



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

Stock Code: 889

Interim Report  
**2019**

\* For identification purposes only

# A W A R D S



**ASTRONICS**  
"Best Value Added"



**ASTRONICS**  
"Customer Intimacy Strategy"



**MEDTRONIC**  
"Outstanding Performance"



**PHYSIO CONTROL**  
"Supplier of the Year"



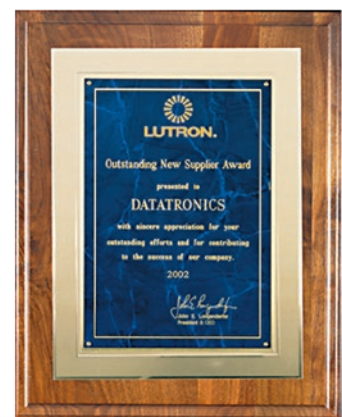
**LUTRON**  
"Preferred Supplier"



**LUTRON**  
"Customer Service"



**DATAFORTH**  
"Vendor of the Year"



**LUTRON**  
"Outstanding New Supplier"

# A W A R D S



**XICOM**  
"Outstanding Performance"



**MICRO SYSTEMS ENGINEERING**  
"Special Recognition Award"



**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**



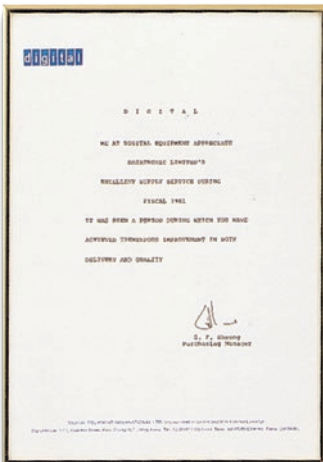
**Preferred supplier  
General Electric**



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



**Preferred supplier  
Primex Aerospace**



**Digital Equipment corp**

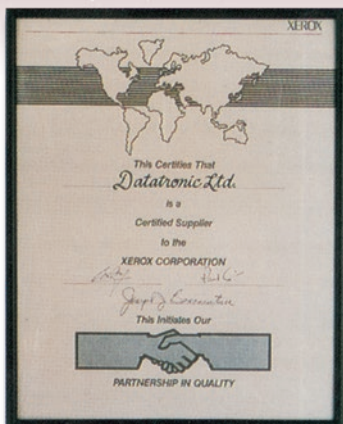


**Xerox**



**United Technologies**

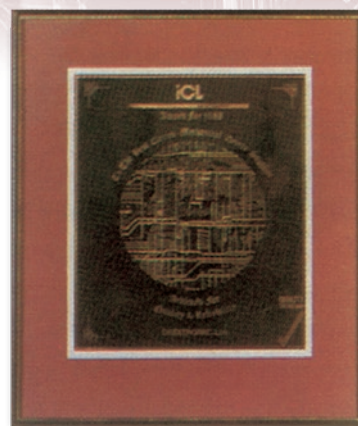
# A W A R D S



Xerox



Xerox



ICL/Fujitsu



Xerox



Xerox



Xerox



Tektronix



Sola Electric



Tektronix

# Customer Recognition For Quality, Service, Value



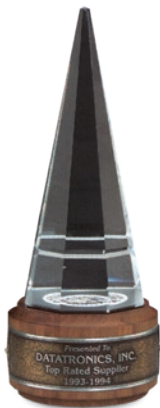
Honeywell



Honeywell



Harris



Honeywell



Honeywell



Delco



Honeywell



Hughes Aircraft  
General Motors



IBM

## 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

## AUDITOR

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  
Cedar House  
41 Cedar Avenue  
Hamilton HM 12  
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



## 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:

- IATF16949
- UL/CSA
- ISO9001
- 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. 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.

## BUSINESS REVIEW

The first half of 2019 was a tough year to begin with. US economic growth has showed signs of slow down. The ongoing trade dispute the US and China has cut back on many investments. After a solid growth in year 2018, signs of slowdown due to economic and political changes had affected our customers' demand. Datronix reported revenue for the first half of 2019 at HK\$146.7 million, while revenue reached HK\$153.8 million for the same period of last year. Gross profit reported at HK\$49.2 million compare to HK\$52.5 million, for the same period of last year. As numerous factors affecting the manufacturing cost increase, gross margin was at 33.5% for the first six months of 2019 from 34.1% for comparable period in 2018.

Datronix had put effort in exploring opportunities in the Asia region in the first half of 2019. As a result, the operating costs for marketing and traveling expenses increased during this period. With the various manufacturing costs and operating expenses rose, our profit for the first half of 2019 was HK\$8.6 million, compared to last year HK\$13.1 million. Profit margin was at 5.9% and 8.5% respectively for the first half of 2019 and 2018.

Our balance sheet remained healthy with no debt issuance for the first half of 2019. Cash generate from operations was HK\$13.3 million.

## MARKET REVIEW

### Communication and Networking

Communication segment contributed HK\$40.9 million of sales for the first six months of 2019, reduced 4% compared to HK\$42.7 million for the comparable period of last year. This segment contributed 28% of the Group's total revenue.

### Data Processing

Data processing segment contributed 6% of the Group's revenue. Sales for this segment were HK\$9.4 million for the first half of 2019, compare to HK\$10.7 million for the first six months ended 2018.

### Industrial Application

For the first six months of 2019, industrial application segment sales reached to HK\$55.9 million, compared to HK\$53.9 million, an increase of 4% compare to the same period of 2018. This segment contributed 38% of the Group's total revenue.

### High Precision and Reliability Segment

This segment demands precise technology, advance technical know-how and good workmanship by the Group. The segment reported HK\$40.5 million for first half of 2019, compared to \$46.5 million for the first six months in 2018. This segment contributed 28% of our total sales.

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

For the six months period ended 30 June 2019, Group sales reported HK\$146.7 million, a decrease of HK\$7.2 million, compared to same period of 2018. Our gross profit was HK\$49.2 million, compared to HK\$52.5 million for the first half of 2018. Gross margin decreased from 34.1% to 33.5%.

Operating profit of first half of 2019 decreased from HK\$15.6 million to HK\$11.2 million when compared to same period of 2018. The net profit reported HK\$8.6 million, compared to HK\$13.1 million for the six months period ended 30 June 2018. Earnings per share of the first half of 2019 was 2.7 cents, compared to 4.1 cents for the first half of 2018.

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 2019, the Group had a total equity of approximately HK\$864.1 million (31 December 2018: HK\$860.8 million), and cash and cash equivalents of approximately HK\$374.2 million (31 December 2018: HK\$405.0 million), which were predominately denominated in US dollars and Renminbi.

For the six months ended 30 June 2019, the Group had not arranged 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\$31.4 million (six months ended 30 June 2018: HK\$0.7 million).

## EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2019, the Group employed approximately 1,076 personnel around the world, with approximately 96 in Hong Kong, 949 in the People's Republic of China and 31 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 2019, the Group has capital commitment contracted but not provided for in the financial statements in respect of property, plant and equipment approximately HK\$136.7 million (31 December 2018: 139.9 million).

## CONTINGENT LIABILITIES

The Group did not have any material contingent liability as at 30 June 2019 (31 December 2018: Nil).

## LOOKING FORWARD

The weakening global economy and rising trade tensions had added a lot of uncertainties in our forecast on our customer spending. Yet, our management is working closely with our customers with all possible endeavors to minimize the impact of tariff for both of us.

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2019

	Note	Six months ended 30 June	
		2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
<b>Revenue</b>	3	146,670	153,831
Cost of sales		(97,503)	(101,337)
<b>Gross profit</b>		49,167	52,494
Other revenue	3	6,377	5,936
Distribution and selling expenses		(8,686)	(7,548)
Administrative expenses		(35,670)	(35,239)
<b>Profit before income tax expense</b>	5	11,188	15,643
Income tax expense	6	(2,600)	(2,505)
<b>Profit for the period and attributable to owners of the Company</b>		8,588	13,138
<b>Other comprehensive income, net of tax</b>			
Item that may reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		(443)	13
<b>Other comprehensive income for the period and attributable to owners of the Company, net of tax</b>		(443)	13
<b>Total comprehensive income for the period and attributable to owners of the Company</b>		8,145	13,151
<b>Earnings per share</b>			
– Basic and diluted	8	HK\$0.027	HK\$0.041

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Note	30 June 2019 (Unaudited) HK\$'000	31 December 2018 (Audited) HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		279,832	278,481
Investment property		103,800	103,800
Payment for leasehold land held for own use under operating leases		29,556	3,311
Payment for acquisition of a land use right		–	12,190
Payment for acquisition of a property		35,060	11,002
Goodwill		9,535	9,486
Deferred tax asset		1,173	1,166
		458,956	419,436
<b>CURRENT ASSETS</b>			
Inventories		75,815	76,186
Amount due from ultimate holding company		84	84
Amount due from a related company		174	174
Tax prepayment		–	800
Prepayments, deposits and other receivables		5,928	8,608
Trade receivables	9	37,783	37,133
Cash and cash equivalents		374,233	404,991
		494,017	527,976
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10	25,345	23,882
Current tax liabilities		2,977	2,057
		28,322	25,939
<b>NET CURRENT ASSETS</b>		465,695	502,037
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		924,651	921,473
<b>NON-CURRENT LIABILITIES</b>			
Employee benefits		19,278	19,450
Deferred tax liabilities		41,246	41,241
		60,524	60,691
<b>NET ASSETS</b>		864,127	860,782
<b>EQUITY</b>			
Share capital	11	32,000	32,000
Reserves		832,127	828,782
<b>TOTAL EQUITY</b>		864,127	860,782

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 June 2019

	Equity attributable to owners of the Company						
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Property revaluation reserve HK\$'000	Exchange reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 January 2018	32,000	57,099	(23,724)	186,522	9,806	520,435	782,138
Profit for the period	-	-	-	-	-	13,138	13,138
Other comprehensive income for the period							
Exchange differences on translating foreign operations	-	-	-	-	13	-	13
Total comprehensive income for the period	-	-	-	-	13	13,138	13,151
Dividend paid	-	-	-	-	-	(7,040)	(7,040)
At 30 June 2018	32,000	57,099	(23,724)	186,522	9,819	526,533	788,249
At 1 January 2019	32,000	57,099	(23,724)	230,196	7,047	558,164	860,782
Profit for the period	-	-	-	-	-	8,588	8,588
Other comprehensive income for the period							
Exchange differences on translating foreign operations	-	-	-	-	(443)	-	(443)
Total comprehensive income for the period	-	-	-	-	(443)	8,588	8,145
Dividend paid	-	-	-	-	-	(4,800)	(4,800)
At 30 June 2019	32,000	57,099	(23,724)	230,196	6,604	561,952	864,127

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

	Six months ended 30 June	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Net cash generated from operating activities	13,325	17,560
Net cash (used in)/generated from investing activities	(38,589)	3,003
Net cash used in financing activities	(4,800)	(7,040)
Net (decrease)/increase in cash and cash equivalents	(30,064)	13,523
Effect of foreign exchange rate changes	(694)	509
Cash and cash equivalents at beginning of the period	404,991	402,453
Cash and cash equivalents at end of the period	374,233	416,485



# 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 2018 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 2019 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:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatment
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKFRS 3, Business Combinations
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKAS 12, Income Taxes

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.

# NOTES TO THE INTERIM FINANCIAL STATEMENTS

## 2. ACCOUNTING POLICIES (Continued)

The Group has not early adopted the following new/revised HKFRSs that have been issued but not yet effective for the current accounting period.

Amendments to HKAS 1 and HKAS 8	Definition of Material <sup>1</sup>
Amendments to HKFRS 3	Definition of a Business <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2020

<sup>2</sup> Effective for transactions that occur on or after 1 January 2020

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

	Six months ended 30 June	
	2019 HK\$'000	2018 HK\$'000
Bank interest income	4,298	4,169
Exchange gain, net	381	–
Income from disposal of scrap materials	210	279
Rental income	1,488	1,488
	<u>6,377</u>	<u>5,936</u>

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

### 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 of the Group as a whole to assess the performance and consider 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	
	2019 HK\$'000	2018 HK\$'000
Hong Kong (place of domicile)	322	363
The PRC	13,143	11,957
The United States	128,478	135,135
European Union	2,249	3,294
Other countries	2,478	3,082
	146,348	153,468
	146,670	153,831

### 5. PROFIT BEFORE INCOME TAX EXPENSE

Profit before income tax expense is stated after charging/(crediting) the following:

	Six months ended 30 June	
	2019 HK\$'000	2018 HK\$'000
Cost of inventories recognized as expenses	97,503	101,337
Amortisation of payment for leasehold land held for own use under operating leases	300	59
Depreciation of property, plant and equipment	3,140	2,817
Exchange (gain)/loss, net ( <i>note 3</i> )	(381)	3,341

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

### 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	
	2019 HK\$'000	2018 HK\$'000
Current tax – Hong Kong profits tax – provision for the period	1,023	1,262
Current tax – Overseas – provision for the period – under provision in respect of prior years	1,475 102	189 1,054
	<b>2,600</b>	<b>2,505</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.

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

	Six months ended 30 June	
	2019 HK\$'000	2018 HK\$'000
Profit before taxation	10,625	16,086
Effect of tax at Hong Kong profits tax rate of 16.5%	1,754	2,655
Effect of different tax rates of subsidiaries operating in other jurisdictions	43	(190)
Tax effect on non-taxable income	(1,414)	(1,779)
Tax effect of unused tax losses	1,743	1
Tax effect of expenses not deductible for tax purposes	372	764
Under provision in prior periods	102	1,054
	<b>2,600</b>	<b>2,505</b>

# NOTES TO THE INTERIM FINANCIAL STATEMENTS

## 7. INTERIM DIVIDEND

	Six months ended 30 June	
	2019 HK\$'000	2018 HK\$'000
Interim dividend declared, HK\$Nil (2018: HK\$0.01) per ordinary share	–	3,200

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2019 (2018: HK\$0.01).

## 8. EARNINGS PER SHARE

The calculation of basic earnings per share for the six months ended 30 June 2019 was based on the profit attributable to the owners of the Company of approximately HK\$8,588,000 (six months ended 30 June 2018: HK\$13,138,000) and on the weighted average number of 320,000,000 (2018: 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 2019 was HK\$4,792,000 (six months ended 30 June 2018: HK\$651,000). There were no material disposals and write-offs of fixed assets during the six months ended 30 June 2019 and 30 June 2018.

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

### 10. TRADE RECEIVABLES

Customers are generally offered a credit period ranging from 30 days to 90 days. The aging analysis of trade receivables, based on invoice dates, is as follows:

	30 June 2019 (Unaudited) HK\$'000	31 December 2018 (Audited) HK\$'000
Within 30 days	21,673	21,629
31 to 60 days	12,145	10,893
61 to 90 days	3,882	4,216
Over 90 days	544	854
	<hr/> 38,244	<hr/> 37,592
Less: Allowance for doubtful debts	(461)	(459)
	<hr/> 37,783	<hr/> 37,133

### 11. TRADE AND OTHER PAYABLES

	30 June 2019 (Unaudited) HK\$'000	31 December 2018 (Audited) HK\$'000
Trade payables	14,194	13,524
Other payables and accruals	11,151	10,358
	<hr/> 25,345	<hr/> 23,882

The aging analysis of trade payables is as follows:

	30 June 2019 (Unaudited) HK\$'000	31 December 2018 (Audited) HK\$'000
Within 30 days	8,444	6,448
31 to 60 days	3,324	4,340
61 to 90 days	1,538	1,858
Over 90 days	888	878
	<hr/> 14,194	<hr/> 13,524

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

### 12. SHARE CAPITAL

	<b>Number of shares</b>	<b>Amount HK\$'000</b>
Authorised ordinary shares of HK\$0.1 each At 1 January 2019 and 30 June 2019	1,000,000,000	100,000
Issued and fully paid ordinary shares of HK\$0.1 each At 1 January 2019 and 30 June 2019	320,000,000	32,000

### 13. RELATED PARTY TRANSACTIONS

During the six months ended 30 June 2019, 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\$24,769,000 (six months ended 30 June 2018: HK\$33,258,000). 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 2019 (31 December 2018: Nil).

## OTHER INFORMATION

### DIRECTORS' INTEREST IN SHARES

As at 30 June 2018, 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.	–	–	231,412,000 <i>(Note 1)</i>	231,412,000

##### (b) Associated corporation

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

#### Notes:

1. 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 72.32% of the issued share capital of the Company.
2. 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 2019, 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.



### **SUBSTANTIAL SHAREHOLDERS**

As at 30 June 2019, 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**

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2019 (2018: HK\$0.01 per share, totaling HK\$3,200,000).

### **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 2019.

### **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

### 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.

### 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, 8 August 2019