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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 2020

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 Wednesday, 3 June 2020 at First Floor, Yue-V5AB, City Garden Hotel, 9 City Garden 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 2020 (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 2020 (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, 2019) 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 2019 to March 2020 were as follows:

	Share Prices	
	Highest HK\$	Lowest HK\$
2019		
April	1.21	1.14
May	1.19	1.16
June	1.10	1.00
July	1.10	0.92
August	1.04	0.92
September	0.96	0.99
October	0.89	0.81
November	0.84	0.79
December	0.89	0.79
2020		
January	0.93	0.81
February	0.94	0.86
March	0.87	0.61
April (as at the Latest Practicable Date)	0.63	0.63

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, Mr. Lee Kit Wah and Mr. Wong Wah Sang, Derek 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. Lee Kit Wah ("Mr. Lee"), aged 65, is an Independent Non-Executive Director of the Company since August 2011. Mr. Lee is also a chairman of Audit Committee of the Board and a member of each of Nomination Committee and Remuneration Committee. Mr. Lee graduated from University of Toronto in 1979 with a bachelor's degree in Commerce. He is a fellow member of the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants, the Taxation Institute of Hong Kong and a member of the Institute of Chartered Accountants in England and Wales. Mr. Lee was trained at Price Waterhouse (presently PricewaterhouseCoopers) in Hong Kong from 1979 to 1984, and worked at F. S. Li & Co., Certified Public Accountants between 1985 to 1988 first as an audit supervisor and then as an audit manager. He has been practising as a certified public accountant in Hong Kong since 1988 and is the managing director of an accounting firm, Katon CPA Limited. Mr. Lee was an independent non-executive director of ITC Corporation Limited from 23 July 2004 to 28 March 2017, a company is listed on the Stock Exchange.

Pursuant to the code provision set out in paragraph A.4.3 of Appendix 14 of the Listing Rules, any further appointment of independent non-executive director serving more than nine years should be subject to a separate resolution to be approved by shareholders. Notwithstanding that Mr. Lee has served as independent non-executive Director for more than nine years, (i) the Board has assessed and reviewed the annual confirmation of independence based on the criteria set out in Rule 3.13 of the Listing Rules and affirmed that Mr. Lee remains independent; (ii) the nomination committee of the Company has assessed and is satisfied of the independence of Mr. Lee; and (iii) the Board considers that Mr. Lee remains independent of the Group's management and free of any relationship which could materially interfere with the exercise of his independent judgment. In view of the aforesaid factors and his experience and knowledge, the Board would recommend Mr. Lee for re-election at the AGM.

There is no service contract between the Company and Mr. Lee. Mr. Lee will have no fixed term of service with the Company but 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. Lee is entitled to a director's fee of HK\$125,000 per annum which was determined by the Board as authorized by the shareholders at the annual general meeting of the Company with reference to his duties and responsibilities of the Company. No other emoluments will be entitled by Mr. Lee.

Save as disclosed above, Mr. Lee 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. Lee 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. Lee does not have any interests in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

The Company received from Mr. Lee a confirmation of independence pursuant to Rule 3.13 of the Listing Rules and that Mr. Lee does not have any management role in the Group and he has no relationship with any directors, senior management or substantial or controlling shareholders of the Company. In addition to Mr. Lee's experience, the Board believes that the re-election of Mr. Lee will make the Board to continue the benefit and considers him to be independent.

Save as disclosed above, there is no other matters concerning Mr. Lee 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. Wong Wah Sang, Derek ("Mr. Wong"), aged 64, is an Independent Non-executive Director of the Company since July 2016. Mr. Wong is also a member of each of Audit Committee, Nomination Committee and Remuneration Committee of the Board. Mr. Wong graduated from The Chinese University of Hong Kong with a Bachelor of Arts degree. Mr. Wong has over 30 years of experience in Hong Kong and overseas manufacturing industry with extensive exposure to various managerial duties, including corporate management, internal control, corporate secretary, acquisitions and mergers re-organizations, introductions of technologies, establishment and construction of new manufacturing plants, marketing and trading.

There is no service contract between the Company and Mr. Wong. Mr. Wong will have no fixed term of service with the Company but 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. Wong is entitled to a director's fee of HK\$80,000 per annum which was determined by the Board as authorized by the shareholders at the annual general meeting of the Company with reference to his duties and responsibilities of the Company. No other emoluments will be entitled by Mr. Wong.

Save as disclosed above, Mr. Wong 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. Wong 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. Wong does not have any interests in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

The Company received from Mr. Wong a confirmation of independence pursuant to Rule 3.13 of the Listing Rules and that Mr. Wong does not have any management role in the Group and he has no relationship with any directors, senior management or substantial or controlling shareholders of the Company. In addition to Mr. Wong's experience, the Board believes that the re-election of Mr. Wong will make the Board to continue the benefit and considers him to be independent.

Save as disclosed above, there is no other matters concerning Mr. Wong 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 2019 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 2020 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