



Interim Report 2015



DATRONIX HOLDINGS LIMITED
連達科技控股有限公司*

(Stock Code: 889)

A w a r d s



ASTRONICS
"Best Value Added"



LUTRON
"Customer Service"



PHYSIO CONTROL
"Supplier of the Year"



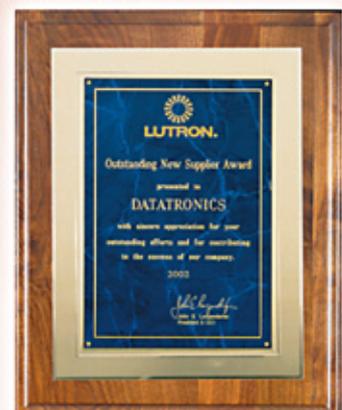
LUTRON
"Preferred Supplier"



MEDTRONIC
"Outstanding Performance"



DATAFORTH
"Vendor of the Year"



LUTRON
"Outstanding New Supplier"

A w a r d s



XICOM
"Outstanding Performance"



**MICRO SYSTEMS
ENGINEERING**
"Special Recognition Awards"



MEDTRONIC
"Supplier of the Year"



LUTRON
"Supplier of the Year"



VICOR
"Outstanding Supplier
Achievement Award"



XICOM
"President's Award"

Customer Recognition For Quality, Service, Value



Polycom



Ericsson



Milwaukee



**Preferred supplier
General Electric**



**Physio Control
(Div. of Medtronic)**



**Preferred supplier
Primex Aerospace**



Digital Equipment corp

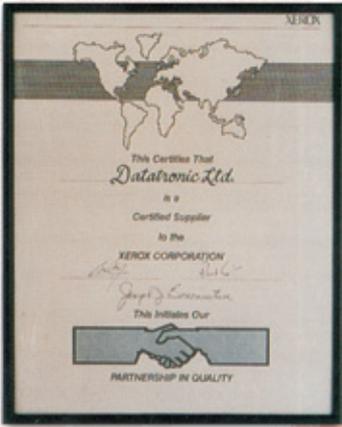


Xerox



United Technologies

A w a r d s



Xerox



Xerox



ICL/Fujitsu



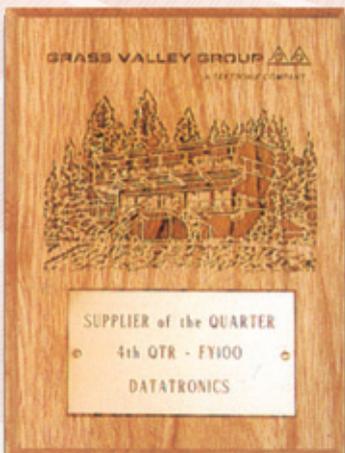
Xerox



Xerox



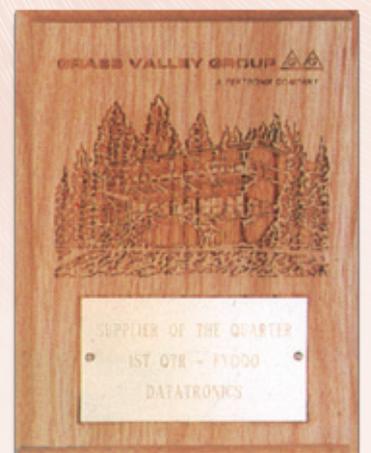
Xerox



Tektronix



Sola Electric



Tektronix

Customer Recognition For Quality, Service, Value



Honeywell



Honeywell



Harris



Honeywell



Honeywell



Delco



Honeywell



Hughes Aircraft
General Motors



IBM

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

SIU Paul Y. (*Chairman*)
SHUI Wai Mei (*Vice Chairman*)
SHEUNG Shing Fai
SIU Nina Margaret

Independent Non-executive Directors

CHUNG Pui Lam
CHAN Fai Yue, Leo
LEE Kit Wah

AUDIT COMMITTEE

LEE Kit Wah
CHUNG Pui Lam
CHAN Fai Yue, Leo

REMUNERATION COMMITTEE

CHUNG Pui Lam
CHAN Fai Yue, Leo
LEE Kit Wah
SIU Paul Y.

NOMINATION COMMITTEE

CHAN Fai Yue, Leo
CHUNG Pui Lam
LEE Kit Wah
SHEUNG Shing Fai

QUALIFIED ACCOUNTANT

MOK Sim Wa

COMPANY SECRETARY

LEUNG Sau Fong

AUTHORISED REPRESENTATIVES

SIU Paul Y.
SHEUNG Shing Fai

AUDITORS

BDO Limited
25/F Wing On Centre
111 Connaught Road Central
Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

19th Floor
North Point Industrial Building
499 King's Road
North Point
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
26 Burnaby Street
Hamilton HM 11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Hong Kong Registrars Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking
Corporation Limited
Bank of Communications

WEBSITE

www.datronixhldgs.com.hk

GENERAL

The Group is principally engaged in the design, manufacture and sale of magnetics used in consumer electronics, data processing appliances and other electronics systems for coupling, isolation, filtering, interfacing and timing control applications. All of the Group's magnetics are sold under its own brandname "Datatronics". A majority of the Group's products are customized magnetics tailored-made according to the requirements and specifications of its customers. The Group also offered standard catalogue magnetics to its customers.

The Group focuses on the high-end segment of the magnetics industry. It has a customer base over 300 customers comprising manufacturers of telecommunication and data processing equipment, technology equipment, motor vehicles, military, aerospace and medical equipment.

The Group's world-class design and manufacturing capabilities, together with the breadth of its product offerings, provide her with a competitive advantage that enable her to anticipate and deliver highly customized solutions for their customers' product needs. In addition, their global presence enable them to participate in many relevant product and geographic markets and provide her with proximity to their global customer base.

The Group's Product Line

The Company designs and manufactures both standard and customized magnetic components in a large variety of products:

- Transformers
- Lan Filter Modules
- Digital Delay Modules
- Inductors/Chokes
- ASDL Transformer
- Planar Magnetics
- Magnetics for Aviation Applications
- Magnetic Components for DC/DC Converters
- Magnetics for Hybrid Network Assemblies
- Magnetics for Power Conversion
- Magnetics for Energy Savings
- Magnetics for Medical Devices/Equipment
- Magnetics for Internet Equipment
- Magnetics for Data Acquisition/Transmitter and Signal Conditioning

Markets Served

The Company's products to-day find application in a wide range of state-of-the-art electronic equipment that include the following:

- Telecommunications
- Communications
- Aerospace
- Instrumentation
- Industrial Equipment
- Computers & Networking
- Internet Equipment
- Medical Devices/Equipment
- Automotive

The Group's products meet or exceed numerous performance, safety, quality specification and standard that include the following:

- QS-9000
- CSA
- IEC950
- UL
- ISO 9001 and ISO 9002
- BABT
- VDE

GENERAL

The directors consider the followings to be the key factors contributing to the Group's success:

- the extensive experience and expertise of the Group's management team in the magnetics industry;
- its well-established business relationship with customers;
- its forefront technology and technical know-how to assist and bridge its customers to new technologies;
- its ability to satisfy customers' needs by offering customized products that meet their reliability, quality and delivery requirements;
- its logistic center located in Southern California, U.S. and Paris, France to support delivery and service to customers;
- the wide range of product it offers;
- "Just-in-time" delivery and "Ship-to-stock" Program certified with numerous key customers;
- its reputation for high quality and high reliability products;
- "One stop solution";
- capacity to grow due to more demands for high reliability products in U.S. and Europe;
- cost competitive;
- the barrier of entrance for competitors is very high; and
- its established relationship with major suppliers which enables the Group to obtain a stable supply of materials for the Group's products.

MANAGEMENT DISCUSSION AND 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2015

| | Note | Six months ended 30 June | |
|--|------|---------------------------------|---------------------------------|
| | | 2015 (Unaudited) HK\$'000 | 2014 (Unaudited) HK\$'000 |
| Turnover | 3 | 145,333 | 147,787 |
| Cost of sales | | (101,018) | (102,314) |
| Gross profit | | 44,315 | 45,473 |
| Other revenue | 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 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 |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 June 2015

| | Equity attributable to owners of the Company | | | | | | |
|--|--|---------------|-----------------|---------------------|------------------|-------------------|---------|
| | Issued capital | Share premium | Property | | Exchange reserve | Retained earnings | Total |
| | | | Capital reserve | revaluation reserve | | | |
| HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | |
| At 1 January 2014 | 32,000 | 57,099 | (23,724) | 141,666 | 15,491 | 474,380 | 696,912 |
| Profit for the period | - | - | - | - | - | 7,280 | 7,280 |
| Other comprehensive income for the period | | | | | | | |
| Exchange differences on translating foreign operations | - | - | - | - | (1,917) | - | (1,917) |
| Total comprehensive income for the period | - | - | - | - | (1,917) | 7,280 | 5,363 |
| Dividend paid | - | - | - | - | - | (8,000) | (8,000) |
| At 30 June 2014 | 32,000 | 57,099 | (23,724) | 78,498 | 13,574 | 473,660 | 694,275 |
| At 1 January 2015 | 32,000 | 57,099 | (23,724) | 151,272 | 14,005 | 492,618 | 723,270 |
| Profit for the period | - | - | - | - | - | 12,575 | 12,575 |
| Other comprehensive income for the period | | | | | | | |
| Exchange differences on translating foreign operations | - | - | - | - | 720 | - | 720 |
| Total comprehensive income for the period | - | - | - | - | 720 | 12,575 | 13,295 |
| Dividend paid | - | - | - | - | - | (8,000) | (8,000) |
| At 30 June 2015 | 32,000 | 57,099 | (23,724) | 151,272 | 14,725 | 497,193 | 728,565 |

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015

| | Six months ended 30 June | |
|--|---------------------------------|---------------------------------|
| | 2015 (Unaudited) HK\$'000 | 2014 (Unaudited) HK\$'000 |
| Net cash generated from operating activities | (1,766) | 20,133 |
| Net cash used in investing activities | 4,563 | 4,667 |
| Net cash used in financing activities | (2,558) | (7,999) |
| Net increase in cash and cash equivalents | 239 | 16,801 |
| Effect of foreign exchange rate changes | 706 | (1,700) |
| Cash and cash equivalents at beginning of the period | 464,069 | 429,460 |
| Cash and cash equivalents at end of the period | 465,014 | 444,561 |

NOTES TO THE INTERIM FINANCIAL STATEMENTS

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.

NOTES TO THE INTERIM 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 | |
|---|--------------------------|------------------|
| | 2015 HK\$'000 | 2014 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 HK\$'000 | 2014 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 |

NOTES TO THE INTERIM FINANCIAL STATEMENTS

5. Profit before income tax expense

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

| | Six months ended 30 June | |
|---|--------------------------|------------------|
| | 2015 HK\$'000 | 2014 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 HK\$'000 | 2014 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.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

6. Income tax expense (Continued)

The charge for the period can be reconciled to the profit per the condensed consolidated income statement as follows:

| | Six months ended 30 June | |
|---|--------------------------|------------------|
| | 2015 HK\$'000 | 2014 HK\$'000 |
| Profit before taxation | 15,208 | 8,090 |
| Effect of tax at Hong Kong profits tax rate of 16.5% | 2,509 | 1,335 |
| Effect of different tax rates of subsidiaries operating in other jurisdictions | 1,492 | 467 |
| Tax effect on non-taxable income | (1,806) | (1,423) |
| Tax effect of unused tax losses | 104 | 383 |
| Tax effect of expenses not deductible for tax purposes | 275 | – |
| Under provision in prior periods | 59 | 48 |
| | 2,633 | 810 |

7. Interim dividend

| | Six months ended 30 June | |
|--|--------------------------|------------------|
| | 2015 HK\$'000 | 2014 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.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

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. Property, plant and equipment

The total cost of additions to property, plant and equipment of the Group during the six months ended 30 June 2015 was HK\$1,628,000 (six months ended 30 June 2014: HK\$704,000). There were no material disposals and write-offs of fixed assets during the six months ended 30 June 2015 and 30 June 2014.

10. 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 (Unaudited) HK\$'000 | 31 December 2014 (Audited) 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 |

NOTES TO THE INTERIM FINANCIAL STATEMENTS

11. Trade and other payables

| | 30 June 2015 (Unaudited) HK\$'000 | 31 December 2014 (Audited) 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) HK\$'000 | 31 December 2014 (Audited) 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 |

12. 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 |

13. Related party transactions

During the six months ended 30 June 2015, the Group's sales to Datatronics Romoland, Inc. ("DRI"), a company in which Mr. Siu Paul Y., a director, has beneficial interest, amounted to HK\$24,093,000 (six months ended 30 June 2014: HK\$28,979,000). The transactions constituted a continuing connected transaction under Chapter 14A of the Listing Rules and were carried out in the ordinary course of business and on normal commercial terms.

14. Contingent liabilities

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

OTHER INFORMATION

DIRECTORS' INTEREST IN SHARES

As at 30 June 2015, the directors had the following interests in the shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register kept by the Company pursuant to Section 352 of the SFO:

Long positions**(a) The Company**

| | Ordinary shares of HK\$0.1 each | | | Total |
|-----------------|---------------------------------|------------------|---------------------|-------------|
| | Personal interests | Family interests | Corporate interests | |
| Mr. Siu Paul Y. | – | – | 230,994,000 | 230,994,000 |
| | | | (Note 1) | |

(b) Associated corporation

| | Name of corporation | Non-voting deferred shares of HK\$1 each | | | Total |
|-----------------|---------------------|--|------------------|--------------------|---------|
| | | Personal interests | Family interests | Corporate interest | |
| Mr. Siu Paul Y. | Datatronic Limited | 1 | – | 199,999 | 200,000 |
| | | | | (Note 2) | |

Notes:

- These shares are held by Onboard Technology Limited, a company incorporated in the British Virgin Islands, and in which Mr. Siu Paul Y. and Ms. Shui Wai Mei beneficially own 90% and 10% of its issued share capital respectively, representing 72.19% of the issued share capital of the Company.
- These shares are held by Data Express Limited, a company incorporated in the Republic of Liberia, whose entire issued share capital is beneficially owned by Mr. Siu Paul Y..

Save as disclosed above, no interests and short positions were held or deemed or taken to be held under Part XV of the SFO by any director or chief executives of the Company or their respective associates in the shares and underlying shares of the Company or its associated corporations which were required to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or pursuant to the Model Code of Securities Transactions by Directors of Listed Companies or which are required pursuant to Section 352 of the SFO to be entered in the register referred to therein. Nor any of the directors and chief executives (including their spouses and children under the age of 18), had, as at 30 June 2015, any interest in, or had been granted any right to subscribe for the securities and options of the Company and its associated corporations within the meaning of the SFO, or had exercised any such rights.

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2015, the Company has not been notified by any persons (other than the directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

INTERIM DIVIDEND

At the board meeting held on 19 August 2014, 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.

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 DRI, to the financial statements which constituted connected transactions under Chapter 14A of the Listing Rules. In accordance with Rule 14A.56 of the Listing 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 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.

OTHER INFORMATION

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.

By order of the Board

SIU Paul Y.

Chairman

Hong Kong, 19 August 2015