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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 2015

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 2015 together with comparative figures in 2014 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHERCOMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2015

		Six months ended 30 June	
		2015	2014
		(Unaudited)	(Unaudited)
	Note	***HK$'000***	*HK$'000*
Turnover	3	**145,333**	147,787
Cost of sales		**(101,018)**	(102,314)
Gross profit		**44,315**	45,473
Other revenue and gain	3	**6,571**	5,506
Distribution and selling expenses		**(7,850)**	(9,272)
Administrative expenses		**(27,828)**	(33,617)
Profit before income tax expense	5	**15,208**	8,090
Income tax expense	6	**(2,633)**	(810)
Profit for the period and attributable to owners of the Company		**12,575**	7,280
Other comprehensive income, net of tax			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**720**	(1,917)
Other comprehensive income for the period and attributable to owners of the Company, net of tax		**720**	(1,917)
Total comprehensive income for the period and attributable to owners of the Company		**13,295**	5,363
Earnings per share			
- Basic and diluted	8	**HK$0.039**	HK$0.023

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015

	Note	**30 June 2015 (Unaudited)** ***HK$'000***	31 December 2014 (Audited) *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**196,013**	197,032
Payment for leasehold land held for own use under operating leases		**4,022**	4,082
Goodwill		**9,486**	9,486
		209,521	210,600
CURRENT ASSETS			
Inventories		**82,419**	79,265
Amount due from ultimate holding company		**57**	57
Amount due from a related company		**141**	119
Tax prepayment		**974**	1,007
Prepayments, deposits and other receivables		**14,946**	2,835
Trade receivables	9	**32,894**	29,248
Cash and cash equivalents		**465,014**	463,808
		596,445	576,339
CURRENT LIABILITIES			
Trade and other payables	10	**28,744**	16,032
Current tax liabilities		**2,659**	1,638
		31,403	17,670
NET CURRENT ASSETS		**565,042**	558,669
TOTAL ASSETS LESS CURRENT LIABILITIES		**774,563**	769,269
NON-CURRENT LIABILITIES			
Employee benefits		**19,526**	19,526
Deferred tax liabilities		**26,473**	26,473
		45,999	45,999
NET ASSETS		**728,564**	723,270
CAPITAL AND RESERVES			
Issued capital	11	**32,000**	32,000
Reserves		**696,564**	691,270
TOTAL EQUITY		**728,564**	723,270

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 2014 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 2015 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:

HKFRSs (Amendments)	Annual Improvements to 2010-2012 Cycle
HKFRSs (Amendments)	Annual Improvements to 2011-2013 Cycle

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.

HKFRSs (Amendments)	Annual Improvements to 2012-2014 Cycle[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[1]
HKFRS 9 (2014)	Financial Instruments[3]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKAS 1	Presentation of Financial Statements[1]

1 Effective for annual periods beginning on or after 1 January 2016
2 Effective for annual periods beginning on or after 1 January 2017
3 Effective for annual periods beginning on or after 1 January 2018

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 and gain**

	Six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
Bank interest income	**6,060**	4,978
Exchange gain, net	**214**	-
Income from disposal of scrap materials	**283**	166
Profit on disposal of fixed assets	**-**	341
Sundry income	**14**	21
	6,571	5,506

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	
	2015	2014
	HK$'000	*HK$'000*
Hong Kong (place of domicile)	**233**	492
The PRC	**16,084**	15,259
The United States	**121,962**	123,028
Europe	**4,245**	6,026
Other countries	**2,809**	2,982
	145,100	147,295
	145,333	147,787

5. Profit before income tax expense

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

	Six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
Cost of inventories recognized as expenses	**101,019**	102,314
Amortisation of payment for leasehold land held for own use under operating leases	**61**	61
Depreciation of property, plant and equipment	**2,651**	3,024

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	
	2015	2014
	HK$'000	*HK$'000*
Current tax – Hong Kong profits tax		
- provision for the period	**1,015**	295
Current tax – Overseas		
- provision for the period	**1,559**	467
- under provision in respect of prior years	**59**	48
	2,633	810

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	
	2015	2014
	HK$'000	*HK$'000*
Interim dividend declared, HK$0.02 (2014: HK$0.02) per ordinary share	**6,400**	6,400

On 19 August 2015, the Board has resolved to declare an interim dividend of HK$0.02 (2014: HK$0.02) per share in respect of the six months ended 30 June 2015, to shareholders whose names appear on the register of members of the Company on Friday, 18 September 2015.

8. Earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2015 was based on the profit attributable to the owners of the Company of approximately HK$12,575,000 (six months ended 30 June 2014: HK$7,280,000) and on the weighted average number of 320,000,000 (2014: 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 2015	31 December 2014
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Within 30 days	**21,604**	18,593
31 to 60 days	**8,100**	7,888
61 to 90 days	**3,133**	2,379
Over 90 days	**654**	757
	33,491	29,617
Less: Allowance for doubtful debts	**(597)**	(369)
	32,894	29,248

10. Trade and other payables

	30 June 2015 (Unaudited)	31 December 2014 (Audited)
	HK$'000	*HK$'000*
Trade payables	**14,771**	11,770
Other payables and accruals	**13,973**	4,262
	28,744	16,032

The aging analysis of trade payables is as follows:

	30 June 2015 (Unaudited)	31 December 2014 (Audited)
	HK$'000	*HK$'000*
Within 30 days	**6,603**	5,537
31 to 60 days	**4,425**	3,950
61 to 90 days	**2,930**	1,621
Over 90 days	**813**	662
	14,771	11,770

11. Share capital

	Number of shares	**Amount** *HK$'000*
Authorised ordinary shares of HK$0.1 each		
At 1 January 2015 and 30 June 2015	1,000,000,000	100,000
Issued and fully paid ordinary shares of HK$0.1 each		
At 1 January 2015 and 30 June 2015	320,000,000	32,000

INTERIM DIVIDEND

At the board meeting held on 19 August 2015, the Board has resolved to declare an interim dividend of HK$0.02 (2014: HK$0.02) per share, totaling HK$6,400,000 (2014: HK$6,400,000) in respect of the six months ended 30 June 2015 to shareholders whose names appear on the register of members of the Company on Friday, 18 September 2015.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 17 September 2015 to Friday, 18 September 2015, 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 Wednesday, 16 September 2015. The cheques for dividend payment will be sent on about Friday, 25 September 2015.

MANAGEMENT DISCUSSION & ANALYSIS

Business Review

Datronix's performance has remained stable for the first half of 2015. Despite the optimism on the outlook of the US economy, rivalry is getting intense in our industry. Pricing pressure and minimum wages continue to be our major concerns. Datronix has been actively pursued to explore new opportunities and improve our production efficiency. Our total revenue reached HK$145 million, compared to HK$148 million for comparable period in 2014. Our gross profit was HK$44 million and gross margin was at 30.5% for the first six months of 2015, while gross profits was HK$45 million and gross margin was at 30.8% for comparable period last year. Net profit reached to HK$12.6 million for the first half of 2015, while we reported HK$7.3 million for comparable period last year as a result of the exchange loss of Renminbi experienced in 2014.

For the first six months of 2015, Datronix has made an acquisition to purchase a property at the prime location of Causeway Bay, Hong Kong. The purpose of this property will be for investment purpose and to broaden the Group's income generation stream as well as capital appreciation in the long run. The consideration of such purchase is at HK$117,000,000.

Market Review

Telecommunication and Networking

Communication segment contributed HK$42 million of sales for the first half of 2015, a decrease of 2% compared to HK$43 million for the comparable period of last year. This segment contributed 29% of the Group's total turnover.

Data Processing

Data processing segment contributed 7% of the Group's turnover. Sales for this segment were HK$10 million for the first half of 2015, compare to HK$11 million for the first six months of 2014.

Industrial Application

For the first six month of 2015, industrial application segment sales reached to HK$55 million, compared to HK$54 million in same period of 2014. This segment contributed 38% 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 segment reported HK$38 million for first half of 2015. This segment contributed 26% of our total sales.

Financial Review

For the six months period ended 30 June 2015, Group sales reported HK$$145.3 million, a decrease of HK$2.5 million, compared to same period of 2014. Our gross profit was HK$44.3 million, compared to HK$45.4 million for the first half of 2014. Gross margin decreased from 30.8% to 30.5%.

Operating profit of first half of 2015 increased from HK$8.1 million to HK$15.2 million when compared to same period of 2014. The net profit reported HK$12.6 million, compared to HK$7.3 million for the six months period ended 30 June 2014. Earnings per share of the first half of 2015 was 3.9 cents, compared to 2.3 cents for the first half of 2014.

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 2015, the Group had a total equity of approximately HK$728.6 million (31 December 2014: HK$723.3 million), and cash and cash equivalents of approximately HK$465 million (31 December 2014: HK$463.8 million), which were predominately denominated in US dollars and Renminbi.

For the six months ended 30 June 2015, 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$1.6 million (six months ended 30 June 2014: HK$0.7 million).

Employees and Remuneration Policies

As at 30 June 2015, the Group employed approximately 1,242 personnel around the world, with approximately 121 in Hong Kong, 1,084 in the People's Republic of China and 37 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

As at 30 June 2015, the Group's capital commitment contracted but not provided for in the financial statements in respect of property, plant and equipment is approximately HK$105,300,000. There was no capital commitment as at 31 December 2014.

Contingent Liabilities

The Group did not have any material contingent liability as at 30 June 2015 (31 December 2014: Nil).

Looking Forward

While our business operations will remain steady for the second half of 2015, we anticipate an exchange loss will impact significantly to our operating results due to the drastic depreciation of Renminbi experienced in August. Yet, our manufacturing operation is expensed in Renminbi in the PRC which will mitigate the risk and gradually diminish the effect of such exchange exposure in the long run.

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 2015.

SHARE OPTION SCHEME

The Company adopted a share option scheme on 6 June 2001 which remained in force for a period of 10 years from the date of adoption. The share option scheme expired on 6 June 2011.

CONTINUING CONNECTED TRANSACTIONS

Refer to the Connected Transactions under the Report of the Directors of annual report 2014, the auditors of the Company have reviewed the continuing connected transactions for the year ended 31 December 2014. These transactions were also disclosed in note 28, Related Party Transactions, item (a) of Sales to Datatronics Romoland Inc., to the financial statements which constituted connected transactions under Chaper 14A of the Listing Rules. In accordance with Rule 14A.56 of the Lisitng Rules, the auditors of the Company provided a letter to the Board of Directors confirming that the continuing connected transactions:

1. nothing has come to their attention that the transactions have not been approved by the Board;
2. nothing has come to their attention that the transactions were not, in all material respects, in accordance with the pricing policies of the Company;
3. nothing has come to their attention that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing the transactions; and
4. nothing has come to their attention that the transactions have exceeded the maximum aggregate annual value disclosed in the previous announcement date 3 September 2013 made by the Company in respect of the disclosed continuing connected transactions.

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, 19 August 2015

** For identification purposes only*