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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)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

The board of directors (the “Board”) of Datronix Holdings Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2023 together with the comparative figures for the corresponding year of 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue	5	222,427	262,424
Cost of sales		(148,694)	(181,751)
Gross profit		73,733	80,673
Other revenue and gains	6	6,432	8,983
Fair value (loss)/gain on investment property		(15,600)	29,500
Distribution and selling expenses		(15,284)	(18,200)
Administrative expenses		(72,802)	(72,740)
Finance costs		(143)	(39)
(Loss)/profit before income tax expense	7	(23,664)	28,177
Income tax expense	8		
Current tax - tax for the year		(1,600)	(1,827)
- (under)/over-provision in respect of prior years, net		(1,621)	245
Deferred tax credit		2,658	1,280
		(563)	(302)
(Loss)/profit for the year and attributable to owners of the Company		(24,227)	27,875

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

	<i>Notes</i>	2023 HK\$'000	2022 HK\$'000
(Loss)/profit for the year and attributable to owners of the Company		<u>(24,227)</u>	<u>27,875</u>
Other comprehensive income, net of tax			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		(7,606)	(21,114)
Item that will not be reclassified to profit or loss:			
Deficit on revaluation of leasehold land and buildings held for own use		(10,378)	(16,264)
Changes in fair value of equity instruments designated at fair value through other comprehensive income		5,215	120
Impairment loss of leasehold land and buildings held for own use recognised in other comprehensive income		<u>-</u>	<u>(12,128)</u>
Other comprehensive loss for the year and attributable to owners of the Company, net of tax		<u>(12,769)</u>	<u>(49,386)</u>
Total comprehensive loss for the year and attributable to owners of the Company		<u>(36,996)</u>	<u>(21,511)</u>
(Loss)/earnings per share			
- Basic and diluted	9	<u>(HK\$0.076)</u>	<u>HK\$0.087</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2023

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		467,492	492,866
Investment property		98,100	113,700
Equity instruments designated at fair value through other comprehensive income		29,656	16,745
Prepayments for acquisition of property, plant and equipment		339	189
Goodwill		9,486	9,486
Deferred tax asset		272	272
		605,345	633,258
CURRENT ASSETS			
Inventories		88,119	108,629
Trade receivables	<i>10</i>	31,783	33,769
Prepayments, deposits and other receivables		5,905	6,341
Amount due from ultimate holding company		137	122
Amounts due from related companies		322	286
Tax prepayment		589	-
Financial assets measured at fair value through profit or loss		-	7,904
Cash and cash equivalents		145,176	136,772
		272,031	293,823
CURRENT LIABILITIES			
Trade and other payables	<i>11</i>	20,605	19,781
Amount due to a related company		832	1,055
Lease liabilities		1,029	584
Current tax liabilities		204	363
		22,670	21,783
NET CURRENT ASSETS		249,361	272,040
TOTAL ASSETS LESS CURRENT LIABILITIES		854,706	905,298
NON-CURRENT LIABILITIES			
Lease liabilities		1,430	834
Employee benefits		13,086	18,279
Retention payable	<i>11</i>	-	3,608
Deferred tax liabilities		26,908	32,299
		41,424	55,020
NET ASSETS		813,282	850,278

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2023 (CONTINUED)

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
EQUITY		
Share capital	32,000	32,000
Reserves	<u>781,282</u>	<u>818,278</u>
TOTAL EQUITY	<u><u>813,282</u></u>	<u><u>850,278</u></u>

*Notes:***1. Statement of Compliance**

The consolidated financial statements have been prepared in accordance with all Hong Kong Financial Reporting Standards (“HKFRSs”), Hong Kong Accounting Standards (“HKASs”) and Interpretations (hereinafter collectively referred to as the “HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rule”).

2. Basis of Measurement

The consolidated financial statements have been prepared under the historical cost basis except for certain leasehold land and buildings, equity instruments designated at fair value through other comprehensive income, financial assets at fair value through profit or loss and investment property, which are measured at revalued amounts or fair values as explained in the accounting policies set out in the annual report.

3. Functional and Presentation Currency

The functional currency of the Company is Hong Kong dollars (“HK\$”). Each entity in the Group maintains its books and records in its own functional currency. The consolidated financial statements are presented in HK\$. The Board considered that it is more appropriate to present the financial statements in HK\$ as the shares of the Company are listed on the Main Board of the Stock Exchange of Hong Kong Limited.

4. Adoption of HKFRSs

(a) Adoption of new/amended HKFRSs – effective 1 January 2023

Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12 HKFRS 17	International Tax Reform – Pillar Two Model Rules Insurance Contracts

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in the annual report.

Impact on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 “Disclosure of Accounting Policies”

The Group has adopted Amendments to HKAS 1 and HKFRS Practice Statement 2 “Disclosure of Accounting Policies” for the first time in the current year. HKAS 1 “Presentation of Financial Statements” is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

(4) Adoption of HKFRSs (continued)**(a) Adoption of new/amended HKFRSs – effective 1 January 2023 (continued)**Impact on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 “Disclosure of Accounting Policies” (continued)

HKFRS Practice Statement 2 “Making Materiality Judgements” (the “Practice Statement”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has led to the presentation of material accounting policies in the financial statements, but had no material impact on the Group’s financial positions and performance but has affected the disclosure of the Group’s accounting policies set out in the annual report.

(b) New/revised HKFRSs that have been issued but are not yet effective

The Group is currently assessing the impact of these new accounting standards and amendments.

(c) New HKICPA guidance on the accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong

In June 2022, Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (“the Amendment Ordinance”) was enacted. The Amendment Ordinance abolishes the use of the accrued benefits derived from employers’ mandatory contributions under the mandatory provident fund (“MPF”) scheme to offset severance payment (“SP”) and long service payments (“LSP”) (“the Abolition”). Subsequently, the Government of HKSAR announced that the Abolition will take effect on 1 May 2025 (“the Transition Date”).

The following key changes will take effect since the Transition Date:

- Accrued benefits derived from employers’ mandatory MPF contributions cannot be used to offset the LSP/SP in respect of the employment period after the Transition Date.
- The pre-transition LSP/SP is calculated using the last month’s salary immediately preceding the Transition Date, instead of using the last month’s salary of employment termination date.

Due to the complexities of the accounting for the offsetting of accrued benefits derived from an employer’s mandatory MPF contributions and its LSP obligation and the accounting for the offsetting mechanism could become material in light of the Abolition, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” (“the Guidance”) in July 2023 to provide guidance to account for the offsetting mechanism and the Abolition. The HKICPA concluded that there are two acceptable accounting approaches for the offsetting mechanism, being:

- Approach 1: Account for the amount expected to be offset as a deemed employee contribution towards that employee’s LSP benefits in terms of HKAS 19.93(a);
- Approach 2: Account for the employer MPF contributions and the offsetting mechanism as a funding mechanism for the LSP obligation.

The directors of the Group have determined that the abolition of the offsetting mechanism has no material impact on the Group’s results and financial position for the years ended 31 December 2022 and 2023.

5. Segment Information

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions.

The Group is principally engaged in manufacturing and trading electronic components in both Hong Kong and overseas markets. The Group's chief operating decision-maker regularly reviews the consolidated financial information of the Group as a whole to assess the performance and consider there is only one operating segment for the Group.

a) Geographical information

The following table sets out the information about the geographical location of the Group's revenue from external customers and non-current assets other than financial instruments ("Specified non-current assets").

The Group comprises the following main geographical segments:

	Revenue from contracts with external customers (by customers' location)		Specified non-current assets (by assets' location)	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Hong Kong (place of domicile)	660	522	334,964	340,356
The PRC	10,925	16,176	206,048	222,682
The US	189,534	230,248	12,545	11,771
Vietnam	-	-	51,788	58,449
European Union	2,913	4,778	-	-
Other countries	18,395	10,700	-	-
	<u>221,767</u>	<u>261,902</u>	<u>270,381</u>	<u>292,902</u>
Total	<u>222,427</u>	<u>262,424</u>	<u>605,345</u>	<u>633,258</u>

b) Disaggregated revenue information

In the following table, revenue is disaggregated by major products and timing of revenue recognition.

	2023 HK\$'000	2022 HK\$'000
Major products		
Electronic components	<u>222,427</u>	<u>262,424</u>
Timing of revenue recognition		
At a point in time	<u>222,427</u>	<u>262,424</u>

Disaggregation of revenue from contracts with customers by geographical markets is disclosed in note (a) above.

The following table provides information about trade receivables from contracts with customers:

	2023 HK\$'000	2022 HK\$'000
Trade receivables from sale of electronic components	<u>31,783</u>	<u>33,769</u>

Under HKFRS 15, advance receipts from customers in respect of the Group's sale contracts included in trade and other payables shall be reclassified to contract liabilities. The Group considers the amount of advance receipts from customers is immaterial to the financial statements and therefore the amount is not separately disclosed as contract liabilities.

There is no option with a material right of return or material warranty provision.

5. Segment Information (continued)**c) Information about major customers**

Revenue from contract with external customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Customer A	39,490	42,029
Customer B	35,613	54,538
Customer C (note)	-	58,301
	<u>75,103</u>	<u>154,868</u>

Note: The revenue for the year is less than 10% of the total revenue of the Group.

6. Other Revenue and Gains

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Bank interest income	3,072	1,234
Changes in expected credit loss on trade receivables	(651)	(173)
Fair value changes of financial assets at fair value through profit or loss	252	114
Rental income under operating lease	2,160	1,969
Exchange gain, net	-	1,857
Government grants	101	2,546
Gain on disposal of financial assets at fair value through profit or loss	31	-
Dividend income arising from equity instruments designated at fair value through other comprehensive income	996	256
Sundry income	471	1,180
	<u>6,432</u>	<u>8,983</u>

7. (Loss)/Profit Before Income Tax Expense

(Loss)/profit before income tax expense is arrived at after charging/(crediting):

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Carrying amount of inventories sold	147,442	180,797
Provision for inventories	<u>1,252</u>	<u>954</u>
Cost of inventories recognised as expenses	148,694	181,751
Auditor's remuneration	890	870
Depreciation charge of:		
- owned property, plant and equipment	5,020	4,066
- right-of-use assets included within		
- ownership interests in leasehold land and buildings held for own use carried at fair value	11,974	7,798
- ownership interests in leasehold land held for own use carried at cost	722	743
- other properties leased for own use carried at cost	886	594
Exchange loss/(gain), net	587	(1,857)
Research and development expenditure	7,164	5,092
Direct operating expense arising from investment property that generated rental income during the year	<u>109</u>	<u>99</u>

8. Income Tax Expense

	2023	2022
	HK\$'000	HK\$'000
Current tax – Hong Kong Profits Tax		
- Provision for the year	860	873
- Over provision in respect of prior years	(428)	(343)
	432	530
Current tax – overseas		
- Provision for the year	740	954
- Under provision in respect of prior years	2,049	98
	2,789	1,052
Deferred tax credit	(2,658)	(1,280)
	563	302

Hong Kong Profits Tax is calculated at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits arising in Hong Kong, except for the first HK\$2,000,000 of qualified entity's assessable profit is calculated at 8.25%, which is in accordance with the two-tiered profits tax rates regime.

The PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% (2022: 25%).

The US subsidiaries are subject to US Federal Corporate Income Tax at 21% (2022: 21%).

The Vietnam subsidiary is subject to Vietnam Corporate Income Tax at 20% (2022: 20%). No provision for Vietnam Corporate Income Tax has been made as the Vietnam subsidiary has no assessable profits for the years.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

9. (Loss)/Earnings Per Share

The calculation of basic (loss)/earnings per share is based on the following data:

	2023	2022
	HK\$'000	HK\$'000
(Loss)/profit attributable to owners of the Company	(24,227)	27,875
	Numbers of shares	
	2023	2022
Number of ordinary shares in issue	320,000,000	320,000,000

Diluted (loss)/earnings per share is the same as basic (loss)/earnings per share as there were no potential dilutive ordinary shares outstanding for both years.

10. Trade Receivables

Customers are generally offered a credit period ranging from 30 days to 90 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management.

An ageing analysis of trade receivables, based on invoice dates, as at the end of the reporting period is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 30 days	13,643	15,034
31 to 60 days	13,414	9,728
61 to 90 days	2,921	5,118
Over 90 days	<u>3,287</u>	<u>4,720</u>
	33,265	34,600
Less: Loss allowances for impairment	<u>(1,482)</u>	<u>(831)</u>
	<u>31,783</u>	<u>33,769</u>

11. Trade and Other Payables

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current liabilities		
Trade payables	7,132	8,618
Other payables and accruals	11,204	10,604
Fee payables for construction of manufacturing plants	<u>2,269</u>	<u>559</u>
	<u>20,605</u>	<u>19,781</u>
Non-current liabilities		
Retention payable	<u>-</u>	<u>3,608</u>

An ageing analysis of trade payables, based on invoice dates, as at the end of the reporting period is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 30 days	3,407	3,916
31 to 60 days	2,427	3,022
61 to 90 days	946	1,046
Over 90 days	<u>352</u>	<u>634</u>
	<u>7,132</u>	<u>8,618</u>

12. Dividends

The Board does not recommend a final dividend in respect of the year ended 31 December 2023 (2022: Nil). No interim dividend was paid during the year (2022: HK\$0.01 per share).

FINAL DIVIDEND

The Board does not recommend a final dividend in respect of the year ended 31 December 2023.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The Annual General Meeting of the Company is scheduled to be held on Wednesday, 5 June 2024 (“AGM”). For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Friday, 31 May 2024 to Wednesday, 5 June 2024, both dates inclusive, during which period no transfer of shares will be registered. In order to be entitled to attend and vote at the forthcoming annual general meeting, all duly completed transfer forms 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, Wan Chai, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 30 May 2024.

SCOPE OF WORK OF BDO LIMITED

The figures in respect the Group’s consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Group’s auditor, BDO Limited, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

MANAGEMENT DISCUSSION & ANALYSIS

Overview

Global recovery remained slow and uneven for year of 2023. Factors such as different monetary policies to fight high inflation, increasing geoeconomic fragmentation, widening divergences among regions, all had hold back the path of economic growth. Datronix reported its revenue for 2023 at HK\$222.4 million, while 2022 was at HK\$262.4 million, a decrease of 15.2%. Gross margin decreased to HK\$73.7 million for 2023, compared to HK\$80.7 million for the corresponding period a year ago. Gross margin, as a percentage of revenue, improved from 30.7% in 2022 to 33.1% for the same period in 2023.

Operating loss was HK\$23.7 million in 2023, compared to operating profit of HK\$28.2 million in 2022 mainly due to substantial fair value loss on revaluation for investment property of HK\$15.6 million, offsetting by investment income such as dividend income, interest income and gain on disposal and change of fair value from investment totalled HK\$4.4 million. Net loss for year 2023 was HK\$24.2 million, compared to net profit of HK\$27.9 million from comparable period of 2022.

As of 31 December 2023, Datronix balance sheet remains stable, with cash balance at HK\$145.2 million, and no issuance of any bank loan.

Market Review

Communication and Networking

Communication segment reported HK\$45.1 million for year 2023, compared to HK\$50.7 million in 2022, down 11%. This segment contributed 20% of the Group's total revenue.

Data Processing

Sales for this segment were HK\$41.7 million in 2023, an increase of 20% from 2022. The customers in this segment had shown improvement at their end market demand. Data processing segment contributed 19% of the Group's turnover.

Industrial Application

Industrial application segment demonstrated a decrease for year 2023. Segment sales reported at HK\$70.4 million in 2023 compared to HK\$93.7 million, a decrease of 25% from 2022. The industrial application segment contributed 32% of the Group's revenue.

High Precision and Reliability Segment

This segment demands precise technology, advance technical know-how and good workmanship by the Group. The sophistication of workmanship aids the Group to achieve a higher margin on our products. Sales on high reliability segment reported HK\$65.2 million in 2023, compared to HK\$83.2 million in 2022, a decrease of 22%. This segment contributed 29% of the Group's revenue.

Achievement and Awards

In recognition of our quality, value of our products and of the Group's service and performance, Datronix has to date received 42 awards from our customers.

Looking Forward

Datronix has devoted to improving our company by diversifying our revenue streams and improving our cost initiatives. In the past, we had built our Vietnam factory to mitigate the effects of the trade war and tariff for our US customers. And now, our Vietnam facility has been improving efficiencies throughout the years of training and technology transfer.

In addition, our Group is now in the development stage to diversify into consumer electronics which includes energy saving products to provide greener environment and to broaden our line of products and business. Amid the lingering effects of high inflation and challenging economy, Datronix is striving to seeking for growth opportunities, extending our geographic footprint and expanding our line of products in the coming years.

Business and Financial Review

Revenue for year 2023 reported at HK\$222.4 million, a decrease of 15.2% compared to HK\$262.4 million in same period of last year. Gross profit margin was 33.1% compared to 30.7% in 2022. Our operating loss was HK\$23.7 million, when compared to operating profit of HK\$28.2 million for the same period of last year. Loss attributable to owners of the Company was HK\$24.2 million in 2023 while we reported profit attributable to owners of the Company of HK\$27.9 million in 2022.

Liquidity, Financial Resources and Capital Structure

As at 31 December 2023, the Group had a total equity of approximately HK\$813.3 million (2022: HK\$850.3 million), and cash and cash equivalents of approximately HK\$145.2 million (2022: HK\$136.8 million), which were predominately denominated in US dollars, HK dollars and Renminbi.

For the year ended 31 December 2023, 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.

The Group has strong financial position. There were no bank and other loan for the year ended 31 December 2023.

The Group had limited exposure to foreign exchange fluctuations in normal business transactions as most of its accounts receipts and payments are in US dollars.

Employees and Remuneration Policy

As at 31 December 2023, the Group employed approximately 910 personnel around the world, with approximately 90 in Hong Kong, approximately 470 in the PRC and approximately 350 overseas. The Group has a staff education sponsorship program and also provides training courses to staff on operation system, product and technology development, and product safety.

The remuneration policy for the Group's employees is reviewed by management on a regular basis. Competitive remuneration packages will be offered to employees based on business performance, market practices and the performance of individual employees. The Group has adopted a mandatory provident fund scheme for its Hong Kong employees.

Contingent Liabilities

The Group did not have any material contingent liability as at 31 December 2023 (2022: Nil).

Capital Commitments

The Group had capital commitment outstanding at the year end and contracted but not provided for property, plant and equipment of HK\$1.6 million in the financial statements (2022: HK\$6.9 million).

PURCHASE, REDEMPTION OR SALE OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the listed securities of the Company during the year.

AUDIT COMMITTEE

The audit committee has reviewed the audited financial statements of the Group for the year ended 31 December 2023 and discussed with the Board the financial reporting process and internal control system of the Group.

CORPORATE GOVERNANCE

The Company has complied with the code provisions set out in the Corporate Governance Code (the "Code") as set out in Appendix C1 (formerly known as Appendix 14) of the Listing Rules throughout the accounting period covered by the annual report, except for the following deviations:

Code Provision C.2.1

Under the provision C.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.. Given that all major decisions of the Company would be decided after thorough discussions by the Board (including Independent Non-executive Directors), the Board is of the view that there is sufficient balance of power and the current arrangement maintains a strong management position and consistent leadership of the Company.

Code Provision B.2.2

Under the provision B.2.2, 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 C3 (formerly known as 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.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the website of Hong Kong Exchange and Clearing Limited (“HKEx”) at www.hkex.com.hk and on the Company’s website at www.datronixhldgs.com.hk. The annual report 2023 of the Company will be dispatched to the shareholders and will be available on the websites of HKEx and the Company in due course.

DIRECTORS

As at the date of this announcement, the Board of the Company comprises Mr. Siu Paul Y. (Chairman), Ms. Shui Wai Mei (Vice-Chairman), Mr. Siu Ronald (Vice-Chairman), Mr. Sheung Shing Fai and Ms. Siu Nina Margaret as Executive Directors and Mr. Chung Pui Lam, Mr. Lee Kit Wah and Mr. Wong Wah Sang, Derek as Independent Non-executive Directors.

By order of the Board
SIU Ronald
Vice Chairman

Hong Kong, 20 March 2024

** For identification purposes only*