in the PRC and 61 overseas. The Group has a staff education sponsorship program and also provides training courses to staff on operation system, product and technology development, and product safety.

The remuneration policy for the Group's employees is reviewed by management on a regular basis. Competitive remuneration packages will be offered to employees based on business performance, market practices and the performance of individual employees. The Group has adopted a mandatory provident fund scheme for its Hong Kong employees.

Contingent Liabilities
The Group did not have any material contingent liability as at 31 December 2013 (2012: Nil).

Capital Commitments
The Group did not have any capital commitment outstanding at the year end and contracted but not provided for property, plant and equipment in the financial statement (2012: HK$0.03 million).

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

AUDIT COMMITTEE
The audit committee has reviewed the audited financial statements of the Group for the year ended 31 December 2013 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 annual 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 RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This 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 annual report 2013 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), Mr. Sheung Shing Fai and Ms. Nina Siu Margaret as Executive Directors and 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, 26 March 2014

** For identification purposes only*