

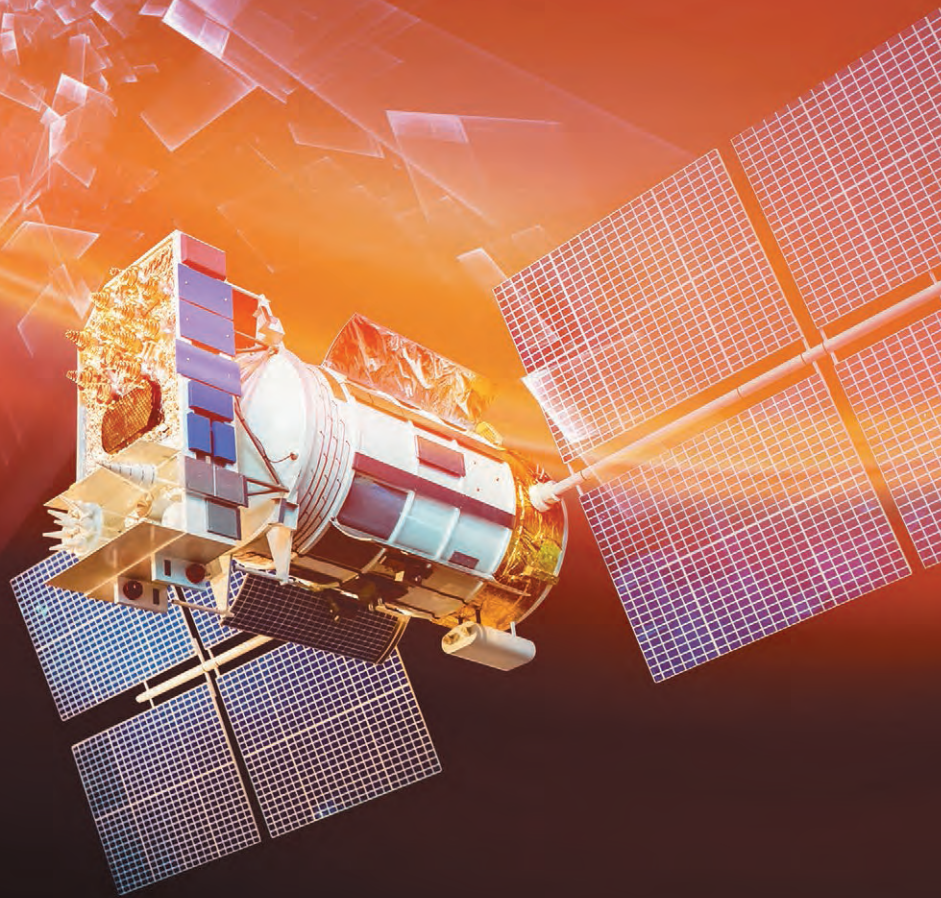


DATRONIX HOLDINGS LIMITED  
連達科技控股有限公司\*

Stock Code: 889

Interim Report

2016



\* For identification purposes only



# Awards



**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"*

# Awards



**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

# Awards



Xerox



Xerox



ICL/Fujitsu



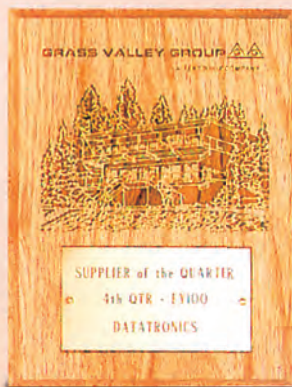
Xerox



Xerox



Xerox



Tektronix



Sola Electric



Tektronix



# Customer Recognition For Quality, Service, Value



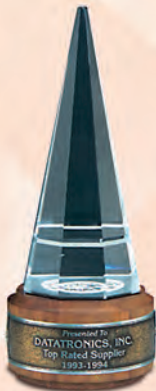
Honeywell



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  
LEE Kit Wah  
WONG Wah Sang, Derek

### AUDIT COMMITTEE

LEE Kit Wah  
CHUNG Pui Lam  
WONG Wah Sang, Derek

### REMUNERATION COMMITTEE

CHUNG Pui Lam  
LEE Kit Wah  
WONG Wah Sang, Derek  
SIU Paul Y.

### NOMINATION COMMITTEE

CHUNG Pui Lam  
LEE Kit Wah  
WONG Wah Sang, Derek  
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](http://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, 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



## GENERAL

### 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

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. If excluded these two factors, our operating profits 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 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. There was no capital commitment as at 31 December 2015.

### 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.



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

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	<i>Note</i>	<b>30 June 2016 (Unaudited) HK\$'000</b>	31 December 2015 (Audited) HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>210,553</b>	212,424
Investment property		<b>107,300</b>	107,300
Payment for leasehold land held for own use under operating leases		<b>3,672</b>	3,773
Goodwill		<b>9,486</b>	9,486
		<b>331,011</b>	332,983
<b>CURRENT ASSETS</b>			
Inventories		<b>73,463</b>	83,534
Amount due from ultimate holding company		<b>63</b>	63
Amount due from a related company		<b>109</b>	109
Tax prepayment		<b>811</b>	1,008
Prepayments, deposits and other receivables		<b>1,810</b>	3,767
Trade receivables	9	<b>30,747</b>	29,672
Cash and cash equivalents		<b>355,868</b>	340,457
		<b>462,871</b>	458,610
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10	<b>19,801</b>	18,326
Current tax liabilities		<b>511</b>	1,405
		<b>20,312</b>	19,731
<b>NET CURRENT ASSETS</b>			
		<b>442,559</b>	438,879
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<b>773,570</b>	771,862
<b>NON-CURRENT LIABILITIES</b>			
Employee benefits		<b>18,251</b>	18,422
Deferred tax liabilities		<b>28,765</b>	26,765
		<b>47,016</b>	47,187
<b>NET ASSETS</b>			
		<b>726,554</b>	724,675
<b>CAPITAL AND RESERVES</b>			
Issued capital	11	<b>32,000</b>	32,000
Reserves		<b>694,554</b>	692,675
<b>TOTAL EQUITY</b>			
		<b>726,554</b>	724,675



**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**

For the six months ended 30 June 2016

	Equity attributable to owners of the Company						
	Issued capital	Share premium	Capital reserve	Property revaluation reserve	Exchange reserve	Retained earnings	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
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
At 1 January 2016	32,000	57,099	(23,724)	167,133	11,147	481,020	724,675
Profit for the period	-	-	-	-	-	9,367	9,367
Other comprehensive income for the period							
Exchange differences on translating foreign operations	-	-	-	-	(1,088)	-	(1,088)
Total comprehensive income for the period	-	-	-	-	(1,088)	9,367	8,279
Dividend paid	-	-	-	-	-	(6,400)	(6,400)
At 30 June 2016	32,000	57,099	(23,724)	167,133	10,059	483,987	726,554

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

For the six months ended 30 June 2016

	<b>Six months ended 30 June</b>	
	<b>2016</b> <b>(Unaudited)</b> <b>HK\$'000</b>	2015 (Unaudited) HK\$'000
Net cash generated from operating activities	<b>19,791</b>	(1,766)
Net cash used in investing activities	<b>2,767</b>	4,563
Net cash used in financing activities	<b>(6,399)</b>	(2,558)
Net increase in cash and cash equivalents	<b>16,159</b>	239
Effect of foreign exchange rate changes	<b>(748)</b>	706
Cash and cash equivalents at beginning of the period	<b>340,457</b>	464,069
Cash and cash equivalents at end of the period	<b>355,868</b>	465,014



## 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 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 <sup>1</sup>
HKFRS 9 (2014)	Financial Instruments <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2017

<sup>2</sup> 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. REVENUE AND OTHER REVENUE

#### a) Revenue

Revenue represents the net invoiced value of goods sold.

#### b) Other revenue

	Six months ended 30 June	
	2016 HK\$'000	2015 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
	<b>4,648</b>	<b>6,571</b>

### 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 statements 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 HK\$'000	2015 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
	<b>134,973</b>	<b>145,100</b>
	<b>135,425</b>	<b>145,333</b>



## 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	
	2016 HK\$'000	2015 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 HK\$'000	2015 HK\$'000
Current tax – Hong Kong profits tax		
– provision for the period	1,200	1,015
Current tax – Overseas		
– provision for the period	664	1,559
– under provision in respect of prior years	15	59
	<b>1,879</b>	<b>2,633</b>

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	
	2016 HK\$'000	2015 HK\$'000
Profit before taxation	11,246	15,208
Effect of tax at Hong Kong profits tax rate of 16.5%	1,856	2,509
Effect of different tax rates of subsidiaries operating in other jurisdictions	1,103	1,492
Tax effect on non-taxable income	(1,428)	(1,806)
Tax effect of unused tax losses	29	104
Tax effect of expenses not deductible for tax purposes	304	275
Under provision in prior periods	15	59
	1,879	2,633

### 7. INTERIM DIVIDEND

	Six months ended 30 June	
	2016 HK\$'000	2015 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\$9,367,000 (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.

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

### 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 2016 was HK\$1,112,000 (six months ended 30 June 2015: HK\$1,628,000). There were no material disposals and write-offs of fixed assets during the six months ended 30 June 2016 and 30 June 2015.

### 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:

	<b>30 June 2016 (Unaudited) HK\$'000</b>	31 December 2015 (Audited) HK\$'000
Within 30 days	<b>20,865</b>	19,594
31 to 60 days	<b>8,259</b>	8,209
61 to 90 days	<b>1,618</b>	1,925
Over 90 days	<b>332</b>	276
	<b>31,074</b>	30,004
Less: Allowance for doubtful debts	<b>(327)</b>	(332)
	<b>30,747</b>	29,672

### 11. TRADE AND OTHER PAYABLES

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



## NOTES TO THE INTERIM FINANCIAL STATEMENTS

### 11. TRADE AND OTHER PAYABLES (Continued)

The aging analysis of trade payables is as follows:

	<b>30 June 2016 (Unaudited) HK\$'000</b>	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
	<b>11,526</b>	10,201

### 12. SHARE CAPITAL

	<b>Number of shares</b>	<b>Amount HK\$'000</b>
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

### 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\$22,516,000 (six months ended 30 June 2015: HK\$24,093,000). 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 2016 (31 December 2015: Nil).

## OTHER INFORMATION

## DIRECTORS' INTEREST IN SHARES

As at 30 June 2016, 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			
	Personal interests	Family interests	Corporate interests	Total
Mr. Siu Paul Y.	–	–	231,302,000 <i>(Note 1)</i>	231,302,000

## (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 <i>(Note 2)</i>	200,000

## 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 72.28% 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 2016, 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 2016, 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 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 2015.

### 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.

### 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.

### SHARE OPTION SCHEME

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

### 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.



## OTHER INFORMATION

### CHANGES IN INFORMATION OF DIRECTORS

The change in Director's information as required to be disclosed pursuant to Rule 13.51B of the Listing Rules are set out below:–

Name of Directors	Details of Changes
Mr. Chan Fai Yue, Leo	Passed away on 5 May 2016
Mr. Wong Wah Sang, Derek	Appointed as Independent Non-executive Director, a member of each of Audit Committee, Nomination Committee and Remuneration Committee on 15 July 2016

### 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.

#### 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.

## OTHER INFORMATION

### 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, 11 August 2016