

If you are in any doubt about any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in FinTronics Holdings Company Limited (“Company”), you should at once hand this circular together with the enclosed form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This circular is addressed to the shareholders of the Company in connection with a special general meeting (“SGM”) of the Company to be held on Friday, 16 February 2007. This circular is not and does not constitute an offer of, nor is it intended to invite offers for, shares in or other securities of the Company.

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FinTronics

銀創控股

FINTRONICS HOLDINGS COMPANY LIMITED

銀創控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock code: 706)

**CONNECTED TRANSACTIONS:
ISSUE OF SHARES UPON CONVERSION OF LOAN
AND
NOTICE OF SPECIAL GENERAL MEETING**

**Independent financial adviser to the
Independent Board Committee and the Independent Shareholders**

 **SOMERLEY LIMITED**

A letter from the Board is set out on pages 4 to 14 of this circular. A letter from the Independent Board Committee is set out on page 15 of this circular. A letter from Somerley containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 16 to 25 of this circular.

A notice convening the SGM to be held at Room 3203, 32/F, Admiralty Centre I, 18 Harcourt Road, Hong Kong at 10:00 a.m. on Friday, 16 February 2007 is set out on pages 34 to 35 of this circular. If you are not able to attend the meeting in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and deposit it with the Company’s branch share registrar in Hong Kong, Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof if you so wish.

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“2006 Adjusted NAV”	as defined in the sub-paragraph headed “(f) Conversion right” in the paragraph headed “The Loan Agreement dated 14 November 2006 (as supplemented by a supplemental deed dated 10 January 2007)” in the section headed “Letter from the Board” in this circular
“associates”	as defined in the Listing Rules
“Board”	the board of Directors
“Company”	FinTronics Holdings Company Limited, the Shares of which are listed on the Main Board of the Stock Exchange
“Conversion Shares”	the new Shares to be allotted and issued upon conversion of the principal amount of the Loan
“Customers”	Customers Asia Limited, a company incorporated in Hong Kong with limited liability and a substantial shareholder of the Company holding 15.35% of the issued share capital as at the Latest Practicable Date
“Director(s)”	the director(s) of the Company
“Drawdown Date”	the date of drawdown of the Loan by the Company pursuant to the Loan Agreement
“Group”	the Company and its subsidiaries
“Independent Board Committee”	the Board committee comprising the three independent non-executive Directors established by the Board for the purpose of advising the Independent Shareholders in relation to the issue of the New Shares
“Independent Shareholders”	Shareholders other than Customers, Mr. Robert Kenneth Gaunt and any of their respective associates
“Last Trading Day”	13 November 2006, being the last trading day of the Shares prior to the signing of the Subscription Agreement and the Loan Agreement
“Latest Practicable Date”	23 January 2007, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Listing Committee”	the listing committee of the Stock Exchange
“Loan”	a loan in the principal amount of HK\$62,400,000 which Customers has conditionally agreed to make available to the Company pursuant to the Loan Agreement
“Loan Agreement”	the convertible loan agreement dated 14 November 2006 entered into between Customers as the lender and the Company as the borrower in relation to the Loan (as supplemented by a supplemental deed dated 10 January 2007)
“New Shares”	the Conversion Shares and such number of new Shares to be issued to Customers if it is established that the 2006 Adjusted NAV is less than HK\$161,998,000 and if Customers exercises the conversion right under the Loan Agreement to convert the principal of the Loan, in whole or in part, into Shares within 12 months from the date of the SGM
“PRC”	the People’s Republic of China, which for the purposes of this circular, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	a special general meeting of the Company convened to be held on 16 February 2007 for the purpose of considering and, if thought fit, approving the issue of the New Shares
“Share(s)”	ordinary share(s) of HK\$0.10 in the capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Shareholders’ Approval”	the approval from the Shareholders to issue the New Shares pursuant to the Loan Agreement
“Sommerley”	Sommerley Limited, a corporation licensed to carry on type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the issue of the New Shares pursuant to the Loan Agreement

DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the Subscription Shares pursuant to the terms of the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 14 November 2006 between the Company and Customers in relation to the Subscription as amended and supplemented by a supplemental agreement dated 21 November 2006
“Subscription Shares”	210,000,000 new Shares
“%”	per cent.

FinTronics

銀創控股

FINTRONICS HOLDINGS COMPANY LIMITED

銀創控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock code: 706)

Executive Directors:

Sze Wai, Marco (*Chairman*)

Chu Chi Shing

Robert Kenneth Gaunt

Robertus Martinus Andreas Broers

Song Jing Sheng

Gu Peijian

Independent non-executive Directors:

Wong Po Yan

Mao Zhenhua

Chong Yiu Kan, Sherman

Registered office:

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

*Head office and principal place of
business in Hong Kong:*

Units 2003 and 2005, 20th Floor

Great Eagle Centre

23 Harbour Road

Wanchai

Hong Kong

26 January 2007

To the Shareholders

Dear Sir or Madam

**CONNECTED TRANSACTIONS:
ISSUE OF SHARES UPON CONVERSION OF LOAN**

INTRODUCTION

On 22 November 2006, the Board announced that on 14 November 2006 the Company entered into the Subscription Agreement and the Loan Agreement with Customers.

On 10 January 2007, the Board further announced that a supplemental deed was entered into between the Company and Customers to alter certain terms and conditions of the Loan Agreement.

* *for identification purpose only*

LETTER FROM THE BOARD

Pursuant to the Loan Agreement, Customers has conditionally agreed to make available to the Company the Loan in the principal amount of HK\$62,400,000. The drawdown of the Loan is subject to fulfillment of certain conditions which are more particularly described in the sub-paragraph headed "Drawdown conditions" below. Subject to the obtaining of the Shareholders' Approval as referred to below and the terms and conditions of the Loan Agreement, Customers will have the right to convert the principal amount of the Loan into Conversion Shares.

As at the Latest Practicable Date, Customers owned 210,000,000 Shares representing approximately 15.35% of the entire issued share capital of the Company. Customers is, therefore, a substantial Shareholder and a connected person of the Company.

The Loan constituted financial assistance provided by a connected person to the Company. Since the Loan is for the benefit of the Company on normal commercial terms where no security over the assets of the Group is granted in respect of the financial assistance, it is exempted from reporting, announcement and independent shareholders' approval requirements under Rule 14A.65(4) of the Listing Rules.

In the event that Customers remains as a connected person of the Company when it exercises its conversion rights pursuant to the Loan Agreement, any issue of Shares to Customers will constitute a connected transaction for the Company pursuant to Chapter 14A of the Listing Rules and is subject to Independent Shareholders' approval at the SGM.

The purpose of this circular is to give you further information regarding, among others, the Loan Agreement, the advice of the Independent Board Committee to the Independent Shareholders and the advice from Somerley to the Independent Board Committee and the Independent Shareholders and to give you notice of the SGM.

THE LOAN AGREEMENT DATED 14 NOVEMBER 2006 (AS SUPPLEMENTED BY A SUPPLEMENTAL DEED DATED 10 JANUARY 2007)

1. Parties:

Customers as lender and the Company as borrower

Customers is a company incorporated in Hong Kong with limited liability. As at the Latest Practicable Date, Customers owned 210,000,000 Shares representing approximately 15.35% of the entire issued share capital of the Company. Customers is, therefore, a substantial Shareholder and a connected person of the Company.

Customers is a member of a group of companies based in Australia principally engaged in electronics payments businesses. Its ultimate holding company is a company listed on the Australian Stock Exchange which owns one of the largest merchant automatic teller machines ("ATMs") networks in Australia.

LETTER FROM THE BOARD

2. Principal terms of the Loan Agreement:

(a) *Principal amount of the Loan:*

HK\$62,400,000

(b) *Drawdown conditions:*

Customers shall be obliged to make available the Loan to the Company if certain conditions precedent are fulfilled and/or waived by Customers which include, among other conditions:

- (a) all necessary authorisations and approvals (other than the Shareholders' Approval) for the Company to enter into the Loan Agreement are in place and remain in full force and effect; and
- (b) completion of the transactions contemplated in the Subscription Agreement has taken place.

As at the Latest Practicable Date, the Loan had not been drawn down by the Company. It is expected that the Loan will be drawn down by the Company on or before 31 March 2007. In the event that the Loan was not drawn down by that date, the Company will seek further approval from the Independent Shareholders for the delay in the drawdown of the Loan.

(c) *Interest rate:*

The Loan will bear interest at a rate of 8% per annum, payable annually in arrears. In the event that any part of the Loan is converted into Conversion Shares within 12 months from the Drawdown Date, Customers agrees to waive the interest accrued on such part of the Loan.

(d) *Shareholders' Approval:*

The Company has undertaken to convene the SGM for obtaining the Shareholders' Approval for the issue of New Shares pursuant to the terms and conditions of the Loan Agreement on or before 28 February 2007. In the event that the Shareholders' Approval cannot be obtained on or before 28 February 2007, the Company shall repay the Loan with the interest accrued to Customers within 90 days from the date of the SGM.

(e) *Repayment date:*

Save for any early repayment of the Loan as aforesaid or any conversion of the Loan into Shares pursuant to the terms and conditions of the Loan Agreement, the outstanding principal amount of the Loan is repayable by the Company upon its maturity on the date falling three years from the Drawdown Date ("**Repayment Date**").

LETTER FROM THE BOARD

(f) *Conversion right:*

Subject to the obtaining of the Shareholders' Approval:

- (a) Customers shall be entitled to exercise the conversion right under the Loan Agreement to convert the principal of the Loan, in whole or in part, into Shares at any time up to the Repayment Date; and
- (b) if it is established that the 2006 Adjusted NAV (as defined below) is less than HK\$161,998,000 and if Customers exercises the conversion right under the Loan Agreement to convert the principal of the Loan, in whole or in part, into Shares within 12 months from the date of the SGM, the Company shall on or before the seventh business day after the first anniversary of the SGM allot and issue, credited as fully paid, such number of Shares to Customers as calculated in accordance with the following formula:

$$A = (S \times B)/P$$

where

- A is the integral amount (rounding down the nearest whole number) of the additional Shares to be allotted and issued pursuant to paragraph (b) above;
- B is equal to the percentage shareholding of Customers in the Company as at the first anniversary of SGM (taking a two decimal place);
- P is equal to the then applicable Conversion Price; and
- S is the amount being HK\$161,998,000 less the 2006 Adjusted NAV (as defined below) and provided that where such difference is a negative amount, S shall be deemed to be zero (0) and provided further that where the 2006 Adjusted NAV is a negative figure, the 2006 Adjusted NAV is deemed to be zero (0).

For the avoidance of doubt, the Company shall not be under any obligation to allot and issue any additional Shares to Customers under paragraph (b) above in the event that Customers has not exercised the conversion right under the Loan Agreement to convert the principal of the Loan, in whole or in part, into Shares within 12 months from the date of the SGM.

“2006 Adjusted NAV” shall mean the value of the total assets of the Group as at 31 December 2006 less (a) the total liabilities of the Group as at 31 December 2006; (b) the value of goodwill and intangible assets of the Group as at 31 December 2006 and (c) certain specified deposit and prepayment of the Group of HK\$32,688,000, and

LETTER FROM THE BOARD

without taking into account the effect (if any) of any disposals of equity interests in other entities by any member of the Group implemented after 31 December 2006 on such value of total assets.

For the purposes of ascertaining the 2006 Adjusted NAV, the figures as appeared on the audited balance sheet as at 31 December 2006 (and the notes thereto) comprised in the audited consolidated financial statements of the Group for the year ended 31 December 2006, as audited by the Company's then auditors, shall form the basis of calculation.

(g) *Conversion price:*

Subject to the obtaining of the Shareholders' Approval, the initial conversion price per Conversion Share is HK\$0.26 which represents (i) a discount of 35.80% to the closing price of HK\$0.405 per Share as quoted on the Stock Exchange on the Latest Practicable Date, (ii) a discount of 20% to the closing price of HK\$0.325 per Share as quoted on the Stock Exchange on 13 November 2006, being the Last Trading Day; and (iii) a discount of approximately 13.3% to the average closing price of approximately HK\$0.30 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day.

(h) *Compulsory conversion:*

- (i) Subject to the obtaining of the Shareholders' Approval and provided that the weighted average closing price of the Shares quoted at the Stock Exchange from the first day of the 25th month after the Drawdown Date to the last day of the 36th month after the Drawdown Date ("**Average Trading Price**") is equal to or higher than the then par value of each Share, in the event that the Company has failed to pay the Loan on the Repayment Date and Customers has not exercised its conversion rights in full prior to such date, the outstanding principal amount of the Loan shall be automatically converted into the New Shares at a conversion price equivalent to the Average Trading Price.

On the other hand, where the Average Trading Price is lower than the then par value of the Shares, the Company shall repay the Loan and the outstanding interest in full in cash within seven business days from the last day of the 36th month after the Drawdown Date.

- (ii) In the event an event of default has occurred after the SGM but before the first anniversary of the SGM and is continuing as at the Repayment Date (other than in the case where the Repayment Date falls on the three years from the Drawdown Date as contemplated in the above paragraph), Customers has the right to elect to request for repayment of the Loan and the outstanding interest in cash or convert the principal amount of the Loan into Shares at the conversion price of HK\$0.26 per Share (subject to adjustment).

LETTER FROM THE BOARD

- (iii) In the event an event of default has occurred after the first anniversary of the SGM and is continuing as at the Repayment Date (other than in the case where the Repayment Date falls on the three years from the Drawdown Date as contemplated in the above paragraph), Customers has the right to elect to request for repayment of the Loan and the outstanding interest in cash or convert the principal amount of the Loan into Shares at the conversion price equivalent to the lower of (i) HK\$0.26 per Share (subject to adjustment) and (ii) the weighted average closing price of the Shares quoted at the Stock Exchange from the first anniversary of SGM to the date on which such event of default first occurs for so long as such weighted average closing price of the Shares quoted at the Stock Exchange is equal to or higher than the then par value of the Shares.

In the event that the weighted average closing price of the Shares quoted at the Stock Exchange from the first anniversary of SGM to the date on which such event of default first occurs is lower than the par value of the Shares, the conversion price shall be the par value of the Shares.

3. Conversion Shares:

Subject to the obtaining of the Shareholders' Approval and upon full conversion of the Loan and assuming that there will be no adjustment to the initial conversion price, a total of 240,000,000 new Shares will be issued, representing (i) approximately 17.55% of the issued share capital of the Company as at the Latest Practicable Date and (ii) approximately 14.93% of the issued share capital of the Company as enlarged by the issued of the Conversion Shares.

4. Reasons for the Loan and use of proceeds:

As mentioned in the Company's announcement dated 22 December 2006 (under the paragraph headed "Reasons for the Subscription and proposed use of the proceeds"), it is the Group's strategy to become a leading ATM independent service provider (ISO) in the PRC. It is agreed by the parties to the Loan Agreement that the drawdown of the Loan is not subject to the obtaining of the Shareholders' Approval. The Directors considered that it is a term favourable to the Group since the Group is given the earliest opportunity to receive the funds for its business development. The purpose of the Loan is to provide additional funding for the development of ATM related business.

The Directors (including the independent non-executive Directors) consider that the terms of the Loan Agreement (including issue of the Conversion Shares and such additional number of Shares if it is established that the 2006 Adjusted NAV is less than HK\$161,998,000 and if Customers exercises the conversion right under the Loan Agreement to convert the principal of the Loan, in whole or in part, into Shares within 12 months from the date of the SGM) are on normal commercial terms and are fair and reasonable taking into account the fact that the Loan is unsecured and they are in the best interests of the Company, as far as the Shareholders are concerned.

LETTER FROM THE BOARD

CHANGES IN SHAREHOLDING

Set out below are the shareholding structure of the Company as at (i) the Latest Practicable Date; (ii) immediately after the full conversion of the Loan (assuming the conversion price per Share is HK\$0.26); (iii) immediately after the full conversion of the Loan (assuming the conversion price per Share is the par value of the Share, i.e. HK\$0.10) and (iv) immediately after the full conversion of the Loan (assuming full conversion of the Loan takes place within 12 months of the Drawdown Date, the 2006 Adjusted NAV is zero and the conversion price per Share is HK\$0.10):

	As at the Latest Practicable Date	%	Immediately after full conversion of the Loan (assuming that the conversion price is HK\$0.26 per Share)	%	Immediately after full conversion of the Loan (assuming that the conversion price is the par value of the Share, i.e. HK\$0.10 per Share)	%	Immediately after full conversion of the Loan (assuming full conversion of the Loan takes place within 12 months of the Drawdown Date, the 2006 Adjusted NAV is zero and the conversion price per Share is HK\$0.10)	%
Leading Value Industrial Limited (note 1)	264,869,906	19.36	264,869,906	16.47	264,869,906	13.30	264,869,906	9.92
Directors (note 2)	40,040,000	2.93	40,040,000	2.49	40,040,000	2.01	40,040,000	1.50
Other public Shareholders	852,878,094	62.36	852,878,094	53.05	852,878,094	42.82	852,878,094	31.94
Customers	<u>210,000,000</u>	<u>15.35</u>	<u>450,000,000</u>	<u>27.99</u>	<u>834,000,000</u>	<u>41.87</u>	<u>1,512,285,626</u>	<u>56.64</u>
TOTAL	<u>1,367,788,000</u>	<u>100</u>	<u>1,607,788,000</u>	<u>100</u>	<u>1,991,788,000</u>	<u>100</u>	<u>2,670,073,626</u>	<u>100</u>

Notes:

1. Leading Value Industrial Limited is a company incorporated in the British Virgin Islands, the entire issued share capital of which is owned by Mr. Sze Wai, Marco, an executive Director.
2. Included in this category are Mr. Robert Kenneth Gaunt, Mr. Song Jing Sheng and Mr. Gu Peijian, all of whom are executive Directors.

LETTER FROM THE BOARD

DILUTION EFFECT ON SHAREHOLDING

As set out in the paragraph headed “Changes in shareholding” above, the interests of the Company held by public Shareholders as at the Latest Practicable Date was approximately 62.36%. Subject to the obtaining of the Shareholders’ Approval, the Company foresees there may be future dilution effect on the shareholdings of the Shareholders in the Company resulting from exercise of the conversion rights.

Subject to the obtaining of the Shareholders’ Approval and for so long as there is any outstanding amount of the Loan, the Company will disclose by way of announcements all relevant details of the conversion of the Loan in the following manner:

- (i) the Company will make a monthly announcement (“**Monthly Announcement**”) on the website of the Stock Exchange on or before the fifth business day following the end of each calendar month and will include the following details in a table form:
 - (a) whether there is any conversion of the Loan during the relevant month, and if yes, details of the conversion, including the conversion date, number of New Shares issued and conversion price for each conversion. However, if there is no conversion during the relevant month, a negative statement will be made to that effect;
 - (b) the outstanding principal amount of the Loan after the conversion, if any;
 - (c) the total number of Shares issued during the relevant month pursuant to other transactions entered into by the Company (if any), including Shares issued pursuant to exercise of options under any share option scheme(s) of the Company; and
 - (d) the total issued share capital of the Company as at the commencement and the last day of the relevant month;
- (ii) in addition to the Monthly Announcement, if the cumulative amount of New Shares issued pursuant to the conversion of the Loan reaches 5% of the issued share capital of the Company as disclosed in the last Monthly Announcement or any subsequent announcement made by the Company in respect of the Loan Agreement (as the case may be) (and thereafter in a multiple of such 5% threshold), the Company will make an announcement on the website of the Stock Exchange including details as stated in (a) above for the period commencing from the date of the last Monthly Announcement or any subsequent announcement in respect of the Loan Agreement (as the case may be) up to the date on which the total amount of New Shares issued pursuant to the conversion amounted to 5% of the issued share capital of the Company as disclosed in the last Monthly Announcement or any subsequent announcement made by the Company in respect of the Loan Agreement (as the case may be). The subsequent Monthly Announcements will only be released through the website of the Stock Exchange.

LETTER FROM THE BOARD

APPLICATION FOR LISTING

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the New Shares.

GENERAL

The Group is principally engaged in (i) the procurement, deployment and operation of ATMs and the provision of maintenance and technical support services for ATMs and the development of value-added services for ATMs in collaboration with commercial banks (such as utility payment and sale of air and train tickets by ATMs); and (ii) the provision of software development and systems integration services covering mainly healthcare security, social security, hospital information management systems and public security sectors in the PRC.

CONNECTED TRANSACTIONS

As at the Latest Practicable Date, Customers owned 210,000,000 Shares representing approximately 15.35% of the entire issued share capital of the Company. Customers is, therefore, a substantial Shareholder and a connected person of the Company.

The Loan constituted financial assistance provided by a connected person to the Company. Since the Loan is for the benefit of the Company on normal commercial terms where no security over the assets of the Group is granted in respect of the financial assistance, it is exempted from reporting, announcement and independent shareholders' approval requirements under Rule 14A.65(4) of the Listing Rules.

In the event that Customers remains as a connected person of the Company when it exercises its conversion rights pursuant to the Loan Agreement, any issue of New Shares to Customers will constitute a connected transaction for the Company pursuant to Chapter 14A of the Listing Rules and is subject to approval of the Independent Shareholders.

SGM

The Company will convene the SGM at 10:00 a.m. on Friday, 16 February 2007 at Room 3203, 32/F, Admiralty Centre I, 18 Harcourt Road, Hong Kong to consider, among other things, the issue of the New Shares pursuant to the Loan Agreement. A notice of the SGM is set out on pages 34 to 35 of this circular. So far as the Directors are aware, Customers, who owns approximately 15.35% of the issued share capital of the Company, and Mr. Robert Kenneth Gaunt, who is an executive Director and a director of Customers, are required to abstain from voting in respect of the resolution proposed to be passed at the SGM, and no other Shareholder is required to abstain from voting at the SGM.

A form of proxy for use at the SGM is also enclosed. If you are not able to attend the SGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Tengis Limited,

LETTER FROM THE BOARD

at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof if you so wish.

POLL PROCEDURE

Pursuant to Bye-law 73 of the Bye-laws, a resolution put to the vote of a meeting shall be decided on a show of hands unless (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 poll is demanded:

- (i) by the chairman of such meeting; or
- (ii) by at least three Shareholders present in person (or, in the case of a shareholder being a corporation, by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or
- (iii) by a Shareholder or Shareholders present in person (or, in the case of a shareholder being a corporation, by its duly authorised 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
- (iv) by a Shareholder or Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised 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, the vote of the Independent Shareholders taken at the SGM will be taken by poll, the results of which will be announced on the next business day after the SGM.

RECOMMENDATION

The Independent Board Committee comprising all the independent non-executive Directors, namely Wong Po Yan, Mao Zhenhua, Chong Yiu Kan, Sherman, has been established to advise the Independent Shareholders as to the fairness and reasonableness of the terms of the issue of the New Shares pursuant to the Loan Agreement. Your attention is drawn to the advice of the Independent Board Committee set out in its letter set out on page 15 of this circular. Your attention is also drawn to the letter of advice from Somerley to the Independent Board Committee and the Independent Shareholders in respect of the terms of issue of the New Shares pursuant to the Loan Agreement set out on page 16 to page 25 of this circular.

LETTER FROM THE BOARD

The Independent Board Committee, having taken into account the advice of Somerley, considers that the terms of the issue of the New Shares are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned, and the issue of the New Shares is in the interests of the Company and the Shareholders as a whole. The Independent Board Committee also recommends the Independent Shareholders to vote in favour of the ordinary resolution approving the issue of the New Shares pursuant to the Loan Agreement at the SGM.

ADDITIONAL INFORMATION

Your attention is drawn to the information set out in the appendix to this circular.

Yours faithfully,
For and on behalf of the Board of
FinTronics Holdings Company Limited
Sze Wai, Marco
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is a full text of the letter from the Independent Board Committee prepared for the purpose of inclusion in this circular:

FinTronics

银创控股

FINTRONICS HOLDINGS COMPANY LIMITED

銀創控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock code: 706)

CONNECTED TRANSACTIONS: ISSUE OF SHARES UPON CONVERSION OF LOAN

26 January 2007

To the Independent Shareholders

Dear Sir or Madam,

Connected Transactions

We refer to the circular issued by the Company to its Shareholders and dated 26 January 2007 (“**Circular**”) of which this letter forms part. Terms defined in this Circular have the same meanings when used in this letter unless the context otherwise requires.

Under the Listing Rules, the issue of the New Shares pursuant to the Loan Agreement will constitute connected transactions for the Company and is thus subject to the approval of the Independent Shareholders at the SGM.

We have been appointed by the Board to consider the terms of the issue of the New Shares pursuant to the Loan Agreement and to advise the Independent Shareholders in connection therewith and as to whether, in our opinion, such terms are fair and reasonable so far as the Independent Shareholders are concerned. Somerley has been appointed as the independent financial adviser to advise us in this respect.

We wish to draw your attention to the letter from the Board and the letter from Somerley as set out in the Circular. Having considered the principal factors and reasons considered by, and the advice of, Somerley as set out in its letter of advice, we consider that the terms of the issue of the New Shares are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, and the issue of the New Shares is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution approving the issue of the New Shares pursuant to the Loan Agreement at the SGM.

Yours faithfully,

For and on behalf of

Independent Board Committee

Wong Po Yan Mao Zhenhua Chong Yiu Kan, Sherman

Independent non-executive Directors

* *for identification purpose only*

LETTER FROM SOMERLEY

The following is the letter of advice from Somerley to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



SOMERLEY LIMITED

10th Floor
The Hong Kong Club Building
3A Chater Road
Central
Hong Kong

26 January 2007

*To: the Independent Board Committee
and the Independent Shareholders*

Dear Sirs,

CONNECTED TRANSACTION INVOLVING THE ISSUE OF SHARES UPON CONVERSION OF THE LOAN

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders on the issue of the New Shares to Customers pursuant to the Loan Agreement. Details of the Loan Agreement are set out in the letter from the Board contained in the circular of the Company to the Shareholders dated 26 January 2007 (the “Circular”), of which this letter forms part. Unless otherwise defined herein, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

As at the Latest Practicable Date, Customers was interested in approximately 15.35% of the issued share capital of the Company and is therefore a connected person of the Company for the purposes of the Listing Rules. Accordingly, the provision by Customers of financial assistance to the Company under the Loan Agreement constitutes a connected transaction for the Company pursuant to the Listing Rules. However, as the Loan is for the benefit of the Company on normal commercial terms where no security over the assets of the Group is granted in respect of the Loan, the Loan is exempted from reporting, announcement and Independent Shareholders’ approval requirements under the Listing Rules. Should Customers remain a connected person of the Company at the time it exercises the conversion rights attaching to the Loan, the issue of the New Shares to Customers will constitute a connected transaction for the Company and is subject to the Independent Shareholders’ approval. Customers, Mr. Robert Kenneth Gaunt, an executive Director and a director of Customers, and their respective associates will abstain from voting on the ordinary resolution to be proposed at the SGM to approve the issue of the New Shares, which resolution will be taken by way of poll.

The Independent Board Committee, comprising all of the three independent non-executive Directors, namely Mr. Wong Po Yan, Mr. Mao Zhenhua and Mr. Chong Yiu Kan, Sherman, has been established to make a recommendation to the Independent Shareholders as regards whether the terms of the issue of the New Shares are on normal commercial terms and are fair and reasonable so far

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as the Independent Shareholders are concerned, and the issue of the New Shares is in the interests of the Company and the Shareholders as a whole. We, Somerley, have been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

In formulating our opinion and recommendation, we have relied on the information and facts supplied, and the opinions expressed, by the Directors and management of the Group and have assumed them to be true, accurate and complete at the time they were made and remain true, accurate and complete up to the date of the SGM. We have also sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed to us. We have no reason to believe that any material information has been withheld from us, or doubt the truth or accuracy of the information provided. We have relied on such information and consider that the information we have received is sufficient for us to reach our advice and recommendation as set out in this letter and to justify our reliance on such information. We have not, however, conducted any independent investigation into the business and affairs of the Group or Customers, nor relied on the opinion or advice of third party expert in formulating our opinion.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation on the terms of the issue of the New Shares, we have taken the following principal factors and reasons into consideration:

1. Business of the Group

Prior to 2005, the Group was principally engaged in the provision of software development and system integration services. The Group suffered loss attributable to the Shareholders of approximately HK\$10.9 million and HK\$10.2 million for each of the two years ended 31 December 2002 and 2003. Although the Group recorded profit attributable to the Shareholders of approximately HK\$8.1 million for the year ended 31 December 2004, such profit included a gain of approximately HK\$11.9 million recognised on the further acquisition of interest in a subsidiary (being the excess of the fair value of the net identifiable assets acquired over the cost of acquisition shared by the Group), which was non-recurring in nature. Had this one-off gain been excluded, the Group would have suffered loss attributable to the Shareholders of approximately HK\$3.8 million for the year ended 31 December 2004.

In view of the unsatisfactory results of the software development and system integration business and the increasing popularity of self-service financial services in the retail banking industry in the PRC, the Company decided to diversify its business focus and entered into an agreement to acquire 30% interest in Loten Technology Co., Ltd. (“Loten”) on 29 March 2005. In December 2005, the Company entered into an agreement to acquire the remaining 70% interest in Loten and Beijing Sun Leader Technology Co., Ltd. (“BSL Technology”), a fellow subsidiary of Loten. Loten and BSL Technology are principally engaged in the provision of maintenance and technical support services for automatic teller machines (“ATMs”) and the development of value-added services for ATMs in the PRC. Following these acquisitions, the Group has devoted more resources to the business of electronic finance sector and became principally engaged in the procurement, deployment and

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operation of ATMs and the provision of maintenance and technical support services for ATMs, and the development of value-added services for ATMs in collaboration with commercial banks (such as utility payment and sale of air and train tickets by ATMs). The ATM business started to contribute to the Group's turnover and results in 2006. For the six months ended 30 June 2006, the Group recorded segmental revenue and profit of approximately HK\$2.6 million and HK\$0.6 million respectively from the provision of ATM services, versus total segmental turnover of approximately HK\$58.0 million and loss of approximately HK\$1.5 million from the provision of software development and system integration services and sale of integrated circuits and computer software.

The Company also announced on 19 January 2007 that the Group had entered into a conditional agreement to dispose of its entire 100% interests in Start-tech (Fujian) Software and System Co., Ltd., Fuzhou Start Medical Systems Co., Ltd. and Start-tech (Guangzhou) Medical Systems Co., Ltd. which are engaged in the provision of software development and systems integration services in the PRC.

The rapid economic development in the PRC leads to greater demand for banking services including ATM services due to the increase in business activities and individual income in the PRC. It is the Group's business objective to develop itself into a leading self-service financial services provider in the PRC. In response to the growing demand in the market, the Group intends to proactively seize market opportunity and speed up the growth of the ATM business by expanding the regional coverage of its ATM related services and acquiring and installing more ATMs, particularly in those fast growing first tier cities such as Beijing, Shanghai and other cities in the Pearl River Delta. The Group also plans to actively work towards providing value added services such as advertising through ATMs and more comprehensive services for cardholders to sharpen its competitive edge.

2. Reasons for the Loan Agreement

Customers is a member company of a group of companies based in Australia principally engaged in electronic payment businesses. Its ultimate holding company, Customers Limited, is an electronic payment systems company listed on the Australian Stock Exchange which owns one of the largest merchant ATM networks in Australia with consolidated revenue of approximately 28.5 million Australian dollars million for the year ended 30 June 2006.

With the development strategy as described in the above paragraph headed "Business of the Group" in mind, the Company entered into the Subscription Agreement with Customers, pursuant to which the Company issued 210,000,000 new Shares to Customers. The Subscription was completed on 18 December 2006 and Customers became a strategic investor in the Company interested in approximately 15.35% of the issued shares of the Company as at the Latest Practicable Date. Customers has also appointed two representatives to the Board following completion of the Subscription. The Loan Agreement was entered into with Customers in conjunction with the Subscription Agreement which together raise additional capital for the Group's future business development, enhance its capital base and most importantly bring to the Group an experienced market player in the ATM industry which can provide technical and industry support to the Group for its future development into a leading ATM service operator in the PRC.

It is expected that the Loan will be drawn down by the Company on or before 31 March 2007. If the Loan is not drawn down by that date, the Company will seek further approval from the Independent Shareholders for such delay in the drawdown of the Loan.

3. Principal terms of the Loan

(a) Interest rate

The Loan bears interest at a rate of 8% per annum, payable annually in arrears. Customers agrees that in the event that any part of the Loan is converted into the Conversion Shares within 12 months from the Drawdown Date, it will waive the interest accrued on such part of the Loan. We have been advised by the Directors that the Group is paying interest ranging from 6.8% to 8.0% per annum for its present banking facilities (which are secured by the Group's properties and bank deposits) offered by financial institutions in Hong Kong. In light of the Group's existing borrowing costs and having considered the unsecured nature of the Loan, we consider the interest rate of the Loan of 8% per annum to be reasonable. The waiver of interest accrual in the event Customers exercises the conversion rights attached to the Loan in our view provides additional benefits to the Group.

(b) Maturity

Unless previously repaid or converted in accordance with the terms and conditions of the Loan Agreement, the outstanding principal amount of the Loan is repayable by the Company upon its maturity on the date falling three years from the Drawdown Date (the "Repayment Date").

(c) Conversion right

Subject to the obtaining of the Shareholders' Approval, Customers shall be entitled to exercise the conversion right under the Loan Agreement to convert the principal of the Loan, in whole or in part, into Shares at any time up to the Repayment Date at the initial conversion price of HK\$0.26 per Conversion Share (subject to usual anti-dilution adjustments). Assuming full conversion of the Loan at the initial conversion price of HK\$0.26 per Conversion Share, a total of 240,000,000 New Shares will be issued to Customers, representing approximately 14.93% of the issued share capital of the Company as enlarged by the conversion. The shareholding of Customers will be increased from approximately 15.35% as at the Latest Practicable Date to approximately 27.99% after conversion in full of the Loan. The Directors advised us that the initial conversion price of HK\$0.26 was agreed between the parties after arm's length negotiations having considered factors including the then prevailing market price of the Shares and the financial position of the Group.

If it is established that the 2006 Adjusted NAV is less than HK\$161,998,000 (the "Warranted NAV") and if Customers exercises the conversion right under the Loan Agreement to convert the principal of the Loan, in whole or in part, into Shares within 12 months from the date of the SGM, the Company shall on or before the seventh business day after the first anniversary of the SGM allot and issue, credited as fully paid, additional number of Shares to Customers (the "Adjustment Clause").

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The additional number of Shares to be issued shall be calculated as the shortfall in the Warranted NAV divided by the then conversion price multiplied by the percentage shareholding of Customers in the Company as at the first anniversary of the SGM. In the event that Customers has not exercised any of the conversion right under the Loan Agreement during the 12-month period from the date of the SGM, the Adjustment Clause will not apply. Details of the Adjustment Clause are set out in the sub-paragraph headed “Conversion right” under the paragraph headed “Principal terms of the Loan Agreement” in the letter from the Board contained in the Circular.

We have discussed with the Directors the basis of determining the Warranted NAV and are advised that such amount is set based on the financial position of the Group as at 30 September 2006, the expected business performance of the Group for the three months ended 31 December 2006 and the net proceeds received by the Company from the Subscription. A comfortable buffer has been built in for the purpose of setting the Warranted NAV so as to cater for possible downward adjustments to the net asset value of the Group that may be suggested by the auditors of the Group in the course of the audit. We have also reviewed the audited financial statements of the Group for the year ended 31 December 2005, the unaudited interim financial statements of the Group for the six months ended 30 June 2006 and the unaudited management accounts of the Group for the ten months ended 31 October 2006 and discussed with the Directors and management of the Company any material adverse change in the financial and trading position of the Group since 31 December 2005. Based on the above and barring unforeseen circumstances, we are of the view that the basis on which the Warranted NAV is determined by the Directors is reasonable.

Having considered (i) the intention of Customers to hold a long-term equity interest in the Company; and (ii) the fact that Customers will hold a substantial percentage of equity interest in the Company through the Subscription and conversion of the Loan, we consider the Adjustment Clause, which provides comfort to Customers (as an equity holder of the Company) in the event there are material adverse changes to the Company’s financial position after signing of the Subscription Agreement and the Loan Agreement, to be reasonable in the circumstances.

(d) Event of Default

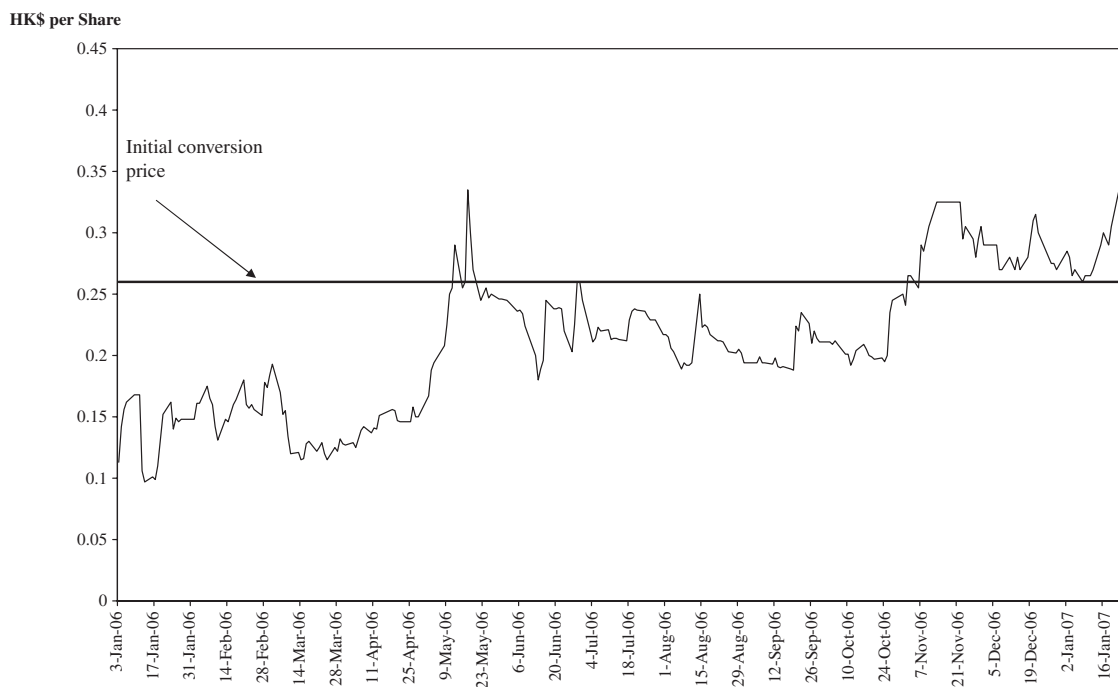
The Loan Agreement contains provisions whereby in the event of default in repayment of the principal of the Loan by the Company, Customers will have the right to convert the Loan into Shares at HK\$0.26 per Share (if the event of default takes place during the first 12 months after the SGM) or at a price determined with reference to the then weighted average closing Share price before the event of default takes place (if the event of default takes place after the first 12 months following the SGM), provided that such adjusted conversion price shall not be lower than the then par value of the Shares. Details of the provisions relating to event of default are set out in the sub-paragraph headed “Compulsory conversion” under the paragraph headed “Principal terms of the Loan Agreement” in the letter from the Board contained in the Circular.

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Although the above provisions may result in further issue of the Shares to Customers and therefore additional dilution to the Shareholders' interest in the Company, we consider such provisions which set out the mechanism to settle the Loan in the adverse event that the Company is unable to honour its payment obligations under the Loan, is reasonable for a convertible loan instrument of this type.

4. Share price performance

We have reviewed the market price performance of the Shares in assessing the reasonableness and fairness of the initial conversion price of HK\$0.26 per Conversion Share for the Loan. Set out below is a chart showing the closing prices of the Shares during the period from 1 January 2006 up to and including the Latest Practicable Date (the "Period"):



Source: Bloomberg

The Company announced a one-for-one rights issue at HK\$0.1 per rights share on 11 January 2006. Following the publication of such announcement, the closing price of the Shares dropped from HK\$0.168 per Share on 9 January 2006 to HK\$0.106 per Share on 12 January 2006. Such rights issue became unconditional on 23 March 2006 and dealings in the rights shares commenced on 29 March 2006. After the rights issue, the closing price of the Share was, in general, in an upward trend and surged to HK\$0.29 per Share on 12 May 2006 and further to HK\$0.335 per Share on 17 May 2006. Thereafter, the Shares were traded within a range of HK\$0.18 per Share to HK\$0.325 per Share until 13 November 2006 before the suspension of trading of the Shares pending the release of the announcement relating to the Subscription Agreement and the Loan Agreement. The fluctuation of Share price during such period may be due to speculations in the market about the outcome of initial negotiations with potential investor for possible issue of new securities in the Company which was announced by the Company during the period. The Shares closed at HK\$0.325 per Share on 13

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November 2006, being the Last Trading Day. Following the publication of the announcement of the Company dated 22 November 2006 in relation to the Subscription Agreement and the Loan Agreement, the closing price of the Shares fluctuated within a range of HK\$0.26 and HK\$0.405 per Share and closed at HK\$0.405 per Share as at the Latest Practicable Date, being the highest closing price per Share during the Period.

5. Analysis of the Conversion Price

The initial conversion price of HK\$0.26 per Conversion Share represents:

- a discount of approximately 20% to the closing price of HK\$0.325 per Share as quoted on the Stock Exchange on the Last Trading Day, being 13 November 2006;
- a discount of approximately 13.3% to the average closing price of the Shares of approximately HK\$0.30 per Share for the 5 trading days ended on the Last Trading Day;
- the same price as the average closing price of the Shares of approximately HK\$0.26 per Share for the 15 trading days ended on the Last Trading Day;
- a premium of approximately 8.3% over the average closing price of the Shares of approximately HK\$0.24 per Share for the 20 trading days ended on the Last Trading Day;
- a premium of approximately 13.0% over the average closing price of the Shares of approximately HK\$0.23 per Share for the 30 trading days ended on the Last Trading Day;
- a discount of approximately 35.8% to the closing price of HK\$0.405 per Share as quoted on the Stock Exchange as at the Latest Practicable Date;
- a discount of approximately 46.9% to the audited net assets per Share attributable to equity holders of the Company approximately of HK\$0.49 as at 31 December 2005; and
- a discount of approximately 7.1% to the unaudited net assets per Share attributable to equity holders of the Company of approximately HK\$0.28 as at 30 June 2006.

The initial conversion price of HK\$0.26 per Conversion Share was arrived at after arm's length negotiations between the parties, which is substantially the same as the issue price of HK\$0.261 for the Subscription Shares. In general, the initial conversion price of HK\$0.26 is above the closing Share price during most of the time in the Period, apart from short period of volatility in the trading of the Shares. We consider the initial conversion price of HK\$0.26 per Conversion Share to be fair and reasonable, having considered the recent price performance of the Shares and the unaudited net assets per Share attributable to the equity holders of the Company as at 30 June 2006.

6. Financial effects of the Loan and the conversion of the Loan on the Group

Net assets

Based on the interim report of the Company for the six months ended 30 June 2006, the Group had unaudited net assets attributable to the Shareholders of approximately HK\$294.2 million as at 30 June 2006. Completion of the Subscription took place in December 2006 and the Group's net assets attributable to the Shareholders have accordingly increased by approximately HK\$54 million, being the net proceeds from the Subscription. Assuming full conversion of the Loan and the entire amount of the Loan being recognised as liability of the Group prior to such full conversion, the net assets of the Group attributable to the Shareholders are expected to be further increased by HK\$62.4 million which represents the principal amount of the Loan being capitalised on conversion.

Gearing

We are advised by the Directors that, in accordance with the accounting policies of the Group, the Loan is a convertible debt instrument whereby the liability component and the equity component of the Loan should be separately accounted for as liability and Shareholders' equity respectively on the balance sheet. We have not been provided with the respective amounts of the liability component and the equity component of the Loan by the Company. For prudence sake, we have assumed that the entire amount of the Loan of HK\$62.4 million is to be regarded as liability component in assessing the effect of the Loan and the issue of the New Shares on the gearing ratio of the Group discussed below.

As at 30 June 2006, the Group maintained a total debt to equity ratio (calculated as total bank and other borrowings divided by the Shareholders' equity) of approximately 20.2%. The drawdown of the Loan would increase the gearing ratio of the Group due to the increase of the Group's bank and other borrowings. Upon full conversion of the Loan and assuming that the Group does not take out further bank or other borrowings prior to such conversion, the equity base of the Company would be strengthened and the gearing ratio of the Group would be improved.

Profitability

Based on the principal of the Loan of HK\$62.4 million and the interest rate of 8% per annum, interest expenses of approximately HK\$5.0 million will be paid by the Group to Customers each year for so long as the Loan remains outstanding and unconverted. Customers agrees that should the Loan be converted into Conversion Shares within 12 months from the Drawdown Date, it will waive the interest accrued on such part of the Loan. Accordingly, the issue of the New Shares to Customers upon conversion of the Loan during the 12 months from the Drawdown Date would help to reduce the interest payment of the Group.

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Cashflow

The Loan is repayable by the Company upon its maturity on the date falling three years from the Drawdown Date. The Company would be able to preserve its cash resources should Customers choose to convert the principal of the Loan into Shares, which is in the interests of the Company.

7. Shareholding structure

Set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately after full conversion of the Loan at the initial conversion price of HK\$0.26 per Share:

	As at the Latest Practicable Date		Immediately after full conversion of the Loan at the initial conversion price of HK\$0.26 per Share	
	<i>Approximate</i>		<i>Approximate</i>	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Leading Value Industrial Limited (Note 1)	264,869,906	19.36	264,869,906	16.47
Directors (Note 2)	40,040,000	2.93	40,040,000	2.49
Other public Shareholders	852,878,094	62.36	852,878,094	53.05
Customers	<u>210,000,000</u>	<u>15.35</u>	<u>450,000,000</u>	<u>27.99</u>
TOTAL	<u>1,367,788,000</u>	<u>100.00</u>	<u>1,607,788,000</u>	<u>100.00</u>

Notes:

1. Leading Value Industrial Limited is a company incorporated in the British Virgin Islands, the entire issued share capital of which is owned by Mr. Sze Wai, Marco, an executive Director.
2. Included in this category are Mr. Robert Kenneth Gaunt, Mr. Song Jing Sheng and Mr. Gu Peijian, all of whom are executive Directors.

As shown in the above table, the interest of the existing public Shareholders will be diluted from approximately 62.36% as at the Latest Practicable Date to approximately 53.05% upon full conversion of the Loan at the initial conversion price of HK\$0.26 per Share. In our opinion, there is substantial merit in sourcing funds from an Australian leading electronic payment system company

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because such association with Customers Limited can bring commercial benefits and raise the Group's profile, sending a positive message to the Group's customers and other interested parties that the Group will have the staying power to succeed in ATM market in the PRC. Taking into account the benefits of the Loan and the overall positive effects of the issue of the New Shares on the financial position of the Group as discussed in the paragraph headed "Financial effects of the Loan and the conversion of the Loan on the Group" above, we consider the potential dilution is acceptable to the public Shareholders.

It should be noted that in the event the 2006 Adjusted NAV falls short of the Warranted NAV or the Company defaults in repayment of the Loan, additional Shares may be issued to Customers according to the terms of the Loan Agreement, resulting in further dilution to public Shareholders. Nevertheless, it is impracticable to ascertain the likelihood of these events taking place and the extent of further dilution to public Shareholders.

OPINION

Having taking into account the above principal factors and reasons, we consider that the terms of the issue of the New Shares are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, and the issue of the New Shares is in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the issue of the New Shares.

Yours faithfully,
For and on behalf of
SOMERLEY LIMITED
Beatrice Lung
Director

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

2. SHARE CAPITAL

The authorised and issued capital of the Company as at the Latest Practicable Date were, and immediately after conversion of the Loan in full at the initial conversion price of HK\$0.26 (without taking into account any additional Shares which may fall to be issued if it is established that the 2006 Adjusted NAV is less than HK\$161,998,000 and if Customers exercises the conversion right under the Loan Agreement to convert the principal of the Loan, in whole or in part, into Shares within 12 months from the date of the SGM) will be, as follows:

Authorised:		HK\$
3,000,000,000	Shares as at the Latest Practicable Date	300,000,000
 Issued and fully paid and to be issued:		
1,367,788,000	Shares in issue as at the Latest Practicable Date	136,778,800
240,000,000	Shares to be issued upon conversion of the Loan in full at the initial conversion price of HK\$0.26 (without taking into account any additional Shares which may fall to be issued if it is established that the 2006 Adjusted NAV is less than HK\$161,998,000 and if Customers exercises the conversion right under the Loan Agreement to convert the principal of the Loan, in whole or in part, into Shares within 12 months from the date of the SGM)	24,000,000

3. DIRECTORS' INTERESTS

- (a) As at the Latest Practicable Date, the interests and short positions of each Director in the Shares or underlying shares of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which he was deemed or taken to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Name	Name of company	Capacity	Number and class of securities <i>(note 1)</i>	Approximate percentage of interest
Sze Wai, Marco	The Company	Interest of controlled corporation <i>(note 2)</i>	264,869,906 ordinary Shares (L)	19.36
	The Company	Beneficial owner	4,500,000 ordinary Shares (L) <i>(note 3)</i>	0.33
Chu Chi Shing	The Company	Beneficial owner	4,500,000 ordinary Shares (L) <i>(note 3)</i>	0.33

Name	Name of company	Capacity	Number and class of securities (note 1)	Approximate percentage of interest
Gu Peijian	The Company	Beneficial owner	540,000 ordinary Shares (L)	0.04
	The Company	Beneficial owner	1,000,000 ordinary Shares (L) (note 3)	0.07
Song Jing Sheng	The Company	Beneficial owner	43,800,000 ordinary Shares (L) (note 4)	3.20
	The Company	Beneficial owner	2,000,000 ordinary Shares (L) (note 3)	0.14
Robert Kenneth Gaunt	The Company	Interest of controlled corporation (note 5)	1,700,000 ordinary Shares (L)	0.12
Wong Po Yan	The Company	Beneficial owner	1,000,000 ordinary Shares (L) (note 3)	0.07
Mao Zhenhua	The Company	Beneficial owner	1,000,000 ordinary Shares (L) (note 3)	0.07
Chong Yiu Kan, Sherman	The Company	Beneficial owner	1,000,000 ordinary Shares (L) (note 3)	0.07

Notes:

1. The letter “L” represents the Director’s interests in the Shares and underlying shares of the Company.
 2. These Shares were held by Leading Value Industrial Limited, a company wholly owned by Sze Wai, Marco.
 3. These shares were the Shares which would be allotted and issued upon exercise in full of the options granted to such Directors under the share option schemes of the Company.
 4. Included in these Shares were (i) 37,800,000 issued Shares and (ii) 6,000,000 Shares which would fall to be allotted and issued pursuant to the exercise of the subscription rights attaching to the unlisted warrants issued to him by the Company.
 5. These Shares were held by Blazzed Pty Ltd., a company wholly owned by Robert Kenneth Gaunt.
- (b) Save as disclosed in this circular, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interest and short positions in the Shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions in which they were deemed or taken to have under such provisions of the SFO), or which are required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange.
- (c) As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any asset which have since 31 December 2005, being the date to which the latest published audited financial statements of the Group were made up, been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group.
- (d) As at the Latest Practicable Date, none of the Directors were materially interested in any contract or arrangement entered into by any member of the Group since 31 December 2005, being the date to which the latest published audited financial statements of the Group were made up, and which was significant in relation to the business of the Group.

4. SUBSTANTIAL SHAREHOLDERS' INTERESTS

- (a) As at the Latest Practicable Date, so far as is known to the Directors, the following persons, other than a director or chief executive of the Company, had an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company:

Name of shareholder	Number of ordinary Shares <i>(note 1)</i>	Capacity	Approximate percentage of interest
Leading Value Industrial Limited <i>(note 2)</i>	264,869,906 (L)	Beneficial owner	19.36
Customers Asia Limited	450,000,000 (L)	Beneficial owner <i>(note 3)</i>	32.90
Customers Limited	450,000,000 (L)	Interest of controlled corporation <i>(note 3)</i>	32.90
FCP Brencorp Limited	450,000,000 (L)	Interest of controlled corporation <i>(note 3)</i>	32.90
FCP Direct Investments Limited	450,000,000 (L)	Interest of controlled corporation <i>(notes 3 and 4)</i>	32.90
First Capital Partners Offshore Limited	450,000,000 (L)	Interest of controlled corporation <i>(notes 3 and 4)</i>	32.90
Andrew Wyles Waters	450,000,000 (L)	Interest of controlled corporation <i>(notes 3 and 4)</i>	32.90

Name of shareholder	Number of ordinary Shares (note 1)	Capacity	Approximate percentage of interest
Brencorp No. 12 Pty Ltd	450,000,000 (L)	Interest of controlled corporation (notes 3 and 5)	32.90
Brencorp Holdings Pty Ltd	450,000,000 (L)	Interest of controlled corporation (notes 3 and 5)	32.90
Brencorp Pty Ltd	450,000,000 (L)	Interest of controlled corporation (notes 3 and 5)	32.90
Peter Darnian Scanlon	450,000,000 (L)	Interest of controlled corporation (notes 3 and 5)	32.90
Wen Jian Zhu	100,000,000 (L)	Beneficial owner	7.31

Notes:

1. The letter "L" represents the entity's interests in the Shares.
2. Leading Value Industrial Limited is a company wholly owned by Sze Wai, Marco, who is an executive Director.
3. Customers Asia Limited is owned as to 50% by Customers Limited and FCP Brencorp Limited each. Customers Limited is a company whose shares are listed on the Australian Stock Exchange. FCP Brencorp Limited is owned as to 50% each by Brencorp No.12 Pty Ltd and FCP Direct Investments Limited.
4. FCP Direct Investments Limited is wholly owned by First Capital Partners Offshore Limited, a company wholly owned by Andrew Wyles Waters.
5. Brencorp No.12 Pty Ltd is wholly owned by Brencorp Holdings Pty Ltd, a company wholly owned by Brencorp Pty Ltd which is in turn owned as to 33.33% by Peter Darnian Scanlon.

- (b) As at the Latest Practicable Date, so far as is known to the Directors, the following entities (not being a member of the Group) were interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of other members of the Group:

Name	Name of entity	Approximate percentage
Anhui Start Technology & Systems Integration Company Limited	Hefei Information Investment Co., Ltd.	49%
Shanxi Start Technology Software System Co., Ltd	Da Ting Shi Yuan Da Software Engineering Limited Liability Company	40%

- (c) Save as disclosed in this circular, so far as is known to the Directors, there is no other person who had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, had a direct or indirect interests amounting to 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any members of the Group.

5. DIRECTORS' SERVICE CONTRACTS

None of the Directors has a service contract with the Company which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

6. MATERIAL ADVERSE CHANGES

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2005, being the date to which the latest published audited financial statements of the Group were made up.

7. COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors nor his associates was interested in any business apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with that of the Group.

8. QUALIFICATION AND CONSENT OF EXPERT

Somerley is a corporation licensed to carry on type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO.

Somerley has given and has not withdrawn its written consent to the issue of this circular with the reference to its name and its letter in the form and context in which they respectively appear.

As at the Latest Practicable Date, Somerley did not have any shareholding, directly or indirectly, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for shares in any member of the Group.

As at the Latest Practicable Date, Somerley did not have any interest, direct or indirect, in any assets which since 31 December 2005, the date to which the latest published audited financial statements of the Group were made up, had been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of the Company in Hong Kong at Units 2003 and 2005, 20th Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong during normal business hours from 26 January 2007 up to and including 12 February 2007 and at the SGM:

- (a) the Subscription Agreement and the supplemental agreement thereto dated 21 November 2006;
- (b) the Loan Agreement and the supplemental deed thereto dated 10 January 2007;
- (c) a copy of the “Letter from Somerley” of the Independent Board Committee and the Independent Shareholders as set out on page 16 to page 25 of this circular; and
- (d) a copy of the letter of consent from Somerley referred to in the paragraph headed “Qualification and consent of expert” in this appendix.

FinTronics

銀創控股

FINTRONICS HOLDINGS COMPANY LIMITED

銀創控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock code: 706)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting of FinTronics Holdings Company Limited (“**Company**”) will be held at 10:00 a.m. on Friday, 16 February 2007 at Room 3203, 32/F, Admiralty Centre I, 18 Harcourt Road, Hong Kong for the purpose of considering and, if thought fit, with or without amendments, passing the following resolution which will be proposed as an ordinary resolution:

ORDINARY RESOLUTION

“**THAT** subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) granting the listing of, and permission to deal in, such number of shares (“**Shares**”) of the Company which may fall to be allotted and issued upon conversion of the whole or any part of the principal amount of the Loan (as defined below) and such additional number of Shares (if any) which may fall to be allotted and issued upon conversion of the whole or any part of the principal amount of the Loan within 12 months from the date of drawdown of the Loan pursuant to the convertible loan agreement dated 14 November 2006 entered into between Customers Asia Limited as the lender and the Company as the borrower in relation to a loan facility (“**Loan**”) in the principal amount of HK\$62,400,000 (as varied and supplemented by a supplemental deed dated 10 January 2007) (“**Loan Agreement**”), a copy of the Loan Agreement marked “A” and initialed by the chairman of the meeting for identification purpose having been produced to the meeting:

- (a) approval be and is hereby granted for the allotment and issue of the Shares subject to and pursuant to the terms and conditions of the Loan Agreement; and
- (b) the directors of the Company or a duly authorised committee of the board of directors of the Company be and are hereby authorised:
 - (i) to allot and issue any Shares subject to and pursuant to the terms and conditions of the Loan Agreement; and

* *for identification purpose only*

NOTICE OF SPECIAL GENERAL MEETING

- (ii) to do and execute all such acts, matters, deeds, documents and things as they may consider appropriate, necessary or desirable for or in connection with the allotment and issue of any Shares subject to and pursuant to the terms and conditions of the Loan Agreement and all other matters incidental thereto in connection therewith and to agree to variation and/or waiver of all matters relating thereto which, in the opinion of the Directors, are not material to the transactions contemplated thereby and are in the best interest of the Company.”

Yours faithfully,
For and on behalf of the Board of
FinTronics Holdings Company Limited
Sze Wai, Marco
Chairman

Hong Kong, 26 January 2007

Registered office:
Clarendon House
Church Street
Hamilton HM11
Bermuda

*Head office and principal place
of business in Hong Kong:*
Units 2003 and 2005, 20th Floor
Great Eagle Centre
23 Harbour Road
Wanchai
Hong Kong

Notes:

1. A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more than one proxy to attend and, subject to the provisions of the bye-laws of the Company, vote in his stead. A proxy need not be a member of the Company.
2. To be valid, the form of proxy together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority must be deposited at the offices of the Company's branch share registrar in Hong Kong, Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 48 hours before the time of the meeting or any adjourned meeting.
3. Delivery of an instrument appointing a proxy should not preclude member from attending and voting in person at the above meeting or any adjournment thereof and in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. In the case of joint holders of a share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she/it were solely entitled thereto to. If more than one of such joint holders are present at the above meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
5. As at the date of this notice, the board of directors of the Company comprises Sze Wai, Marco, Chu Chi Shing, Robert Kenneth Gaunt, Robertus Martinus Andreas Broers, Song Jing Sheng and Gu Peijian as executive directors and Wong Po Yan, Mao Zhenhua and Chong Yiu Kan, Sherman as independent non-executive directors.