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 2016

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 2016 together with comparative figures in 2015 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Note	**Six months ended 30 June**	
		2016	2015
		(Unaudited)	(Unaudited)
		HK$'000	*HK$'000*
Revenue	3	**135,425**	145,333
Cost of sales		**(92,579)**	(101,018)
Gross profit		**42,846**	44,315
Other revenue and gain	3	**4,648**	6,571
Distribution and selling expenses		**(6,752)**	(7,850)
Administrative expenses		**(29,496)**	(27,828)
Profit before income tax expense	5	**11,246**	15,208
Income tax expense	6	**(1,879)**	(2,633)
Profit for the period and attributable to owners of the Company		**9,367**	12,575
Other comprehensive income, net of tax			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**(1,088)**	720
Other comprehensive income for the period and attributable to owners of the Company, net of tax		**(1,088)**	720
Total comprehensive income for the period and attributable to owners of the Company		**8,279**	13,295
Earnings per share			
- Basic and diluted	8	**HK$0.029**	HK$0.039

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2016

	Note	**30 June 2016 (Unaudited)** *HK$'000*	31 December 2015 (Audited) *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**210,553**	212,424
Investment property		**107,300**	107,300
Payment for leasehold land held for own use under operating leases		**3,672**	3,773
Goodwill		**9,486**	9,486
		331,011	332,983
CURRENT ASSETS			
Inventories		**73,463**	83,534
Amount due from ultimate holding company		**63**	63
Amount due from a related company		**109**	109
Tax prepayment		**811**	1,008
Prepayments, deposits and other receivables		**1,810**	3,767
Trade receivables	9	**30,747**	29,672
Cash and cash equivalents		**355,868**	340,457
		462,871	458,610
CURRENT LIABILITIES			
Trade and other payables	10	**19,801**	18,326
Current tax liabilities		**511**	1,405
		20,312	19,731
NET CURRENT ASSETS		**442,559**	438,879
TOTAL ASSETS LESS CURRENT LIABILITIES		**773,570**	771,862
NON-CURRENT LIABILITIES			
Employee benefits		**18,251**	18,422
Deferred tax liabilities		**28,765**	28,765
		47,016	47,187
NET ASSETS		**726,554**	724,675
CAPITAL AND RESERVES			
Issued capital	11	**32,000**	32,000
Reserves		**694,554**	692,675
TOTAL EQUITY		**726,554**	724,675

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 2015 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 2016 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 2012-2014 Cycle
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 27	Equity Method in Separate Financial Statements

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.

HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 9 (2014)	Financial Instruments[2]

1 Effective for annual periods beginning on or after 1 January 2017
2 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. Revenue and other revenue

a) Revenue

Revenue represents the net invoiced value of goods sold.

b) Other revenue and gain

	Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
Bank interest income	**3,879**	6,060
Exchange gain, net	**-**	214
Income from disposal of scrap materials	**-**	283
Rental income	**393**	
Sundry income	**376**	14
	4,648	6,571

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 of 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	
	2016	2015
	HK$'000	*HK$'000*
Hong Kong (place of domicile)	**452**	233
The PRC	**12,168**	16,084
The United States	**116,160**	121,962
Europe	**4,685**	4,245
Other countries	**1,960**	2,809
	134,973	145,100
	135,425	145,333

5. Profit before income tax expense

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

	Six months ended 30 June	
	2016	2014
	HK$'000	*HK$'000*
Cost of inventories recognized as expenses	**92,579**	101,019
Amortisation of payment for leasehold land held for own use under operating leases	**57**	61
Depreciation of property, plant and equipment	**2,625**	2,651
Exchange loss, net	**1,811**	-

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	
	2016	2015
	HK$'000	*HK$'000*
Current tax – Hong Kong profits tax		
- provision for the period	**1,199**	1,015
Current tax – Overseas		
- provision for the period	**664**	1,559
- under provision in respect of prior years	**15**	59
	1,878	2,633

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	
	2016	2015
	HK$'000	*HK$'000*
Interim dividend declared, HK$0.02 (2015: HK$0.02) per ordinary share	**6,400**	6,400

On 11 August 2016, the Board has resolved to declare an interim dividend of HK$0.02 (2015: HK$0.02) per share in respect of the six months ended 30 June 2016, to shareholders whose names appear on the register of members of the Company on Friday, 30 September 2016.

8. Earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2016 was based on the profit attributable to the owners of the Company of approximately HK$9,637,000 (six months ended 30 June 2015: HK$12,575,000) and on the weighted average number of 320,000,000 (2015: 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 2016	31 December 2015
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Within 30 days	**20,865**	19,594
31 to 60 days	**8,259**	8,209
61 to 90 days	**1,618**	1,925
Over 90 days	**332**	276
	31,074	30,004
Less: Allowance for doubtful debts	**(327)**	(332)
	30,747	29,672

10. Trade and other payables

	30 June 2016 (Unaudited) HK$'000	31 December 2015 (Audited) HK$'000
Trade payables	**11,526**	10,201
Other payables and accruals	**8,271**	8,125
	19,797	18,326

The aging analysis of trade payables is as follows:

	30 June 2016 (Unaudited) HK$'000	31 December 2015 (Audited) HK$'000
Within 30 days	**5,769**	4,576
31 to 60 days	**2,980**	3,553
61 to 90 days	**1,661**	1,370
Over 90 days	**1,116**	702
	11,526	10,201

11. Share capital

	Number of shares	Amount HK$'000
Authorised ordinary shares of HK$0.1 each		
At 1 January 2016 and 30 June 2016	1,000,000,000	100,000
Issued and fully paid ordinary shares of HK$0.1 each		
At 1 January 2016 and 30 June 2016	320,000,000	32,000

INTERIM DIVIDEND

At the board meeting held on 11 August 2016, the Board has resolved to declare an interim dividend of HK$0.02 (2015: HK$0.02) per share, totaling HK$6,400,000 (2015: HK$6,400,000) in respect of the six months ended 30 June 2016 to shareholders whose names appear on the register of members of the Company on Friday, 30 September 2016.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 29 September 2016 to Friday, 30 September 2016, 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, 28 September 2016. The cheques for dividend payment will be sent on about Friday, 7 October 2016.

MANAGEMENT DISCUSSION & ANALYSIS

Business Review

The market condition Datronix experienced in 2015 continued to have a negative influence on our revenue and profitability. Global economy experience a downturn, along with political uncertainties, has negatively impact on our business demand.

Weakness in demand affected our revenue for the first half of 2016. Revenue was HK$135 million, down 7% for first six months of 2016, compared to HK$145 million of same period of 2015. Datronix continued to manage our production cost with our gross margin improved for the first half of 2016. Our gross profit reported HK$43 million and gross margin was at 31.6% for the first six months of 2016, while gross profit was HK$44 million and gross margin was at 30.5% for comparable period last year.

Our net profit was impacted by the depreciation of foreign currencies by HK$2 million and reduction of interest income by HK$2.2 million. Excluding these two factors, our operating profit was satisfying and reached HK$7.3 million, compare to HK$6.3 million in 2015. Net profit reached to HK$9.4 million for the first half of 2016, while we reported HK$12.6 million for comparable period last year.

Market Review

Communication and Networking

Communication segment contributed HK$40 million of sales for year 2016, a decrease of 6% compared to HK$42 million for the comparable period of last year. This segment contributed 29% of the Group's total turnover.

Data Processing

Data processing segment contributed 5% of the Group's turnover. Sales for this segment were HK$7 million for the first half of 2016, compare to HK$10 million for the six months ended 2015.

Industrial Application

For the first six months of 2016, industrial application segment sales reached to HK$54 million, compared to HK$55 million in same period of 2015. 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. The segment reported HK$34 million for first half of 2016. This segment contributed 26% of our total sales.

Financial Review

For the six months period ended 30 June 2016, Group sales reported HK$$135.4 million, a decrease of HK$9.9 million, compared to same period of 2015. Our gross profit was HK$42.8 million, compared to HK$44.3 million for the first half of 2015. Gross margin increased from 30.5% to 31.6%.

Operating profit of first half of 2016 decreased from HK$15.2 million to HK$11.2 million when compared to same period of 2015. The net profit reported HK$9.4 million, compared to HK$12.6 million for the six months period ended 30 June 2015. Earnings per share of the first half of 2016 was 2.9 cents, compared to 3.9 cents for the first half of 2015.

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 2016, the Group had a total equity of approximately HK$726.6 million (31 December 2015: HK$724.7 million), and cash and cash equivalents of approximately HK$355.9 million (31 December 2015: HK$340.4 million), which were predominately denominated in US dollars and Renminbi.

For the six months ended 30 June 2016, 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$1.1 million (six months ended 30 June 2015: HK$1.6 million).

Employees and Remuneration Policies
As at 30 June 2016, the Group employed approximately 1,139 personnel around the world, with approximately 113 in Hong Kong, 991 in the People's Republic of China and 35 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 2016, the Group has no capital commitment contracted but not provided for in the financial statements in respect of property, plant and equipment (31 December 2015: Nil).

Contingent Liabilities
The Group did not have any material contingent liability as at 30 June 2016 (31 December 2015: Nil).

Looking Forward
As a maturing economic cycle with elevated valuations, decelerating buybacks and growing political uncertainty provide the basis for potential market weakness in the following months, Datronix will prudently manage 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 2016.

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. Lee Kit Wah and Mr. Wong Wah Sang, Derek as Independent Non-executive Directors.

By order of the Board
SIU Paul Y.
Chairman

Hong Kong, 11 August 2016

** For identification purposes only*