

FinTronics

银创控股

FINTRONICS HOLDINGS COMPANY LIMITED

(incorporated in Bermuda with limited liability)

(stock code: 706)

MAJOR TRANSACTION: DISPOSAL OF THE SI COMPANIES

On 19 January 2007, Stepping Stones, a wholly owned subsidiary of the Company, and the Purchaser entered into the Equity Transfer Agreement pursuant to which Stepping Stones has agreed to sell, and the Purchaser has agreed to purchase, the Sale Interests at an aggregate consideration of HK\$14,330,000.

Since the applicable percentage ratios are more than 25% but less than 75%, the Disposal constitutes a major transaction for the Company and is subject to the approval by shareholders of the Company pursuant to Rule 14.40 of the Listing Rules.

A circular containing further details of the Disposal and the Group and the notice of SGM will be despatched to the shareholders of the Company as soon as practicable.

The Directors are pleased to announce that on 19 January 2007, Stepping Stones and the Purchaser entered into the Equity Transfer Agreement for the sale and purchase of the Sale Interests.

EQUITY TRANSFER AGREEMENT

Date : 19 January 2007

Parties : (i) Stepping Stones (as vendor); and
(ii) the Purchaser (as purchaser), an investment holding company incorporated in Hong Kong.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Purchaser and its beneficial owners is an independent third party who is independent of the Company and connected person (within the meaning of the Listing Rules) of the Group or any of their respective associates.

Subject matter of the Equity Transfer Agreement : The Sale Interests, comprising 100% interests in each of the SI Companies, together with the interests in other companies held by each of the SI Companies respectively as shown in the simplified corporate structure of the Group set out under the paragraph headed "Corporate structure" below.

Condition precedent : Completion of the Equity Transfer Agreement is conditional upon the shareholders of the Company having passed an ordinary resolution at the SGM to approve the transactions contemplated by the Equity Transfer Agreement.

If the Condition is not fulfilled on or before 31 March 2007 (or such later date as agreed between Stepping Stones and the Purchaser in writing):

(1) the Equity Transfer Agreement shall cease to have any effect (save for any antecedent breach of the terms of the Equity Transfer Agreement); and

(2) Stepping Stones shall refund the Deposit (as defined in the paragraph headed "Consideration" below) to the Purchaser within 10 business days after the receipt of written notice from the Purchaser.

Completion : Completion shall take place after the fulfillment of the Condition. Pursuant to the Equity Transfer Agreement, Stepping Stones shall assist the Purchaser in obtaining the approval from the PRC governmental authority for the transfer of the Sale Interests to the Purchaser. Upon obtaining the approval from the relevant PRC governmental authority for the transfer of the Sale Interests and the completion of the filing procedures with the State Administration for Industry and Commerce, Stepping Stones will cease to have any interests in the SI Companies.

Consideration

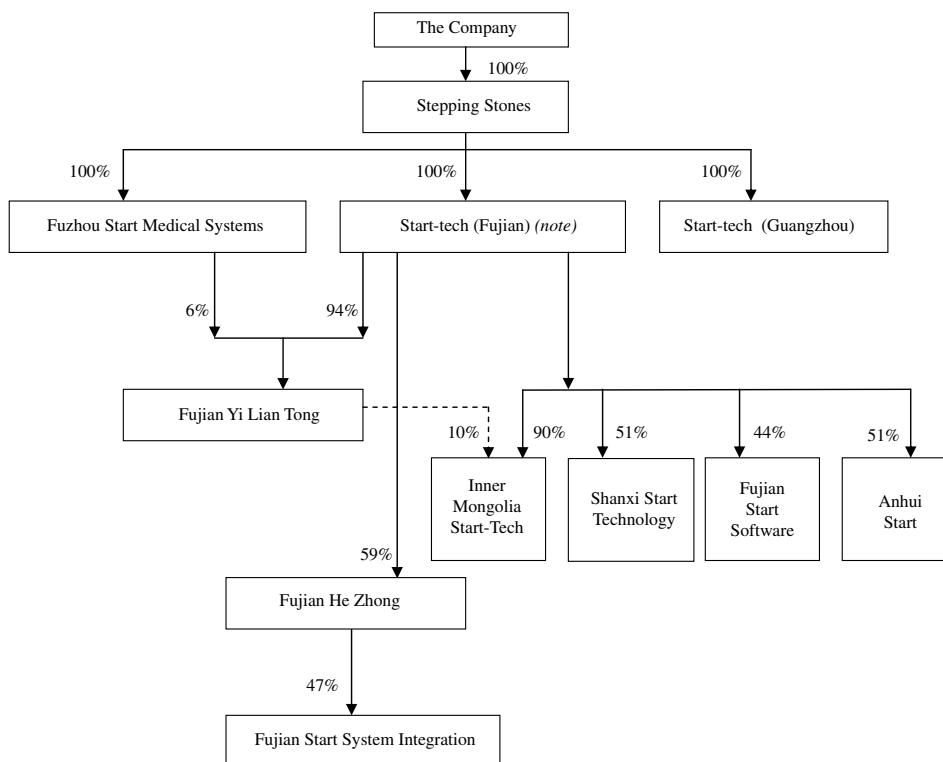
The Consideration of HK\$14,330,000 was determined after arm’s length negotiation between the Group and the Purchaser and on normal commercial terms with reference to the aggregate of the unaudited net asset value of the SI Companies of HK\$23,686,000 as at 30 June 2006 (prepared in accordance with Hong Kong GAAP) and taking into account the loss-making status of the SI Companies.

The Consideration shall be paid by the Purchaser to the Group in the following manner:

- i) HK\$4,299,000 (the “**Deposit**”), being 30% of the Consideration shall be paid in cash within five business days from the date of signing the Equity Transfer Agreement;
- ii) HK\$8,598,000, being 60% of the Consideration shall be paid in cash within five business days from the date of the satisfaction of the condition precedent to the Equity Transfer Agreement; and
- iii) the remaining balance of HK\$1,433,000 shall be paid in cash within five business days from the date of the completion of the relevant approval and registration of the transfer of equity of Start-tech (Fujian).

Corporate structure

As at the date of this announcement, the simplified corporate structure of the Group showing the Group’s interests in the SI Companies, together with their respective interests in other companies, is as follows:



Note: Start-tech (Fujian) is interested in 25% interests in Fujian Multi Language Translation Service Company Limited (“FMLT”). Before the completion of the Equity Transfer Agreement, such 25% interest in FMLT will be transferred to another wholly owned subsidiary of the Company.

INFORMATION ON THE SI COMPANIES

i. Start-tech (Fujian)

Start-tech (Fujian) is a wholly foreign-owned enterprise established in the PRC on 14 July 2000, currently with a registered capital of HK\$47,800,000. Start-tech (Fujian) is principally engaged in the provision of software development and systems integration services. As at the date of this announcement, Start-tech (Fujian) is wholly owned by Stepping Stones, an indirectly wholly owned subsidiary of the Company.

The unaudited consolidated net profit/(loss) of Start-tech (Fujian) (prepared in accordance with Hong Kong GAAP) for the two years ended 31 December 2005 and for the six months ended 30 June 2006 are as follows:

	For the year ended 31 December 2004	For the year ended 31 December 2005	For the six months ended 30 June 2006
Net profit/(loss) (before taxation and extraordinary items)	HK\$799,000	HK\$(8,137,000)	HK\$1,381,000
Net profit/(loss) (after taxation and extraordinary items)	HK\$628,000	HK\$(8,903,000)	HK\$1,236,000

The unaudited consolidated net asset value of Start-tech (Fujian) (prepared in accordance with Hong Kong GAAP) as at 31 December 2004, 31 December 2005 and 30 June 2006 is approximately HK\$55,813,000, HK\$45,980,000 and HK\$34,681,000 respectively.

ii. Fuzhou Start Medical Systems

Fuzhou Start Medical Systems is a wholly foreign-owned enterprise established in the PRC on 19 December 2000, currently with a registered capital of RMB2,000,000 (equivalent to approximately HK\$1,923,077). Fuzhou Start Medical Systems is principally engaged in the provision of software development and systems integration services. As at the date of this announcement, Fuzhou Start Medical Systems is wholly owned by Stepping Stones, an indirectly wholly owned subsidiary of the Company.

The unaudited net loss of Fuzhou Start Medical Systems (prepared in accordance with Hong Kong GAAP) for the two years ended 31 December 2005 and for the six months ended 30 June 2006 are as follows:

	For the year ended 31 December 2004	For the year ended 31 December 2005	For the six months ended 30 June 2006
Net (loss) (before taxation and extraordinary items)	HK\$(883,000)	HK\$(1,056,000)	HK\$(795,000)
Net (loss) (after taxation and extraordinary items)	HK\$(883,000)	HK\$(1,056,000)	HK\$(795,000)

The unaudited net asset value of Fuzhou Start Medical Systems (prepared in accordance with Hong Kong GAAP) as at 31 December 2004 and 31 December 2005 is approximately HK\$3,095,000 and HK\$2,104,000 respectively. The unaudited net liability of Fuzhou Start Medical Systems (prepared in accordance with Hong Kong GAAP) as at 30 June 2006 is approximately HK\$3,512,000.

iii. Start-tech (Guangzhou)

Start-tech (Guangzhou) is a wholly foreign-owned enterprise established in the PRC on 6 October 1998, currently with a registered capital of HK\$15,000,000. Start-tech (Guangzhou) is principally engaged in the provision of software development and systems integration services. As at the date of this announcement, Start-tech (Guangzhou) is wholly owned by Stepping Stones, an indirectly wholly owned subsidiary of the Company.

The unaudited net loss of Start-tech (Guangzhou) (prepared in accordance with Hong Kong GAAP) for the two years ended 31 December 2005 and for the six months ended 30 June 2006 are as follows:

	For the year ended 31 December 2004	For the year ended 31 December 2005	For the six months ended 30 June 2006
Net (loss) (before taxation and extraordinary items)	HK\$(529,000)	HK\$(2,160,000)	HK\$(99,000)
Net (loss) (after taxation and extraordinary items)	HK\$(529,000)	HK\$(2,160,000)	HK\$(99,000)

The unaudited net liability of Start-tech (Guangzhou) (prepared in accordance with Hong Kong GAAP) as at 31 December 2004, 31 December 2005 and 30 June 2006 is approximately HK\$1,577,000, HK\$2,674,000 and HK\$7,483,000 respectively.

REASONS FOR THE DISPOSAL

The Group is principally engaged in (i) the procurement, deployment and operation of automatic teller machines (“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.

The non-core businesses of the provision of software development and systems integration services of the Group are undertaken by the SI Companies. The Directors consider that the software development and systems integration businesses have faced increasing competition from local enterprises in the PRC where increasing numbers of governmental projects (which were the major source of income of the SI Companies) were undertaken by local enterprises in the PRC. The Directors believe that the Disposal represents a good opportunity for the Group to dispose of this business line at a reasonable price, thus enabling the Group to devote its resources to ATM related business which the Directors believe has with a higher potential growth rate.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Equity Transfer Agreement are on normal commercial terms and are fair and reasonable and in the interests of the shareholders of the Company as a whole.

FINANCIAL EFFECT OF THE DISPOSAL

After obtaining the approval from the relevant PRC governmental authority for the transfer of the SI Companies and the completion of the filing procedures with the State Administration for Industry and Commerce, the Company will no longer hold any shareholding interest in the SI Companies and therefore the SI Companies, together with their respective subsidiaries and/or associated companies as referred to in the simplified corporate structure of the Group under the paragraph headed “Corporate structure” above, will cease to be subsidiaries and/or associated companies of the Company.

It is expected that the Group will record a book loss of approximately HK\$9,356,000 as a result of the Disposal which represents the difference between the Consideration (being HK\$14,330,000) and the aggregate unaudited net asset value of the SI Companies (being approximately HK\$23,686,000) as at 30 June 2006.

The Company intended to use the net proceeds from the Disposal as the general working capital of the Group.

MAJOR TRANSACTION

Since the applicable percentage ratios are more than 25% but less than 75%, the Disposal constitutes a major transaction for the Company and is subject to approval by shareholders of the Company pursuant to Rule 14.40 of the Listing Rules. A circular containing further details of the Disposal and the notice of SGM will be despatched to the shareholders of the Company as soon as practicable. The Company has confirmed with the Purchaser that none of the Purchaser nor any of its associates (as defined in the Listing Rules) is holding any shares in the Company. As such, no shareholder of the Company is required to abstain from voting at the SGM.

DEFINITIONS

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

“Anhui Start”	安徽實達科技軟件系統有限公司(Anhui Start Technology and System Integration Co. Ltd.), a domestic limited liability company established in the PRC and owned as to 51% by Start-tech (Fujian)
“Company”	FinTronics Holdings Company Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Condition”	the condition precedent to the completion of the Equity Transfer Agreement as set out in the paragraph headed “Condition precedent” in this announcement
“Consideration”	the consideration payable by the Purchaser to Stepping Stones for the Disposal in accordance with the Equity Transfer Agreement
“Directors”	the directors of the Company
“Disposal”	the disposal of the Sale Interests by Stepping Stones to the Purchaser pursuant to the Equity Transfer Agreement

“Equity Transfer Agreement”	the equity transfer agreement entered into between Stepping Stones and the Purchaser on 19 January 2007 in relation to the Disposal
“Fujian Yi Lian Tong”	福建易聯通科技發展有限公司(Fujian Yi Lian Tong Technology Development Co., Ltd.), a domestic limited liability company established in the PRC and owned as to 94% by Start-tech (Fujian) and as to 6% by Fuzhou Start Medical Systems
“Fujian Start System Integration”	福建實達系統集成有限公司 (Fujian Start System Integration Co., Ltd), a domestic limited liability company established in the PRC and owned as to 47% by Fujian He Zhong and as to 53% by independent third parties who are independent of the Company and connected person (within the meaning of the Listing Rules) of the Group or any of their respective associates
“Fujian Start Software”	福建實達軟件系統開發有限公司, an enterprise established in the PRC and owned as to 44% by Start-tech (Fujian)
“Fujian He Zhong”	福建合眾信息科技有限公司 (Fujian He Zhong Information Technology Ltd.), a domestic limited liability company established in the PRC and owned as to 59% by Start-tech (Fujian)
“Fuzhou Start Medical Systems”	福州實達醫療系統有限公司 (Fuzhou Start Medical Systems Co., Ltd.), a wholly foreign-owned enterprise established in the PRC and wholly owned by Stepping Stones, an indirectly wholly owned subsidiary of the Company, before the completion of the Disposal
“GAAP”	generally accepted accounting principles
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Inner Mongolia Start-Tech”	內蒙古實達科技軟件系統有限公司 (Inner Mongolia Start-Tech Software and System Co., Ltd.), a domestic limited liability company established in the PRC and owned as to 90% by Start-tech (Fujian) and as to 10% by Fujian Yi Lian Tong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Purchaser”	Smart Hero (HK) Investment Development Limited (駿豪(香港)投資發展有限公司), a company incorporated in Hong Kong and wholly owned by two individuals who are not connected persons (within the meaning of the Listing Rules) of the Company
“RMB”	Renminbi yuan, the lawful currency of the PRC
“Sale Interests”	100% interests in each of the SI Companies owned by Stepping Stones, together with the interests in other companies held by each of the SI Companies respectively as shown in the simplified corporate structure of the Group set out under the paragraph headed “Corporate structure” above
“SGM”	a special general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Equity Transfer Agreement
“SI Companies”	collectively, Start-tech (Fujian), Fuzhou Start Medical Systems and Start-tech (Guangzhou) which are principally engaged in the provision of software development and systems integration services in the PRC
“Shanxi Start Technology”	山西實達軟件系統有限公司 (Shanxi Start Technology Co., Ltd.), a domestic limited liability company established in the PRC and owned as to 51% by Start-tech (Fujian)

“Start-tech (Fujian)”	實達科技(福建)軟件系統集團有限公司 (Start-tech (Fujian) Software and System Co., Ltd.), a wholly foreign-owned enterprise established in the PRC and wholly owned by Stepping Stones, an indirectly wholly owned subsidiary of the Company, before the completion of the Disposal
“Start-tech (Guangzhou)”	實達科技(廣州)醫療系統有限公司 (Start-tech (Guangzhou) Medical Systems Co., Ltd.), a wholly foreign-owned enterprise established in the PRC and wholly owned by Stepping Stones, an indirectly wholly owned subsidiary of the Company, before the completion of the Disposal
“Stepping Stones”	Stepping Stones Limited, an investment holding company incorporated in the British Virgin Islands and an indirectly wholly owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

In this announcement, for the purposes of illustration only, amounts quoted in RMB have been converted into HK dollars at the rate of RMB1.04 to HK\$1.00. Such exchange rate has been used, where applicable, for purposes of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

As at the date of this announcement, the Directors are as follows:

Executive Directors

Sze Wai, Marco, Chu Chi Shing, Robert Kenneth Gaunt, Robertus Martinus Andreas Broers, Song Jing Sheng, Gu Peijian

Independent non-executive Directors

Wong Po Yan, Mao Zhenhua and Chong Yiu Kan, Sherman

By order of the board of directors of
FinTronics Holdings Company Limited
Sze Wai, Marco
Chairman

Hong Kong, 19 January 2007

Please also refer to the published version of this announcement in China Daily.