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 2014

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 2014 together with comparative figures in 2013 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHERCOMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2014

		Six months ended 30 June	
		2014	2013
		(Unaudited)	(Unaudited)
	Note	***HK$'000***	*HK$'000*
Turnover	3	**147,787**	133,926
Cost of sales		**(102,314)**	(95,646)
Gross profit		**45,473**	38,280
Other revenue and gain	3	**5,506**	6,304
Distribution and selling expenses		**(9,272)**	(9,452)
Administrative expenses		**(33,617)**	(26,577)
Profit before income tax expense	5	**8,090**	8,555
Income tax expense	6	**(810)**	(1,243)
Profit for the period and attributable to owners of the Company		**7,280**	7,312
Other comprehensive income, net of tax			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**(1,917)**	265
Other comprehensive income for the period and attributable to owners of the Company, net of tax		**(1,917)**	265
Total comprehensive income for the period and attributable to owners of the Company		**5,363**	7,577
Earnings per share			
- Basic and diluted	8	**HK$0.023**	HK$0.023

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2014

	Note	**30 June 2014 (Unaudited)** *HK$'000*	31 December 2013 (Audited) *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**186,633**	189,521
Payment for leasehold land held for own use under operating leases		**4,142**	4,310
Goodwill		**9,486**	9,486
		200,261	203,317
CURRENT ASSETS			
Inventories		**76,532**	87,839
Amount due from ultimate holding company		**51**	51
Amount due from a related company		**94**	94
Tax prepayment		**788**	1,348
Prepayments, deposits and other receivables		**5,655**	3,984
Trade receivables	9	**33,355**	34,513
Cash and cash equivalents		**444,561**	429,460
		561,036	557,289
CURRENT LIABILITIES			
Trade and other payables	10	**21,308**	17,655
Current tax liabilities		**1,501**	1,436
		22,809	19,091
NET CURRENT ASSETS		**538,227**	538,198
TOTAL ASSETS LESS CURRENT LIABILITIES		**738,488**	741,515
NON-CURRENT LIABILITIES			
Employee benefits		**19,092**	19,482
Deferred tax liabilities		**25,121**	25,121
		44,213	44,603
NET ASSETS		**694,275**	696,912
CAPITAL AND RESERVES			
Issued capital	11	**32,000**	32,000
Reserves		**662,275**	664,912
TOTAL EQUITY		**694,275**	696,912

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 2013 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 2014 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 HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non- Financial 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 19 (2011)	Defined Benefit Plans: Employee Contributions[1]
HKFRSs (Amendments)	Annual Improvements to 2010-2012 Cycle[2]
HKFRSs (Amendments)	Annual Improvements to 2011-2013 Cycle[1]

1 Effective for annual periods beginning on or after 1 July 2014

2 Effective for annual periods beginning, or transactions occurring, on or after 1 July 2014

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	
	2014	2013
	HK$'000	*HK$'000*
Bank interest income	**4,978**	3,656
Exchange gain, net	**-**	2,287
Income from disposal of scrap materials	**166**	268
Profit on disposal of fixed assets	**341**	-
Sundry income	**21**	93
	5,506	6,304

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	
	2014	2013
	HK$'000	*HK$'000*
Hong Kong (place of domicile)	**492**	714
The PRC	**15,259**	9,211
The United States	**123,028**	116,843
Europe	**6,026**	4,193
Other countries	**2,982**	2,965
	147,295	133,212
	147,787	133,926

5. Profit before income tax expense

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

	Six months ended 30 June	
	2014	2013
	HK$'000	*HK$'000*
Cost of inventories recognized as expenses	**102,314**	95,646
Amortisation of payment for leasehold land held for own use under operating leases	**61**	61
Depreciation of property, plant and equipment	**3,024**	3,519

6. Income tax expense

The amount of income tax charged to the condensed consolidated statement profit or loss and other comprehensive income represents:

	Six months ended 30 June	
	2014	2013
	HK$'000	*HK$'000*
Current tax – Hong Kong profits tax		
- provision for the period	**295**	760
Current tax – Overseas		
- provision for the period	**467**	402
- under provision in respect of prior years	**48**	81
	810	1,243

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	
	2014	2013
	HK$'000	*HK$'000*
Interim dividend declared, HK$0.02 (2013: HK$0.01) per ordinary share	**6,400**	3,200

On 14 August 2014, the Board has resolved to declare an interim dividend of HK$0.02 (2013: HK$0.01) per share in respect of the six months ended 30 June 2014, to shareholders whose names appear on the register of members of the Company on Monday, 8 September 2014.

8. Earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2014 was based on the profit attributable to the owners of the Company of approximately HK$7,280,000 (six months ended 30 June 2013: HK$7,312,000) and on the weighted average number of 320,000,000 (2013: 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 2014	31 December 2013
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Within 30 days	**20,135**	24,035
31 to 60 days	**9,227**	7,225
61 to 90 days	**3,831**	2,555
Over 90 days	**464**	981
	33,657	34,796
Less: Allowance for doubtful debts	**(302)**	(283)
	33,355	34,513

10. Trade and other payables

	30 June 2014 (Unaudited) *HK$'000*	31 December 2013 (Audited) *HK$'000*
Trade payables	**12,231**	11,755
Other payables and accruals	**9,077**	5,900
	21,308	17,655

The aging analysis of trade payables is as follows:

	30 June 2014 (Unaudited) *HK$'000*	31 December 2013 (Audited) *HK$'000*
Within 30 days	**7,301**	5,107
31 to 60 days	**2,872**	4,105
61 to 90 days	**2,058**	2,077
Over 90 days	**-**	466
	12,231	11,755

11. Share capital

	Number of shares	Amount *HK$'000*
Authorised ordinary shares of HK$0.1 each		
At 1 January 2014 and 30 June 2014	1,000,000,000	100,000
Issued and fully paid ordinary shares of HK$0.1 each		
At 1 January 2014 and 30 June 2014	320,000,000	32,000

INTERIM DIVIDEND

At the board meeting held on 14 August 2014, the Board has resolved to declare an interim dividend of HK$0.02 (2013: HK$0.01) per share, totaling HK$6,400,000 (2013: HK$3,200,000) in respect of the six months ended 30 June 2014 to shareholders whose names appear on the register of members of the Company on Monday, 8 September 2014.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 10 September 2014 to Thursday, 11 September 2014, 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, 8 September 2014. The cheques for dividend payment will be sent on about Friday, 19 September 2014.

MANAGEMENT DISCUSSION & ANALYSIS

Business Review

Business momentum from last year end has continued in 2014. As the general economy continues to improve, our bookings and revenue in the first half of 2014 were satisfying. Demands in various markets have been robust, especially in the healthcare and data processing segment. New opportunities were explored and are expected to be one of the growth drivers in the following quarters. Our capital investment made last year has proven to offset the increase in labor cost and improved our efficiency and productivity.

Rejoiced by the strong bookings, for the first six months ended 2014, our revenue reached HK$147.8 million, an increase of HK$13.9 million, reported a 10% growth from HK$133.9 million for same period of last year. Our gross profit was HK$45.5 million or 31% of revenue, an increase of 19% for the first six months of 2013. Our initiatives in cost-cutting, automation and efficiency improvement were adopted and remarkably improved our operations. Excluding the effect of exchange rate and interest income, our operating profit reached HK$8.8 million for the first half of 2014, compared to HK$1.4 million for the comparable period in 2013. The depreciation of Renminbi since early 2014 has impacted our Group and hence reported an exchange loss of HK$6.5 million for the first six months of 2014. As a result, our operating profit reported HK$8.1 million, compared to HK$8.6 million for same period of 2013. Our net profit remained flat at HK$7.3 million. Financial position and cash flow remain strong. No debt instrument has been issued.

Market Review

Telecommunication and Networking

For the first half of 2014, sales for the telecommunication market was HK$43.4 million, an increase of 14% from same period of 2013. This market contributes 29% Group sales.

Data Processing

For the first half of 2014, the data-processing market reported sales of HK$11.2 million, an increase of 60%. This market contributed 8% of Group sales.

Industrial Application

The industrial application market reported HK$54.7 million in sales, an increase of 16%. This market contributed 37% of Group sales.

High Reliability Segment

This segment demands precise technology, advance technical know-how and good workmanship by the Group. This segment reported HK$38.5 million for the first half in 2014 compare to HK$41.7 million in 2013 and contributes 26% of Group sales.

Financial Review

For the six months period ended 30 June 2014, Group sales reported HK$$147.8 million, an increase of HK$13.9 million, compared to same period of 2013. Our gross profit was HK$45.4 million, compared to HK$38.3 million for the first half of 2013. Gross margin increased from 28% to 31% as a result of tight control on our production cost.

Operating profit of first half of 2014 decreased from HK$8.6 million to HK$8.1 million when compared to same period of 2013. The net profit reported HK$7.3 million, compared to HK$7.3 million for the six months period ended 30 June 2013. Earnings per share of the first half of 2014 was 2.3 cents which was the same as the first half of 2013.

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 2014, the Group had a total equity of approximately HK$694.3 million (31 December 2013: HK$696.9 million), and cash and cash equivalents of approximately HK$444.6 million (31 December 2013: HK$429.5 million), which were predominately denominated in US dollars and Renminbi.

For the six months ended 30 June 2014, 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$0.7 million (six months ended 30 June 2013: HK$1.2 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 2014, the Group employed approximately 1,195 personnel around the world, with approximately 124 in Hong Kong, 1,006 in the People's Republic of China and 65 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 did not have any capital commitment outstanding at the period end, contracted but not provided for in the financial statements in respect of property, plant and equipment (31 December 2013: nil).

Contingent Liabilities

The Group did not have any material contingent liability as at 30 June 2014 (31 December 2013: Nil).

Looking Ahead

Datronix has enjoyed a sustain growth as the economy recovered. Margin improvement has proven management has taken up proactive action on cost reduction to alleviate the impact against rising labor cost year over year.

We appreciate our staff for their dedication and contributions to the Group's growth and profitability. This led Datronix to position for stronger growth in the future.

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 2014.

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), Mr. Sheung Shing Fai and Ms. Siu Nina Margaret 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, 14 August 2014

** For identification purposes only*