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If you have sold all your shares in Datronix Holdings Limited, you should at once hand this circular to the purchaser or to the bank or stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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**DATRONIX HOLDINGS LIMITED****連達科技控股有限公司****(incorporated in Bermuda with limited liability)*

(Stock Code: 889)

Executive Directors:

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

Registered Office:

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Independent non-executive Directors:

CHUNG Pui Lam
LEE Kit Wah
WONG Wah Sang, Derek

Principal place of business in

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

28 April 2021

To the shareholders

Dear Sir or Madam,

**GENERAL MANDATES TO REPURCHASE AND
TO ISSUE SHARES AND RE-ELECTION OF DIRECTORS****INTRODUCTION**

It is proposed that at the forthcoming annual general meeting of Datronix Holdings Limited (the "Company") to be held on Thursday, 3 June 2021 at 19th Floor, North Point Industrial Building, 499 King's Road, North Point, Hong Kong at 2:30 p.m. (the "Annual General Meeting"), the following resolutions will be proposed:

* For identification purposes only

Ordinary Resolutions:

- (i) a general mandate to allot, issue and deal with new shares of the Company representing up to 20 percent of the Company's issued share capital as at the date of the passing of the resolution;
- (ii) a general mandate to repurchase fully paid shares of the Company up to a maximum of 10 percent of the Company's issued share capital on the date of the resolution; and
- (iii) re-election of retiring Directors.

This circular contains the explanatory statement in compliance with the Listing Rules and gives all the information reasonably necessary to enable shareholders to make an informed decision on whether to vote for or against the ordinary resolution to approve the purchase by the Company of its own shares.

EXERCISE OF THE GENERAL MANDATE TO ISSUE NEW SHARES

A general mandate to allot, issue and deal with new shares or convertible securities or similar rights to subscribe for any shares or convertible securities of the Company representing up to 20% of the aggregate nominal amount of the share capital in issue as at the date of the passing of the ordinary resolution. Exercise in full of the general mandate to issue shares of the Company (on the basis of 320,000,000 shares of the Company of HK\$0.10 each in issue as at 20 April 2021 (the "Latest Practicable Date")) would result in up to 64,000,000 shares of the Company being issued by the Company on the basis no further shares of the Company are issued prior to passing of the ordinary resolution.

EXERCISE OF THE GENERAL MANDATE TO REPURCHASE SHARES

Exercise in full of the general mandate to repurchase shares of the Company ("Repurchase Mandate") (on the basis of 320,000,000 shares of the Company of HK\$0.10 each in issue as at 20 April 2021 (the "Latest Practicable Date")) would result in up to 32,000,000 shares of the Company being repurchased by the Company on the basis no further shares of the Company are issued or repurchased prior to passing of the ordinary resolution.

Subject to the passing of the aforesaid ordinary resolutions of the General Mandate to issue new shares and Repurchase Mandate, an ordinary resolution will also be proposed to authorize the Directors to issue new shares in an amount not exceeding the aggregate nominal amount of the shares purchased pursuant to the Repurchase Mandate.

REASONS FOR THE REPURCHASE

The Directors consider that it is in the best interests of the Company and its shareholders to have a general authority from shareholders to enable the Directors the flexibility to repurchase shares of the Company in the market when appropriate and beneficial to the Company. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets value of the Company and/or its earnings per share and will only be made when the Directors believe that such repurchase will benefit the Company and its shareholders.

FUNDING OF REPURCHASES

In repurchasing shares, the Company may only apply funds legally available for such purpose in accordance with the laws of Bermuda and the Memorandum of Association and Bye-laws of the Company. No such shares shall be repurchased except (i) out of the capital paid up thereon or out of the funds of the Company which would otherwise be available for dividend or distribution or out of the proceeds of a fresh issue of shares made for the purposes of the repurchase and (ii) the premium, if any, payable on repurchase, is provided for out of funds of the Company which would otherwise be available for dividend or distribution or out of the Company's share premium account before the shares are repurchased. Under the laws of Bermuda, the shares so purchased will be treated as cancelled but the aggregate amount of authorised share capital will not be reduced.

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited consolidated financial statements contained in the Company's annual report for the year ended 31 December, 2020) in the event that the proposed Repurchase Mandate was to be exercised in full at any time during the proposed repurchase period. Such proposed repurchase period means the period from the passing of the resolution until whichever is the earliest of: (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by Bermuda laws or the Bye-laws of the Company to be held; and (iii) the date on which the authority sets out in the resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in a general meeting. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

SHARE PRICES

The highest and lowest prices at which the shares of the Company traded on The Stock Exchange of Hong Kong Limited ("the Stock Exchange") during each of the previous twelve months from April 2020 to March 2021 were as follows:

	Share Prices	
	Highest HK\$	Lowest HK\$
2020		
April	0.67	0.55
May	0.61	0.495
June	0.63	0.53
July	0.55	0.50
August	0.70	0.55
September	0.60	0.56
October	0.61	0.57
November	0.58	0.55
December	0.74	0.55
2021		
January	0.68	0.58
February	0.74	0.59
March	0.70	0.59
April (as at the Latest Practicable Date)	0.66	0.65

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates currently intends to sell shares of the Company to the Company or its subsidiaries in the event that the proposed Repurchase Mandate is approved.

The Directors have undertaken to the Stock Exchange that they will exercise the powers of the Company to exercise the Repurchase Mandate in accordance with the Listing Rules and the laws of Bermuda.

If as a result of the repurchase by the Company, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of the Hong Kong Code on Takeovers and Mergers (the "Code"). Accordingly, a shareholder, or group of shareholders acting in concert, could obtain or consolidate control of the Company or become obliged to make a mandatory offer in accordance with Rule 26 of the Code.

As at the Latest Practicable Date prior to printing of this circular, to the best knowledge and belief of the Directors, the following parties were directly or indirectly interested in 5% or more of the issued share capital of the Company:

Name	Number of shares	Shareholding percentage
Onboard Technology Limited (<i>Note</i>)	231,412,000	72.32%

Note: Onboard Technology Limited is a company incorporated in the British Virgin Islands and owned as to 90% by Mr. Paul Siu and 10% by Ms. Shui Wai Mei, his wife, both are Directors of the Company.

In the event that the Directors should exercise in full the power to repurchase shares which is proposed to be granted pursuant to the resolution to be proposed at the Annual General Meeting, the aggregate shareholding of Onboard Technology Limited in the Company would be increased from approximately 72.32% to approximately 80.35% of the issued share capital of the Company. The Directors are not aware of any consequences which may arise under the Code as a result of such purchase made under the Repurchase Mandate. The Directors consider that such increase will result in the number of shares which are in the hands of the public being reduced to less than 25 percent. The Directors do not propose to exercise the Repurchase Mandate in full so as to give rise to this extent.

No connected person (as defined in the Listing Rules) of the Company has notified the Company that he has a present intention to sell the shares of the Company to the Company, or has undertaken not to do so in the event that the Repurchase Mandate is approved by the shareholders.

Neither the Company nor any of its subsidiaries has purchased any of the Company's shares in the past six months from the Latest Practicable Date.

RE-ELECTION OF RETIRING DIRECTORS

In accordance with the Company's Bye-laws, Ms. Siu Nina Margaret and Mr. Sheung Shing Fai will be retired from office by rotation and be eligible for re-election at the Annual General Meeting. Details of the abovementioned directors are set out as follows:

Ms. Siu Nina Margaret, aged 44, is the daughter of Mr. Siu Paul Y., Chairman of the Company and Ms. Shui Wai Mei, Vice Chairman of the Company. Mr. Siu Paul Y. and Ms. Shui Wai Mei, through Onboard Technology Limited, a company incorporated in the British Virgin Islands, and in which Mr. Siu Paul Y. and Ms. Shui beneficially own 90% and 10% of its issued share capital respectively, hold 231,412,000 shares in the capital of the Company, representing 72.32% of the issued share capital of the Company. Ms. Siu holds a MBA degree with emphasis on Finance and Certificate in International Business in Loyola Marymount University and a bachelor degree of arts with major in business economics from the University of California, Los Angeles in the US. She has more than 3 years experience in the US syndication loan market on major listed companies in the US. Ms. Siu is responsible for the finance and marketing of the Group. Ms. Siu joined the Group in May 2000 and was a Non-executive Director of the Company on 31 May 2000. Ms. Siu was then re-designated from a Non-executive Director to an Executive Director of the Company on 7 July 2005 and was resigned as an Executive Director of the Company on 31 December 2011 and was re-appointed as Executive Director on 1 January 2013.

Ms. Siu has entered into a service contract with the Company for an initial fixed term of three years commencing from 1 January 2013. Such contract will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other. Ms. Siu is entitled to a basic salary and a management bonus of a sum at the discretion of the Directors of the Company. The basic salary of Ms. Siu under her service contract is HK\$600,000 per annum. The Company shall provide residential premises for Ms. Siu to be used by her as director's quarters during her term of appointment as an Executive Director. The emoluments of Ms. Siu is determined with reference to her duties and responsibilities of the Company. Ms. Siu will be subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Bye-laws of the Company.

Save as disclosed above, Ms. Siu does not hold any other directorships in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years, any other position with the Company and other members of the Group, or any other major appointments and professional qualifications. Ms. Siu does not have any other relationship with any directors, senior management or substantial or controlling shareholders of the Company. At the date of this announcement, Ms. Siu does not have any interests in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Save as disclosed above, there is no other matters concerning Ms. Siu that need to be brought to the attention of the shareholders of the Company and there is no information required to be disclosed pursuant to the requirements of Rule 13.51(2) of the Listing Rules.

Mr. Sheung Shing Fai, aged 72, is the Executive Director of the Company and General Manager of the Group. Mr. Sheung is also a member of the Nomination Committee of the Board. He is responsible for the Group's business and technology development. Mr. Sheung holds a bachelor degree of science in electronic engineering from the National Taiwan University in Taiwan. He has more than 20 years of experience in sales and manufacturing of magnetic components and other electronic components for telecommunication and data processing systems and other electronic systems. Mr. Sheung joined the Group in 1988.

Mr. Sheung has entered into a service contract with the Company for an initial fixed term of three years commencing from 22 June 2001. Such contract continues thereafter until terminated by not less than three months' notice in writing served by either party on the other. Mr. Sheung is entitled to a basic salary and a management bonus of a sum at the discretion of the Directors of the Company. The basic salary of Mr. Sheung under his service contract was HK\$1,200,000 per annum. The emoluments of Mr. Sheung is determined with reference to his duties and responsibilities of the Company. Mr. Sheung will be subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Bye-laws of the Company.

Save as disclosed above, Mr. Sheung does not hold any other directorships in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years, any other position with the Company and other members of the Group, or any other major appointments and professional qualifications. Mr. Sheung does not have any other relationship with any directors, senior management or substantial or controlling shareholders of the Company. At the date of this appointment, Mr. Sheung does not have any interests in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Save as disclosed above, there is no other matters concerning Mr. Sheung that need to be brought to the attention of the shareholders of the Company and there is no information required to be disclosed pursuant to the requirements of Rule 13.51(2) of the Listing Rules.

RECOMMENDATION

The Directors are of the opinion that the Repurchase Mandate, the proposed shares issue mandate and re-election of retiring directors are all in the interest of the Company and shareholders of the Company as a whole and so recommend you to vote in favour of the resolutions at the Annual General Meeting.

Pursuant to the Bye-laws, a poll may be declared in relation to any resolution put to the vote of the Annual General Meeting before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll:

- (a) by the chairman of the such meeting; or
- (b) by at least three shareholders present in person (or in the case of a shareholder being a corporation by its duly authorized representative) or by proxy for the time being entitled to vote at the meeting; or
- (c) by a shareholder or shareholders present in person (or in the case of a shareholder being a corporation by its duly authorized representative) or by proxy and representing not less than one-tenth of the total voting rights of all shareholders having the right to vote at the meeting; or

- (d) by a shareholder or shareholders present in person (or in the case of a shareholder being a corporation by its duly authorized representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the Shareholders at the Annual General Meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, the chairman of the Company will exercise his right as chairman of the Annual General Meeting under the Articles of Association to demand a poll on each of the resolutions to be proposed at the Annual General Meeting unless the abovementioned reason arises.

PROXY FORM

A form of proxy for use at the AGM is enclosed with the 2020 Annual Report. Whether or not the Shareholders are able to attend the meeting, you are requested to complete and return the enclosed form of proxy to the office of the Hong Kong branch share registrar of the Company, Hong Kong Registrars Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, in accordance with the instructions printed thereon not later than Hong Kong time 2:30 p.m. on 1 June 2021 or any adjournment thereof. Completion of a form of proxy will not preclude you from attending and voting at the AGM or any adjournment thereof in person if so wish.

Yours faithfully,
For and on behalf of the Board
SIU Paul Y.
Chairman