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DATRONIX HOLDINGS LIMITED

連達科技控股有限公司*

(incorporated in Bermuda with limited liability)

CONNECTED TRANSACTIONS

Datatronix and Datatronix Romoland entered into the Master Supply Agreement on 6 June 2001 in respect of supply of magnetics to Datatronix Romoland. As Datatronix Romoland is a company owned as to approximately 96.5% by Mr. Siu, the Connected Transactions constitute connected transactions for the Company under Chapter 14 of the Listing Rules.

The latest waiver from strict compliance with the Listing Rules in respect of the Company's continuing Connected Transactions by the Stock Exchange was expired on 31 December 2003. The Company has applied to the Stock Exchange for renewal of the waiver. The circular in relation to the Company's announcement dated 11 December 2003, concerning the renewal of the waiver for continuing Connected Transactions, is pending for clarification of certain issues. As a result, the Connected Transactions to be taken place in the four months ending 30 April 2004, for the total amount to be less than HK\$10,000,000, are subject to the disclosure requirement under Chapter 14 of the Listing Rules. This announcement is for the disclosure of the Connected Transactions to be taken place in the four months ending 30 April 2004.

The trading of the Company's shares on the Stock Exchange has been suspended since 15 August 2002 at the request of the Company and will continue to be suspended until further notice.

This announcement is made with reference to the announcement of the Company dated 11 December 2003.

BACKGROUND

The Group is principally engaged in manufacturing and trading of magnetic components. Datatronix Romoland is a supplier of magnetic products to the military and aerospace industries in the US. Datatronix and Datatronix Romoland entered into the Master Supply Agreement on 6 June 2001 in respect of supply of magnetics to Datatronix Romoland. As Datatronix Romoland is a company owned as to approximately 96.5% by Mr. Siu, the Connected Transactions constitute connected transactions for the Company under Chapter 14 of the Listing Rules.

Prior to the listing of the Company on the Stock Exchange in June 2001, the Company applied for and was granted by the Stock Exchange the waiver from strict compliance with the Listing Rules in respect of the Company's continuing Connected Transactions, which was expired on 31 December 2003. The Company has applied to the Stock Exchange for renewal of the waiver. The circular in relation to the Company's announcement dated 11 December 2003, concerning the renewal of waiver for continuing Connected Transactions, is pending for clarification of certain issues. As a result, the Connected Transactions to be taken place in the four months ending 30 April 2004, for the total amount to be less than HK\$10,000,000, are subject to the disclosure requirement under Chapter 14 of the Listing Rules. This announcement is for the disclosure of the Connected Transactions, to be taken place in the four months ending 30 April 2004.

THE CONNECTED TRANSACTIONS

Terms of the Connected Transactions

The major terms and conditions of the Connected Transactions have been summarized in page 50 of the Company's prospectus dated 12 June 2001:

The Master Supply Agreement is for an initial term of three years from 1 January 2001 and shall continue thereafter until terminated by either party giving to the other party not less than three months' written notice. Pursuant to the Master Supply Agreement, the selling prices of the magnetics under the Master Supply Agreement are to be agreed between Datatronix and Datatronix Romoland. The Group will determine the price of the magnetics required by Datatronix Romoland according to its pricing policy of obtaining a reasonable profits margin for its sales in accordance with the prevailing market conditions, on normal commercial terms and at arm's length basis. The Group is granted a first refusal right by Datatronix Romoland to the effect that if Datatronix declines to supply the magnetics, Datatronix Romoland may source the same from any third-party supplier, provided that the terms of purchase shall not be more favourable than those offered to Datatronix.

The amounts of the Connected Transactions for the three years ended 31 December 2003

Set out below are the amounts of the Connected Transactions for the three previous financial years.

	Financial year ended 2001	Financial year ended 2002	Financial year ended 2003 (estimated)
	HK\$'000	HK\$'000	HK\$'000
Aggregate consideration of the Connected Transactions	16,838	14,447	21,800
Total turnover of the Group	163,986	115,381	146,000
Percentage of aggregate consideration of the continuing Connected Transactions to total turnover of the Group	approx. 10.3%	approx. 12.5%	approx. 14.9%

The proportion of sales to Datatronix Romoland relative to the total turnover of the Group did not exceed the annual limit of the aggregate consideration of the continuing Connected Transactions specified in the latest waiver, expired on 31 December 2003, which is 15% of the total turnover of the Group.

As far as the Directors are aware, Datatronix Romoland is one of the few suppliers of high reliability and military magnetic components to the US military and aerospace industries and the Group is the sole supplier of high reliability and military components to Datatronix Romoland. The continuation of regional military conflicts and instabilities will result in the US government purchasing more high-technology weapons like missiles and fighters, the manufacturing and maintenance of which requires high reliability magnetic components. Moreover, under the Master Supply Agreement, the Group is granted a first refusal right by Datatronix Romoland to the effect that only if the Group declines to supply the magnetics, Datatronix Romoland may source the same from any third-party supplier, provided that the terms of purchase shall not be more favourable than those offered to the Group. As a result, the Directors believe that Datatronix Romoland will continue to purchase from the Group and the volume will continue to grow.

The Directors, including the independent non executive Directors, are of the view that the Master Supply Agreement has been entered into on normal commercial terms, in the ordinary course of business of the Group and is fair and reasonable to the Shareholders taken as a whole and it is in the interest of the Company to continue the Connected Transactions upon the same terms and conditions set out in the Master Supply Agreement.

The trading of the Company's shares on the Stock Exchange has been suspended since 15 August 2002 at the request of the Company and will continue to be suspended until further notice.

DEFINITIONS

"Board"	the board of directors of the Company
"Company"	Datronix Holdings Limited, an exempted company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange
"Connected Transactions"	the transactions under the Master Supply Agreement
"Datatronix"	Datatronix Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
"Datatronix Romoland"	Datatronix Romoland, Inc., a company incorporated in US with limited liability and is a company owned as to approximately 96.5% by Mr. Siu
"Directors"	the directors of the Company
"Group"	the Company and its subsidiaries
"HK\$"	Hong Kong dollar(s)
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Master Supply Agreement"	the agreement entered into by Datatronix and Datatronix Romoland on 6 June 2001
"Mr. Siu"	Mr. Paul Y. Siu, the chairman of the Company
"Shareholder(s)"	holder(s) for the time being of the share(s) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary"	shall have the meaning as defined in the Companies Ordinance of Hong Kong, Chapter 32 of the laws of Hong Kong
"US"	the United States of America

By order of the Board
Sheung Shing Fai
 Executive Director

Hong Kong, 15 January 2004

* For identification purposes only