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If you are in any doubt as to any aspect of this circular or as to the action you should take, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

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
alias Siu Paul Yin Tong (*Chairman*)
SHUI Wai Mei (*Vice Chairman*)
SHEUNG Shing Fai
SIU Nina Margaret

Independent non-executive Directors:

CHUNG Pui Lam
LAM Tak Shing
CHAN Fai Yue, Leo

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

29 March 2006

To the shareholders

Dear Sir or Madam,

**GENERAL MANDATES TO REPURCHASE AND
TO ISSUE SHARES, RE-ELECTION OF DIRECTORS AND
PROPOSED AMENDMENTS TO BYE-LAWS**

INTRODUCTION

It is proposed that at the forthcoming annual general meeting of Datronix Holdings Limited (the "Company") to be held on Tuesday, 25 April, 2006 at Ground Floor, Function Room 1, City Garden

[#] For identification purposes only

Hotel, 9 City Garden Road, North Point, Hong Kong at 3:00 p.m. (the “Annual General Meeting”), the following resolutions will be proposed:

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.

Special Resolution:

To amend the Bye-laws of the Company.

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 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 23 March, 2006 (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 resolution.

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, 2005) 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 2005 to March 2006 (up to the Latest Practicable Date) were as follows:

	Share Prices	
	Highest HK\$	Lowest HK\$
2005		
April	—	—
May	—	—
June	—	—
July	—	—
August	—	—
September	—	—
October	—	—
November	—	—
December	—	—
2006		
January	—	—
February	—	—
March (up to the Latest Practicable Date)	—	—

Note: Trading in the shares of the Company has been suspended since 15 August, 2002

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 (Note)	240,000,000	75%
Fortune Treasure Worldwide Limited	21,784,000	6.8%
Lee Pei Jin	18,974,000	5.92%

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 75% to approximately 83.3% 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.

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, Mr. Sheung Shing Fai and Ms. Siu Nina Margaret 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:-

Mr. Sheung Shing Fai, aged 57, is the Executive Director of the Company and General Manager of the Group. 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 did not hold any other directorships in the listed public companies in the last three years.

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 month's notice in writing served by either party on the other. Mr. Sheung is entitled to a basic salary (subject to annual increment not more than 15% of her annual salary immediately prior to such increase). Mr. Sheung is also entitled to a management bonus of a sum at the discretion of the Directors of the Company, provided that the aggregate amount of management bonuses payable to Mr. Sheung and all the executive directors shall not be more than 5% of the audited consolidated or combined net profit of the Group (after taxation and minority interest and the payment of such bonus but excluding extraordinary and exceptional items) in respect of each financial year of the Company. The basic salary of Mr. Sheung under his service contract is HK\$900,000 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.

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 and does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company.

Save as disclosed above, there is no information to be disclosed pursuant to the requirements of Rule 13.51(2)(h) to (v) of the Listing Rules.

There is no other matters concerning Mr. Sheung that need to be brought to the attention of the Shareholders of the Company.

Ms. Siu Nina Margaret, aged 29, is the daughter of Mr. Siu Paul Y. ("Mr. Siu"), Chairman of the Company and Ms. Shui Wai Mei ("Ms. Shui"), Vice Chairman of the Company. Mr. Siu and Ms. Shui, through Onboard Technology Limited, a company incorporated in the British Virgin Islands, and in which Mr. Siu and Ms. Shui beneficially own 90% and 10% of its issued share capital respectively, hold 240,000,000 shares in the capital of the Company, representing 75% 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 re-designate from Non-Executive Director to Executive Director of the Company on 7 July, 2005 and did not hold any other directorships in the listed public companies in the last three years.

Ms. Siu has entered into a service contract with the Company for an initial fixed term of three years commencing from 7 July, 2005. Such contract will continue thereafter until terminated by not less than three month's notice in writing served by either party on the other. Ms. Siu is entitled to a basic salary (subject to annual increment not more than 15% of her annual salary immediately prior to such increase). Ms. Siu is also entitled to a management bonus of a sum at the discretion of the Directors of the Company, provided that the aggregate amount of management bonuses payable to Ms. Siu and all the executive directors shall not be more than 5% of the audited consolidated or combined net profit of the Group (after taxation and minority interest and the payment of such bonus but excluding extraordinary items and the payment of such bonus) in respect of each financial year of the Company. The basic salary of Ms. Siu is HK\$414,000 per annum. 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.

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, Ms. Siu does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company. There is no information to be disclosed pursuant to the requirements of Rule 13.51(2)(h) to (v) of the Listing Rules.

There is no other matters concerning Ms. Siu that need to be brought to the attention of the shareholders of the Company.

AMENDMENTS TO BYE-LAWS

Following the Code on Corporate Governance Practices which come into effect on 1 January, 2005 and taking into account the latest changes to the requirement of the Listing Rules, a special resolution will be proposed to amend the Bye-laws of the Company in relation to the rotation of directors and the power to remove directors by ordinary resolution instead of special resolution. The changes are as follows:

- (a) by deleting the existing Bye-law 86(2) in its entirety and substituting therefor the following:

“86. (2) The Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board but so that the number of Directors so appointed shall not exceed any maximum number determined from time to time by the Members in General Meeting. Any Director so appointed by the Board shall hold office only (in case of filling casual vacancy) until the next following annual general meeting or the first general meeting after the appointment of the Director by the Board of the Company or (in the case of an addition to the Board) until the next following annual general meeting of the

Company, and shall be eligible for re-election at that meeting. The Directors to retire at the annual general meeting pursuant to this Bye-law 86(2) shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at the annual general meeting.”

- (b) by replacing the word “special” with the word “ordinary” in line two of Bye-law 86(4):
- (c) by deleting the existing Bye-law 87(1) in its entirety and substituting therefor the following:

“87. (1) Notwithstanding any other provisions in the Bye-laws, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three(3), the number nearest to but not greater than one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall retire from office by rotation no later than the third annual general meeting after he was last elected or re-elected and that notwithstanding anything herein, the chairman of the Board and/or the managing director of the Company shall not, whilst holding such office, be subject to retirement by rotation or be taken into account in determining the number of Directors to retire in each year.”

RECOMMENDATION

The Directors are of the opinion that the Repurchase Mandate, the proposed shares issue mandate, re-election of retiring directors and the amendments to Bye-laws of the Company are all in the interest of the Company 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.

PROXY FORM

A form of proxy for use at the AGM is enclosed with the 2005 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 less than 48 hours before the time appointed for the holding of the AGM 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