



INTERIM REPORT 2020



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

Stock Code: 889

\* 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**



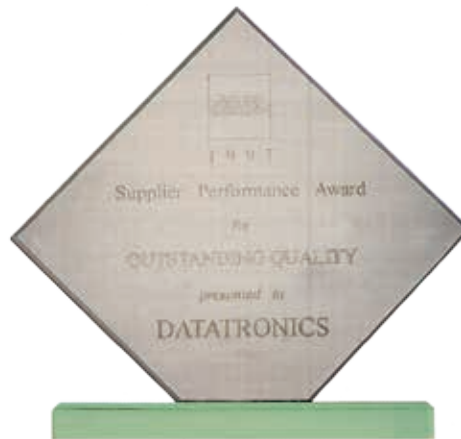
**Ericsson**



**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

# 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

## 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 "Datatronix". 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 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 enables 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
- 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:

- TS16949
- IEC950
- 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 worldwide outbreak of the COVID-19 during the first half of 2020 has severely impacted the already distressed economy and political tension between the US and China. In response to the pandemic outbreak in the first quarter of 2020, our production has to temporary shutdown in China and operations have been disrupted. Global demand and economic activities had continued to show sign of weakness. As a result, Datronix earnings and results had been negatively affected.

Datronix reported revenue for the first half of 2020 at HK\$108.9 million, while revenue recorded HK\$146.7 million for the same period of last year. Gross profit reported at HK\$34.8 million compare to HK\$49.2 million, for the same period of last year. Gross margin was at 31.9% for the first six months of 2020, whereas for the same period of 2019, gross margin was at 33.5%. Our result for the first half of 2020 was a loss of HK\$6.6 million, compared to last year profit of HK\$8.6 million. The margin was at -6.1% and 5.9% respectively for the first half of 2020 and 2019.

Our financial position remained healthy with no debt issuance for the first half of 2020.

## MARKET REVIEW

### Communication and Networking

Communication segment contributed HK\$32.1 million of sales for the first six months of 2020, reduced 21% compared to HK\$40.9 million for the comparable period of last year. This segment contributed 29% of the Group's total revenue.

### Data Processing

Data processing segment contributed 7% of the Group's revenue. Sales for this segment were HK\$7.0 million for the first half of 2020, compare to HK\$9.4 million for the first six months ended 2019.

### Industrial Application

For the first six months of 2020, industrial application segment sales were HK\$37.1 million, compared to HK\$55.9 million, a decrease of 33% compare to the same period of 2019. This segment contributed 34% 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\$32.7 million for first half of 2020, compared to \$40.5 million for the first six months in 2019. This segment contributed 30% of our total sales.



## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

For the six months period ended 30 June 2020, Group sales reported HK\$108.9 million, a decrease of HK\$37.8 million, compared to same period of 2019. Our gross profit was HK\$34.8 million, compared to HK\$49.2 million for the first half of 2019. Gross margin decreased from 33.5% to 31.9%.

Operating result of first half of 2020 decreased from a profit of HK\$11.2 million to a loss of HK\$5.1 million when compared to same period of 2019. The net loss reported HK\$6.6 million, compared to a net profit of HK\$8.6 million for the six months period ended 30 June 2019. Loss per share for the first half of 2020 was HK2.1 cents, compared to earnings per share of HK2.7 cents for the first half of 2019.

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 2020, the Group had a total equity of approximately HK\$848.1 million (31 December 2019: HK\$864.1 million), and cash and cash equivalents of approximately HK\$275.1 million (31 December 2019: HK\$333.8 million), which were predominately denominated in US dollars and Renminbi.

For the six months ended 30 June 2020, 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\$66.2 million (six months ended 30 June 2019: HK\$31.4 million).

### EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2020, the Group employed approximately 1,011 personnel around the world, with approximately 96 in Hong Kong, 794 in the People's Republic of China and 121 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 2020, the Group has capital commitment contracted but not provided for in the financial statements in respect of property, plant and equipment approximately HK\$74.2 million (31 December 2019: HK\$92.4 million).

### CONTINGENT LIABILITIES

The Group did not have any material contingent liability as at 30 June 2020 (31 December 2019: Nil).

### LOOKING FORWARD

The repercussion of uncertainties on the COVID-19 pandemic and the trade war will continue to poised challenges to the Group. The timing for recovery and the resumption of normalized business activities have yet too early to be determined. Datronix is committed to stay resilient and flexible and take on any opportunities when it comes. Our challenge is to optimize our results in the face of it.

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

For the six months ended 30 June 2020

	Note	Six months ended 30 June	
		2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
<b>Revenue</b>	3	108,945	146,670
Cost of sales		(74,175)	(97,503)
<b>Gross profit</b>		34,770	49,167
Other revenue and gain	3	6,107	6,377
Distribution and selling expenses		(9,736)	(8,686)
Administrative expenses		(36,180)	(35,670)
Finance costs		(24)	–
<b>(Loss)/Profit before income tax expense</b>	5	(5,063)	11,188
Income tax expense	6	(1,565)	(2,600)
<b>(Loss)/Profit for the period and attributable to owners of the Company</b>		(6,628)	8,588
<b>Other comprehensive income, net of tax</b>			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		(3,054)	(443)
<b>Other comprehensive income for the period and attributable to owners of the Company, net of tax</b>		(3,054)	(443)
<b>Total comprehensive income for the period and attributable to owners of the Company</b>		(9,682)	8,145
<b>(Loss)/Earnings per share</b>			
– Basic and diluted	8	(HK\$0.021)	HK\$0.027

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Note	30 June 2020 (Unaudited) HK\$'000	31 December 2019 (Audited) HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	421,775	361,470
Investment property		97,800	97,800
Payment for acquisition of a land use right and a property		–	34,666
Prepayments for acquisition of property, plant and equipment		4,675	10,158
Goodwill		9,486	9,486
Deferred tax asset		160	160
		533,896	513,740
<b>CURRENT ASSETS</b>			
Inventories		88,095	79,620
Trade receivables	10	27,882	33,090
Amount due from ultimate holding company		91	91
Amount due from related companies		203	203
Tax prepayment		1,197	–
Prepayments, deposits and other receivables		9,491	8,231
Cash and cash equivalents		275,098	333,776
		402,057	455,011
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	27,710	40,500
Amount due to a related company		–	523
Lease liabilities		436	436
Current tax liabilities		925	3,802
		29,071	45,261
<b>NET CURRENT ASSETS</b>		372,986	409,750
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		906,882	923,490
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		644	859
Employee benefits		18,495	18,806
Deferred tax liabilities		39,685	39,685
		58,824	59,350
<b>NET ASSETS</b>		848,058	864,140
<b>EQUITY</b>			
Share capital	12	32,000	32,000
Reserves		816,058	832,140
<b>TOTAL EQUITY</b>		848,058	864,140

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 June 2020

	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 2019	32,000	57,099	(23,724)	230,196	7,047	558,164	860,782
Profit for the period	-	-	-	-	-	8,588	8,588
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
At 1 January 2020	32,000	57,099	(23,724)	222,348	5,410	571,007	864,140
(Loss)/Profit for the period	-	-	-	-	-	(6,628)	(6,628)
Exchange differences on translating foreign operations	-	-	-	-	(3,054)	-	(3,054)
Total comprehensive income for the period	-	-	-	-	(3,054)	(6,628)	(9,682)
Dividend paid	-	-	-	-	-	(6,400)	(6,400)
At 30 June 2020	32,000	57,099	(23,724)	222,348	2,356	557,979	848,058



# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

	Six months ended 30 June	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Net cash (used in)/generated from operating activities	(26,417)	13,325
Net cash used in investing activities	(21,259)	(38,589)
Net cash used in financing activities	(6,400)	(4,800)
Net decrease in cash and cash equivalents	(54,076)	(30,064)
Effect of foreign exchange rate changes	(4,601)	(694)
Cash and cash equivalents at beginning of the period	333,776	404,991
Cash and cash equivalents at end of the period	275,098	374,233





## 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 2019 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 2020 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:

Amendments to HKFRS 3	Definition of a Business
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

## 3. REVENUE AND OTHER REVENUE

### (a) Revenue

Revenue represents the net invoiced value of goods sold.

### (b) Other revenue

	Six months ended 30 June	
	2020 HK\$'000	2019 HK\$'000
Bank interest income	2,361	4,298
Exchange gain, net	–	381
Income from disposal of scrap materials	308	210
Rental income	1,488	1,488
Employment support scheme	1,950	–
	<b>6,107</b>	<b>6,377</b>



## 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	
	2020 HK\$'000	2019 HK\$'000
Hong Kong (place of domicile)	139	322
The PRC	10,515	13,143
The United States	91,085	128,478
European Union	1,941	2,249
Other countries	5,265	2,478
	108,806	146,348
	108,945	146,670

## NOTES TO THE INTERIM FINANCIAL STATEMENTS



### 5. (LOSS)/PROFIT BEFORE INCOME TAX EXPENSE

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

	Six months ended 30 June	
	2020 HK\$'000	2019 HK\$'000
Cost of inventories recognized as expenses	74,175	97,503
Amortisation of payment for leasehold land held for own use under operating leases	–	300
Depreciation charge of:		
– owned property, plant and equipment	1,519	3,140
– right-of-use assets included within		
– ownership interest in leasehold land and buildings held for own use carried at fair value	2,141	–
– ownership interests in leasehold land held for own use carried at cost	381	–
– other properties leased for own use carried at cost	224	–
Exchange loss/(gain), net ( <i>note 3</i> )	997	(381)

## 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	
	2020 HK\$'000	2019 HK\$'000
Current tax – Hong Kong profits tax – provision for the period	63	1,023
Current tax – Overseas – provision for the period – under provision in respect of prior years	1,471 31	1,475 102
	<b>1,565</b>	<b>2,600</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 (loss)/profit per the condensed consolidated income statement as follows:

	Six months ended 30 June	
	2020 HK\$'000	2019 HK\$'000
(Loss)/Profit before taxation	(5,063)	10,625
Effect of tax at Hong Kong profits tax rate of 16.5%	(832)	1,754
Effect of different tax rates of subsidiaries operating in other jurisdictions	152	43
Tax effect on non-taxable income	(661)	(1,414)
Tax effect of unused tax losses	2,413	1,743
Tax effect of expenses not deductible for tax purposes	462	372
Under provision in prior periods	31	102
	<b>1,565</b>	<b>2,600</b>



## 7. INTERIM DIVIDEND

	Six months ended 30 June	
	2020 HK\$'000	2019 HK\$'000
Interim dividend declared, HK\$0.01 (2019: HK\$ Nil) per ordinary share	3,200	–

At the board meeting held on 21 August 2020, the Board has resolved to declare an interim dividend of HK\$0.01 (2019: HK\$ Nil) per share in respect of the six months ended 30 June 2019, to shareholders whose names appear on the register of members of the Company on Friday, 18 September 2020.

## 8. (LOSS)/EARNINGS PER SHARE

The calculation of basic earnings per share for the six months ended 30 June 2020 was based on the loss attributable to the owners of the Company of approximately HK\$6,628,000 (six months ended 30 June 2019 was based on the profit attributable to the owners of the Company approximately HK\$8,588,000) and on the weighted average number of 320,000,000 (2019: 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 2020 was HK\$66,160,000 (six months ended 30 June 2019: HK\$4,792,000). There were no material disposals and write-offs of property, plant and equipment during the six months ended 30 June 2020 and 30 June 2019.

## 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 2020 (Unaudited) HK\$'000	31 December 2019 (Audited) HK\$'000
Within 30 days	16,717	18,057
31 to 60 days	8,778	9,177
61 to 90 days	2,275	4,442
Over 90 days	2,126	1,931
	<hr/>	<hr/>
	29,896	33,607
Less: Loss allowances for impairment	(2,014)	(517)
	<hr/>	<hr/>
	27,882	33,090

### 11. TRADE AND OTHER PAYABLES

	30 June 2020 (Unaudited) HK\$'000	31 December 2019 (Audited) HK\$'000
Trade payables	12,673	11,171
Other payables and accruals	13,410	12,450
Fee and retention payables for construction of manufacturing plants	1,627	16,879
	<hr/>	<hr/>
	27,710	40,500

The aging analysis of trade payables is as follows:

	30 June 2020 (Unaudited) HK\$'000	31 December 2019 (Audited) HK\$'000
Within 30 days	6,146	5,795
31 to 60 days	4,018	3,378
61 to 90 days	1,801	1,062
Over 90 days	708	936
	<hr/>	<hr/>
	12,673	11,171



## 12. SHARE CAPITAL

	<b>Number of shares</b>	<b>Amount HK\$'000</b>
Authorised ordinary shares of HK\$0.1 each At 1 January 2020 and 30 June 2020	1,000,000,000	100,000
Issued and fully paid ordinary shares of HK\$0.1 each At 1 January 2020 and 30 June 2020	320,000,000	32,000

## 13. RELATED PARTY TRANSACTIONS

During the six months ended 30 June 2020, the Group's sales to Datatronix Romoland, Inc. ("DRI"), a company in which Mr. Siu Paul Y., a director, has beneficial interest, amounted to HK\$18,589,000 (six months ended 30 June 2019: HK\$24,769,000). 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. CAPITAL COMMITMENTS

As at 30 June 2020, the Group has capital commitment contracted but not provided for in the financial statements in respect of property, plant and equipment approximately HK\$74,208,000 (31 December 2019: HK\$92,400,000).

## 15. CONTINGENT LIABILITIES

The Group did not have any material contingent liability as at 30 June 2020 (31 December 2019: 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			Total
		Personal interests	Family interests	Corporate interests	
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 2020, 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 2020, 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 21 August 2020, the Board has resolved to declare an interim dividend of HK\$0.01 (2019: HK\$ Nil) per share, totaling HK\$3,200,000 (2019: HK\$ Nil) in respect of the six months ended 30 June 2020 to shareholders whose names appear on the register of members of the Company on Friday, 18 September 2020.

### **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 2020.

### **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, 21 August 2020