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 2015

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 2015 together with the comparative figures for the corresponding year of 2014 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	**2015** *HK$'000*	2014 *HK$'000*
Revenue	*5*	**279,696**	301,593
Cost of sales		**(182,814)**	(198,858)
Gross profit		**96,882**	102,735
Other revenue and gain	*5*	**11,650**	11,154
Distribution and selling expenses		**(14,763)**	(17,463)
Administrative expense		**(68,298)**	(60,752)
Fair value loss on investment property		**(19,645)**	-
Profit before income tax expense	*7*	**5,826**	35,674
Income tax expense	*8*		
Current tax - tax for the year		**(4,791)**	(4,328)
- over provision in respect of prior years		**1,778**	1,294
Deferred taxation		**(11)**	(2)
		(3,024)	(3,036)
Profit for the year and attributable to owners of the Company		**2,802**	32,638

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

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	**2015** **_HK$'000_**	2014 *HK$'000*
Profit for the year and attributable to owners of the Company		**2,802**	32,638
Other comprehensive income, net of tax			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**(2,858)**	(1,486)
Item that will not be reclassified to profit or loss:			
Surplus on revaluation of leasehold land and buildings held for own use		**15,861**	9,606
Other comprehensive income for the year and attributable to owners of the Company, net of tax		**13,003**	8,120
Total comprehensive income for the year and attributable to owners of the Company		**15,805**	40,758
Earnings per share			
- Basic and diluted	*9*	**HK$0.009**	HK$0.102

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2015

	Notes	2015	2014
		HK$'000	HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**212,424**	197,032
Investment property		**107,300**	-
Payment for leasehold land held for own use under operating leases		**3,773**	4,082
Goodwill		**9,486**	9,486
		332,983	210,600
CURRENT ASSETS			
Inventories		**83,534**	79,265
Trade receivables	*10*	**29,672**	29,248
Prepayments, deposits and other receivables		**3,767**	2,835
Amount due from ultimate holding company		**63**	57
Amount due from a related company		**109**	119
Tax prepayment		**1,008**	1,007
Cash and cash equivalents		**340,457**	463,808
		458,610	576,339
CURRENT LIABILITIES			
Trade and other payables	*11*	**18,326**	16,032
Current tax liabilities		**1,405**	1,638
		19,731	17,670
NET CURRENT ASSETS		**438,879**	558,669
TOTAL ASSETS LESS CURRENT LIABILITIES		**771,862**	769,269
NON-CURRENT LIABILITIES			
Employee benefits		**18,422**	19,526
Deferred tax liabilities		**28,765**	26,473
		47,187	45,999
NET ASSETS		**724,675**	723,270
CAPITAL AND RESERVES			
Issued capital		**32,000**	32,000
Reserves		**692,675**	691,270
TOTAL EQUITY		**724,675**	723,270

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 and investment property, 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 2015

HKFRSs (Amendments)	Annual Improvements to 2010-2012 Cycle
HKFRSs (Amendments)	Annual Improvements to 2011-2013 Cycle
Amendments to HKAS 19(2011)	Defined Benefit Plans: Employee Contributions

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

<u>Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle</u>

The amendments issued under the annual improvements process make small, non-urgent changes to a number of standards where they are currently unclear. They include amendments to HKAS 16 Property, Plant and Equipment to clarify how the gross carrying amount and accumulated depreciation are treated where an entity uses the revaluation model. The carrying amount of the asset is restated to revalued amount. The accumulated depreciation may be eliminated against the gross carrying amount of the asset. Alternatively, the gross carrying amount may be adjusted in a manner consistent with the revaluation of the carrying amount of the asset and the accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The adoption of the amendments to HKAS16 has no impact on these financial statements as the latter treatment is consistent with the manner in which the Group has previously dealt with revaluations of its property, plant and equipment.

5. Revenue And Other Revenue

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

b) Other revenue and gain

	2015	2014
	HK$'000	*HK$'000*
Bank interest income	**11,097**	10,447
Income from disposal of scrap materials	**404**	374
Gain on disposal of property, plant and equipment, net	**-**	185
Sundry income	**149**	148
	11,650	11,154

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 and consider there is only one operating segment for the Group.

a) Geographical information

The following table sets out the information about the geographical location of the Group's revenue from external customers and non-current assets other than financial instruments ("Specified non-current assets").

The Group comprises the following main geographical segments:

	Revenue from external customers		**Specific non-current assets**	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong (place of domicile)	**644**	905	**298,052**	174,960
The People's Republic of China	**29,523**	34,446	**24,898**	25,321
The United States of America ("US")	**236,740**	250,189	**10,024**	10,310
Europe	**7,739**	9,594	**9**	9
Other countries	**5,050**	6,459	**-**	-
	279,052	300,688	**34,931**	35,640
	279,696	301,593	**332,983**	210,600

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:

	2015	2014
	HK$'000	*HK$'000*
Customer A	**63,268**	63,224
Customer B	**50,233**	49,549
Customer C	**45,118**	63,333
	158,619	176,106

7. Profit Before Income Tax Expense

Profit before income tax expense is arrived at after charging/(crediting):

	2015	2014
	HK$'000	*HK$'000*
Carrying amount of inventories sold	**180,864**	193,525
Provision for impairment loss of inventories	**1,950**	5,333
Cost of inventories recognised as expenses	**182,814**	198,858
Amortisation of payment for leasehold land held for own use under operating leases	**119**	122
Auditor's remuneration	**784**	733
Depreciation of property, plant and equipment	**4,016**	5,637
Exchange loss, net	**13,383**	6,817
(Gain)/loss on disposal of property, plant and equipment	**2**	(185)
Provision/(reversal of provision) for impairment loss on trade receivable	**(37)**	86
Operating lease rentals	**449**	437
Research and development expenditure	**5,528**	5,995

8. Income Tax Expense

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

	2015 *HK$'000*	2014 *HK$'000*
Current tax – Hong Kong		
- Profits tax for the year	**1,793**	2,588
- under/(over) provision in respect of prior years	**(845)**	337
	948	2,925
Current tax – overseas		
- Profits tax for the year	**2,998**	1,740
- over provision in respect of prior years	**(933)**	(1,631)
	2,065	109
Deferred taxation	**11**	2
	3,024	3,036

The provision for Hong Kong Profits Tax for 2015 is calculated at 16.5% (2014:16.5%) of the estimated assessable profits for the year.

The PRC subsidiary is subject to PRC Enterprise Income Tax at 25% (2014: 25%).

The US subsidiaries are subject to US Federal Corporate Income Tax at 34% (2014: 34%)

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$2,802,000 (2014: HK$32,638,000) and on the weighted average number of 320,000,000 (2014: 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. An ageing analysis of trade receivables as at the end of the reporting period is as follows:

	2015 *HK$'000*	2014 *HK$'000*
Within 30 days	**19,594**	18,593
31 to 60 days	**8,209**	7,888
61 to 90 days	**1,925**	2,379
Over 90 days	**276**	757
	30,004	29,617
Less: Allowance for doubtful debts	**(332)**	(369)
	29,672	29,248

11. Trade And Other Payables

	2015	2014
	HK$'000	*HK$'000*
Trade payables	**10,201**	11,770
Other payables and accrued expenses	**8,125**	4,262
	18,326	16,032

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

	2015	2014
	HK$'000	*HK$'000*
Within 30 days	**4,576**	5,537
31 to 60 days	**3,553**	3,950
61 to 90 days	**1,370**	1,621
Over 90 days	**702**	662
	10,201	11,770

12. Retained Profits

The Group's profit after dividend, of approximately HK$474,620,000 (2014: HK$484,618,000) is retained and carried forward.

13. Dividends

The Board proposed a final dividend of HK$0.02 per share (2014: HK$0.025 per share), totaling HK$6,400,000 in respect of the year ended 31 December 2015 (2014: HK$8,000,000). An interim dividend of HK$0.02 per share (2014: HK$0.02 per share) was paid during the year.

FINAL DIVIDEND

The Board proposed a final dividend of HK$0.02 per share in respect of the year ended 31 December 2015 subject to the approval of the shareholders at the Company's annual general meeting to be held on Friday, 27 May 2016 ("AGM"). The proposed final dividend is expected to be paid on Monday, 20 June 2016, to shareholders whose names appear on the register of members of the Company at the close of business on Thursday, 2 June 2016.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 25 May 2016 to Friday, 27 May 2016, 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 Tuesday, 24 May 2016.

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 Friday, 3 June 2016 to Monday, 6 June 2016, 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 Thursday, 2 June 2016. The cheques for dividend payment will be sent on about Monday, 20 June 2016.

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 2015 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

Datronix operating results reflected a general softening of the global economy. Our revenue was HK$280 million for the year of 2015 compared to $302 million reported in 2014. Demand in general business has been slightly weakened. Our gross margin was HK$97 million in 2015, compared to HK$103 million for year 2014. Notwithstanding the rising labor costs in China, management has literally control our production cost with gross margin remained flat at around 34% in 2015.

On September 2015, the Group completed an acquisition of investment property in the prime area of Hong Kong. The purchase price was HK$117 million. With respect to its prime location, the property is considered as a viable long term investment, broaden the Group's income stream as well as potential price appreciation in the long run.

Our net profit reported at HK$2.8 million for the year of 2015, compared to HK$ 32.6 million in 2014. The decrease in profit was mainly attributed to the exchange loss due to the depreciation of Renminbi and the fair value loss on investment property.

Datronix remained a healthy financial position with cash balance of HK$340 million and there is no issuance on debt for year 2015.

Market Review

Communication and Networking

Communication segment contributed HK$81 million of sales for year 2015, compared to HK$87 million in 2014. This segment contributed 29% of the Group's total turnover. The communication and networking customers demand has shown a slowdown in 2015.

Data Processing

Sales for this segment were HK$18 million in 2015, compare to HK$17.8 million in 2014. Data processing segment demonstrated stability in demand and contributed 6% of the Group's turnover.

Industrial Application

Industrial application segment sales remained flat at HK$111.5 million in 2015, compared to HK$112 million in 2014. New sales derived in 2015 was offset by the weakened demand in the industrial application customers. This segment contributed 40% of the Group's total turnover.

High Precision and Reliability Segment

This segment demands precise technology, advance technical know-how and good workmanship by the Group. Healthcare reform and numerous costs initiative action in the healthcare industry has continuous pressured our customers for a lower selling price. Our sales on high reliability segment has reported HK$69.2 million in 2015, compare to HK$84 million in 2014. This segment contributed 25% of the Group's turnover.

Achievement and Awards

In recognition of our quality, value of our products and of the Group's service and performance, Datronix has to date received 40 awards from our customers.

Looking Forward

As the softening of the general economy across the globe continues, Datronix has position ourselves to weather it by streamline operations and improve operating efficiencies. Furthermore, we will proactively seek for opportunities in the distressed economy.

We would like to take this opportunity to thank our shareholder, 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
Revenue was HK$280 million as at 31 December 2015 (2014: HK$302 million). Gross profit in 31 December 2015 was HK$97 million with gross margin representing 35%, compared to HK$103 million with gross margin representing 34% for the same period last year. Profit recorded HK$2.8 million and HK$32.6 million for the year ended 2015 and 2014 respectively. Net profit margin was 1% in 31 December 2015, compared to 11% in 31 December 2014.

Liquidity, Financial Resources And Capital Structure
As at 31 December 2015, the Group had a total equity of approximately HK$725 million (2014: HK$723 million), and cash and cash equivalents of approximately HK$340 million (2014: HK$464 million), which were predominately denominated in US dollars and Renminbi.

For the year ended 31 December 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.

The Group has strong financial position. There were no debt and no bank loan for the year ended 31 December 2015.

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

Employees And Remuneration Policy
As at 31 December 2015, the Group employed approximately 1,056 personnel around the world, with approximately 115 in Hong Kong, 903 in the PRC and 38 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 2015 (2014: 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 (2014: Nil).

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 2015 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 2015 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, 21 March 2016

** For identification purposes only*