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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)**

**CHANGE IN BOARD LOT SIZE,  
PROPOSED RIGHTS ISSUE OF  
NOT LESS THAN 528,644,000 RIGHTS SHARES  
OF HK\$0.10 EACH AT HK\$0.10 PER RIGHTS SHARE  
PAYABLE IN FULL ON ACCEPTANCE  
(IN THE PROPORTION OF ONE RIGHTS SHARE  
FOR EVERY ONE EXISTING SHARE HELD ON THE RECORD DATE),  
APPLICATION OF WHITEWASH WAIVER  
AND RESUMPTION OF TRADING**

**Underwriter**

**Leading Value Industrial Limited**

**CHANGE IN BOARD LOT SIZE**

The Board announces that the board lot size for trading in the Shares will be changed from 2,000 Shares to 10,000 Shares with effect from 17 January 2006. In order to alleviate the difficulties arising from the change in the existing board lot size of the Shares, the Company has appointed Tanrich Securities Co., Ltd. to provide matching services to those Shareholders who wish to top up or sell their holdings of odd lots of Shares during the period from 17 January 2006 to 17 February 2006 (both days inclusive).

**PROPOSED RIGHTS ISSUE**

The Company proposes to raise not less than approximately HK\$52.86 million before expenses by issuing not less than 528,644,000 Rights Shares and to raise not more than approximately HK\$63.43 million before expenses by issuing not more than 634,325,000 Rights Shares at the Subscription Price of HK\$0.10 per Rights Share on the basis of one Rights Share for every one existing Share in issue on the Record Date. The Directors intend to use the net proceeds of the Rights Issue of approximately HK\$51 million as general working capital of the Group to support the working capital needs for its daily operation of the Group.

\* *for identification purposes only*

The number of Rights Shares which may be issued pursuant to the Rights Issue will be increased in proportion to any additional new Shares which may be issued and allotted pursuant to the exercise of the Outstanding Options and the subscription rights attaching to the Outstanding Warrants on or before the Record Date. Other than the Outstanding Options and the Outstanding Warrants, the Company has no derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares as at the date of this announcement. As announced in the Company's announcement dated 6 December 2005, the Company has also agreed to issue 100,000,000 Shares to the vendor as part of the consideration for the acquisition of the ATM Companies upon completion of the Sale and Purchase Agreement. Completion of the Sale and Purchase Agreement will not be affected by the Rights Issue. It is expected that the completion of the Sale and Purchase Agreement will take place after the Record Date.

The aggregate number of Rights Shares to be issued pursuant to the terms of the Rights Issue represents 100% of the Company's existing issued share capital and 50% of the Company's enlarged issued share capital of the Company immediately following the completion of the Rights Issue assuming that no Outstanding Options and Outstanding Warrants are exercised on or before the completion of the Rights Issue. Pursuant to Rule 7.19(6) of the Listing Rules, the Rights Issue is conditional on, among other things, the approval by the Shareholders by way of poll at the SGM at which any controlling Shareholders and their associates or, where there are no controlling Shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour. As at the date of this announcement, there is no controlling Shareholder and chief executive in the Company. Therefore, the Underwriter, Mr. Sze Wai, Marco, Mr. Chu Chi Shing, Mr. Song Jing Sheng and Mr. Gu Peijian and their respective associates shall abstain from voting in favour of the resolution in relation to the Rights Issues at the SGM.

The last day of dealings in Shares on a cum-rights basis is Friday, 10 February 2006. The Shares will be dealt with on an ex-rights basis from Monday, 13 February 2006. To qualify for the Rights Issue, any transfer of Shares must be lodged for registration 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, by 4:00 p.m. on Tuesday, 14 February 2006.

The Company is in the process of considering the rights of the Overseas Shareholders and the relevant arrangements in respect of the Rights Issue for them, including whether it is feasible to extend the Rights Issues to such Shareholders. Further information in this connection will be set out in the Company's circular containing, among other things, details of the Rights Issue, to be despatched to the Shareholders as soon as practicable.

The Rights Issue will be fully underwritten by the Underwriter, on the terms and subject to the conditions set out in the Underwriting Agreement. As at the date of this announcement, the Underwriter was beneficially interested in 132,434,953 Shares, representing approximately 25.05% of the issued share capital of the Company. Pursuant to the Underwriting Agreement, the Underwriter has undertaken that such 132,434,953 Shares will remain beneficially owned by the Underwriter from the date of this announcement up to the Record Date and it will continue to have registered address in Hong Kong, and the Underwriter will accept on or before the Latest Acceptance Time, and pay for, such number of Rights Shares to be provisionally allotted to the Underwriter or its nominee pursuant to the Rights Issue in respect of its or its nominee's existing holding of 132,434,953 Shares.

**The Rights Issue is conditional upon the fulfillment of the conditions set out under the section headed "Conditions of the Rights Issue" below. In particular, it is subject to the Underwriter not terminating the Underwriting Agreement in accordance with its terms (see the paragraph headed "Termination of the Underwriting Agreement" below). If the Underwriter terminates the Underwriting Agreement, or the conditions of the Rights Issue are not fulfilled, the Rights Issue will not proceed.**

**Any persons contemplating buying or selling Shares from the date of this announcement up to the date on which all the conditions of the Rights Issue are fulfilled, and any dealings in the Rights Shares in their nil-paid form between Thursday, 23 February 2006 to Thursday, 2 March 2006 (both dates inclusive), bear the risk that the Rights Issue may not become unconditional or may not proceed.**

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms.

#### **WHITEWASH WAIVER**

In the event that no Qualifying Shareholder (other than the Underwriter) take up any Rights Shares under the Rights Issue, the Underwriter, as the underwriter of the Rights Issue, will be required to subscribe for and take up all the Rights Shares that are not subscribed for under the Right Issues, which will result in the Underwriter holding 661,078,953 Shares, representing approximately 62.53% of the enlarged issued share capital of the Company upon completion of the Rights Issue. Accordingly, the underwriting by the Underwriter may trigger an obligation for the Underwriter and parties acting in concert with it to make a mandatory general offer under Rule 26 of the Takeovers Code for all the Shares and securities issued by the Company not already held by it and parties acting in concert with it. An application will be made by the Underwriter to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, the approval of the Independent Shareholders at the SGM by way of poll. If the Whitewash Waiver is not granted by the Executive, the Rights Issue will not proceed.

#### **SUSPENSION AND RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 10 January 2006 pending the release of this announcement. The Company has applied to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 12 January 2006.

#### **GENERAL**

The Company has established an independent board committee (which comprises the three independent non-executive Directors) to advise the Independent Shareholders as to whether the terms of the Rights Issue and the Whitewash Waiver are fair and reasonable and whether the Rights Issue and the Whitewash Waiver are in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote, taking into account the recommendations of the independent financial adviser. In this connection, the Company has appointed Tai Fook Capital Limited as the independent financial adviser to advise the independent board committee and the Independent Shareholders as to whether the terms of the Rights Issue and the Whitewash Waiver are fair and reasonable and whether the Rights Issue and the Whitewash Waiver are in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote. The independent board committee has approved the appointment of Tai Fook Capital Limited as the independent financial adviser. A circular containing, among other things, details of the Rights Issue and the Whitewash Waiver, the recommendation of the independent board committee and the letter from Tai Fook Capital Limited to the independent board committee and Independent Shareholders together with a notice convening the SGM will be despatched to the Shareholders as soon as practicable.

The Rights Issue Documents setting out details of the Rights Issue will be despatched to the Qualifying Shareholders as soon as practicable, subject to the conditions of the Rights Issue being satisfied.

## **CHANGE IN BOARD LOT SIZE**

The Board announces that the board lot size for trading in the Shares will be changed from 2,000 Shares to 10,000 Shares with effect from 17 January 2006. In order to alleviate the difficulties arising from the change in the existing board lot size of the Shares, the Company has appointed Tanrich Securities Co., Ltd. to provide matching services to those Shareholders who wish to top up or sell their holdings of odd lots of Shares during the period from 17 January 2006 to 17 February 2006 (both days inclusive).

Holders of Shares in odd lots who wish to take advantage of this facility either to dispose of their odd lots of Shares or to round them up to a full new board lot may contact Tanrich Securities Co., Ltd. at 16/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong during the aforesaid period as follows:

<b>Contact Person</b>	<b>Telephone number</b>
John Pao	2238 9178
Thomas Chan	2238 9179

Each of the appointed agent, Tanrich Securities Co., Ltd. and its ultimate beneficial owners, is an independent third party not connected with the Company and its subsidiaries. Holders of Shares in odd lots should note that successful matching of the sale and purchase of odd lots of Shares is not guaranteed. The Shareholders are advised to consult their professional advisers if they are in doubt about the above procedures.

All existing certificates of Shares in board lots of 2,000 Shares will continue to be evidence of entitlement to such Shares and be valid for delivery, transfer and settlement purpose. No new share certificate issued will be as a result of the change in board lot size, and therefore no arrangement for free exchange of existing share certificates in board lots of 2,000 for new share certificates in board lots of 10,000 Shares. As from 17 January 2006, any new certificates of Shares will be issued in board lot size of 10,000 Shares (except for odd lots or where the Company's share registrars are otherwise instructed). Save and except for the change in number of Shares for each board lot, new certificates of Shares will have the same format and colour as the existing certificates of Shares.

A circular setting out relevant details of the aforesaid change in board lot size will be despatched to the Shareholders for information as soon as practicable.

## **PROPOSED RIGHTS ISSUE**

### **Issue statistics**

Basis of the Rights Issue:	One Rights Share for every one existing Share held on the Record Date
Number of existing Shares in issue:	528,644,000 Shares as at the date of this announcement
Number of Rights Shares:	528,644,000 Rights Shares (assuming that no Outstanding Options and Outstanding Warrants are exercised on or before the Record Date)

The nil-paid Rights Shares proposed to be provisionally allotted pursuant to the terms of the Rights Issue represents 100% of the Company's existing issued share capital and 50% of the Company's enlarged issued share capital of the Company immediately following the completion of the Rights Shares assuming that no Outstanding Options and Outstanding Warrants are exercised on or before the completion of the Rights Issue.

The number of Rights Shares which may be issued pursuant to the Rights Issue will be increased in proportion to any additional new Shares which may be allotted and issued pursuant to the exercise of the Outstanding Options and the subscription rights attaching to the Outstanding Warrants on or before the Record Date. As at the date of this announcement, there are 15,681,000 Outstanding Options and Outstanding Warrants attaching subscription right to subscribe for 90,000,000 Shares. If all the subscription rights attaching to the Outstanding Options and the Outstanding Warrants are duly exercised and Shares are issued and allotted pursuant to such exercise on or before the Record Date, the number of issued Shares is expected to be increased to 634,325,000 and the number of Rights Shares that may be issued pursuant to the Rights Issue is expected to be increased to 634,325,000. Other than the

Outstanding Options and the Outstanding Warrants, the Company has no derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares as at the date of this announcement. As announced in the Company's announcement dated 6 December 2005, the Company has also agreed to issue 100,000,000 Shares to the vendor as part of the consideration for the acquisition of the ATM Companies upon completion of the Sale and Purchase Agreement. Completion of the Sale and Purchase Agreement will not be affected by the Rights Issue. It is expected that the completion of the Sale and Purchase Agreement will take place after the completion of the Rights Issue.

### **Subscription Price**

The Subscription Price for the Rights Shares is HK\$0.10 per Rights Share, payable in full when a Qualifying Shareholder accepts his/her/its provisional allotment under the Rights Issue or applies for excess Rights Shares or when a transferee of nil-paid Rights Shares subscribes for the Rights Shares.

The Subscription Price

- represents a discount of approximately 55.6% to the closing price of HK\$0.225 per Share as quoted on the Stock Exchange on the Last Trading Date;
- represents a discount of approximately 49.7% to the average closing price of approximately HK\$0.199 per Share for the five consecutive trading days up to and including the Last Trading Date;
- represents a discount of approximately 40.5% to the average closing price of approximately HK\$0.168 per Share for the 10 consecutive trading days up to and including the Last Trading Date;
- represents a discount of approximately 38.7% to the theoretical ex-rights price of HK\$0.163 per Share based on the closing price as quoted on the Stock Exchange on the Last Trading Date; and
- represents a discount of approximately 83.6% to the unaudited net tangible assets value per Share of approximately HK\$0.61 (calculated by dividing the latest published unaudited net tangible assets value of the Group as at 30 June 2005 by the 528,644,000 Shares in issue as at 30 June 2005).

The Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriter with reference to the recent market price of the Shares and the recent financial conditions of the Group. In view of the recent financial conditions of the Group and taking the theoretical ex-rights price per Share into consideration, in order to increase the attractiveness of the Rights Issue to Qualifying Shareholders, the Directors consider that the discount on the Subscription Price to the current market price of the Shares as proposed is appropriate. Each Qualifying Shareholder is entitled to subscribe for the Rights Shares at the same price in proportion to his/her/its shareholding in the Company held on the Record Date. The Directors consider the Subscription Price to be fair and reasonable and to be in the interests of the Company and the Shareholders as a whole.

### **Status of the Rights Shares**

The Rights Shares, when allotted and fully-paid, will rank pari passu with the then existing Shares in issue on the date of allotment of the Rights Shares in fully-paid form. Holders of such Rights Shares will be entitled to receive all future dividends and distributions which are declared after the date of allotment and issue of the Rights Shares.

### **Application for excess Rights Shares**

Qualifying Shareholders are entitled to apply for any unsold entitlements of the Excluded Shareholders and any nil-paid Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders.

Applications may be made by completing the form of application for excess Rights Shares and lodging the same with a separate remittance for the excess Rights Shares. The Directors will allocate the excess Rights Shares at their discretion on a fair and equitable basis but preference will be given to applications for less than one board lot of Shares where it appears to the Directors that such application have been made to round up a holding of a then odd lot of Shares.

Shareholders with their Shares held by a nominee company should note that the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, Shareholders should note that the aforesaid arrangement in relation to the top-up of odd lots for allocation of excess Rights Shares will not be extended to beneficial owners individually. Shareholders with their Shares held by a nominee company are advised to consider whether they would like to arrange for the registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

For Shareholders whose Shares are held by their nominee(s) and would like to have their names registered on the register of members of the Company, they must lodge all necessary document with the branch share registrar of the Company in Hong Kong for completion of the relevant registration by 4:00 p.m. on Tuesday, 14 February 2006.

### **Share certificates for the Rights Shares**

Subject to the fulfilment of the conditions of the Rights Issue, certificates for all fully-paid Rights Shares are expected to be posted to Qualifying Shareholders who have accepted and applied for (where appropriate), and paid for the Rights Shares by Monday, 13 March 2006 at their own risk.

### **Qualifying Shareholders**

The Company will send (i) the Rights Issue Documents to Qualifying Shareholders; and (ii) the Prospectus, for information only, to the Excluded Shareholders. To qualify for the Rights Issue, the Shareholder must be registered as a member of the Company on the Record Date and the holders of the Outstanding Options and the Outstanding Warrants (i) must exercise their respective subscription rights in accordance with the relevant procedures specified in the rules of the Share Option Schemes (as regards the holders of the Outstanding Options) or the conditions of the Outstanding Warrants (as regards the holders of the Outstanding Warrants) on or before Monday, 6 February 2006; (ii) must be registered as the holders of the Shares allotted pursuant to the exercise of the subscription rights thereof on or before the Record Date; and (iii) must not be an Excluded Shareholders.

In order to be registered as a member of the Company on the Record Date, the Shareholders must lodge any transfers of Shares (with the relevant Share certificate(s)) with the Company's branch share registrar in Hong Kong by 4:00 p.m. on Tuesday, 14 February 2006. The last day of dealings in Shares on a cum-rights basis is therefore expected to be Friday, 10 February 2006. The Shares will be dealt with on an ex-rights basis from Monday, 13 February 2006.

The Company's branch share registrar in Hong Kong is Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

It is intended that the Company's register of members will be closed from Wednesday, 15 February 2006 to Monday, 20 February 2006, both dates inclusive, for the purpose of, among other things, establishing entitlements to the Rights Issue. No transfer of Shares will be registered during this period.

### **Excluded Shareholders**

The Company will only send the Prospectus to the Excluded Shareholders for their information. The Excluded Shareholders will be entitled to attend and vote at the SGM.

The Rights Issue Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong and Bermuda.

The Company is in the process of considering the rights of the Overseas Shareholders and the relevant arrangements in respect of the Rights Issue for them, including whether it is feasible to extend the Rights Issues to such Shareholders. Further information in this connection will be set out in the Company's circular containing, among other things, details of the Rights Issue, to be despatched to the Shareholders as soon as practicable.

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Excluded Shareholders to be sold in the open market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, of more than HK\$100 will be paid pro rata to the relevant Excluded Shareholders in Hong Kong dollars. The Company will retain individual amounts of HK\$100 or less for its own benefit.

## **Share Option Schemes**

As at the date of this announcement, there are 15,681,000 outstanding share options granted pursuant to the Share Option Schemes. Pursuant to the terms of the Share Option Schemes, adjustments to the outstanding share options may be made upon the Rights Issue becoming unconditional. The Company will announce further details on such adjustment (if any) in its announcement on the results of acceptance of the Rights Shares.

## **Application for listing of the Right Shares on the Stock Exchange**

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms.

**Nil-paid Rights Shares are expected to be traded in board lots of 10,000 (same as the board lot size of the Shares as traded on the Stock Exchange after the change in the board lot size of the Shares from 2,000 Shares to 10,000 Shares with effect from 17 January 2006). Dealings in nil-paid and fully-paid Rights Shares will be subject to the payment of stamp duty in Hong Kong.**

## **Conditions of the Rights Issue**

Pursuant to Rule 7.19(6) of the Listing Rules, since the Rights Issue would increase the issued share capital of the Company by more than 50%, the Rights Issue is conditional on, among other things, the approval by the Independent Shareholders by a resolution at the SGM on which the Underwriter and the Directors and their respective associates shall abstain from voting.

The Rights Issue is conditional upon the following conditions being fulfilled:

- (1) the Company despatching the circular to the Shareholders containing, among other matters, details of the Rights Issue and Whitewash Waiver together with proxy form and notice of SGM;
- (2) the passing by the Shareholders (other than the Underwriters, the executive Directors and their respective associates) at the SGM by way of poll of an ordinary resolution to approve the Rights Issue (including, but not limited to, the exclusion of the offer of the Rights Issue to the Excluded Shareholders);
- (3) the passing by the Independent Shareholders at the SGM by way of poll of an ordinary resolution to approve the Whitewash Waiver;
- (4) the Executive granting the Whitewash Waiver to the Underwriter and parties acting in concert with it (as defined in the Takeovers Code) and the satisfaction of any condition attached to the Whitewash Waiver granted;
- (5) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in all the Rights Shares (in their nil-paid and fully-paid forms);
- (6) the filing and registration of all documents relating to the Rights Issue, which are required to be filed or registered with the Registrar of Companies in Hong Kong in accordance with the Companies Ordinance;
- (7) the Bermuda Monetary Authority granting consent to (if required) the issue of the Rights Shares;
- (8) the posting of the Rights Issue Documents to Qualifying Shareholders; and
- (9) compliance with and performance of all the undertakings and obligations of the Company under the terms of the Underwriting Agreement.

If any of the conditions of the Rights Issue are not fulfilled or waived on or before Thursday, 9 March 2006 (or such later time and/or date as the Company and the Underwriter may determine), the Underwriting Agreement shall terminate (save in respect of any rights and obligations which may accrue under the Underwriting Agreement prior to such termination) and neither the Company nor the Underwriter shall have any claim against the other party for costs, damages, compensation or otherwise and the Rights Issue will not proceed.

Neither the Company nor the Underwriter may waive any of the conditions (1) to (8) above.

## Reasons for the Rights Issue and the use of proceeds

The Group is principally engaged in the provision of software development and systems integration services.

As announced in the Company's announcement dated 6 December 2005, the Company planned to expand its business to the financial sector in the PRC by acquiring the remaining stake of the ATM Companies, which it currently has a 30% interests and are principally engaged in the provision to the financial institutions of maintenance and technical support services for the automatic teller machines and the development of value-added services for the automatic teller machines (such as utility payment and sale of air and train tickets by automatic teller machines). Following such acquisition, additional working capital is required for the Group to further develop such business segment. Completion of the Sale and Purchase Agreement may or may not take place. In the event that the completion of the Sale and Purchase Agreement did not take place, the proceeds from the Rights Issue would be applied as the general working capital of the Group.

In this connection, to improve the shareholders' equity position of the Group and provide working capital for the Group's operation, the Company proposes to raise approximately HK\$52.86 million before expenses by issuing the Rights Shares. Upon the full subscription of the Rights Shares, the Company will receive approximately not less than HK\$51 million by way of subscription proceeds net of underwriting commission, professional and other expenses incurred in connection with the Rights Issue. The Directors intend to use the net proceeds of the Rights Issue of approximately HK\$51 million as general working capital of the Group to support working capital needs for the daily operation of the Group following the acquisition of the ATM Companies.

The Directors consider that it is in the best interest of the Company and the Shareholders to raise further capital as general working capital which will be used by the Company to support the Group's business and operation, and the Rights Issue will allow all Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company.

The Company did not carry out any rights issue, open offer or other issue of equity securities for fund raising purpose or otherwise within the past 12 months prior to the date of this announcement.

## UNDERWRITING ARRANGEMENTS

### Underwriting Agreement

Date	:	9 January 2006
Underwriter	:	the Underwriter, a company wholly and beneficially owned by Mr. Sze Wai, Marco, an executive Director
Number of Shares Underwritten	:	396,209,047 Rights Shares ( <i>Note</i> )
Commission	:	1.5% of the total Subscription Price of the Rights Shares underwritten by the Underwriter. The commission to be received by the Underwriter will be approximately HK\$0.59 million. The commission payable to the Underwriter was determined after arm's length negotiations between the Company and the Underwriters. The Directors (including the independent non-executive Directors) consider that such amount is on normal commercial terms and is comparable with market rate.

*Note: This figure excludes 132,434,953 Rights Shares to be provisionally allotted to the Underwriter in respect of its beneficial shareholding, which it has undertaken to subscribe for in full (assuming that no Outstanding Options granted and Outstanding Warrants issued by the Company were exercised on or before the Record Date). In the event that all of the Outstanding Options and Outstanding Warrants are exercised on or before the Record Date, the number of Rights Shares underwritten by the Underwriter will be 501,890,047.*

The entering into of the Underwriting Agreement by the Company with the Underwriter constitutes a connected transaction of the Company under the Listing Rules but is exempted from the reporting, announcement and independent shareholders' requirements pursuant to Rule 14A.31(3)(c) of the Listing Rules.



**Under the terms of the Underwriting Agreement, the Company and the Underwriter agreed that if the conditions of the Rights Issue are fulfilled on or before the Latest Acceptance Time (or such later time and/or date as the Company and the Underwriter may determine) and the Underwriting Agreement becomes unconditional and is not terminated in accordance with the terms thereof, the Underwriter shall subscribe for those Rights Shares which have not been taken up by other Qualifying Shareholders on or before the Latest Acceptance Date by 4:00 p.m. on the second Business Day after the Latest Acceptance Date and to pay the relevant Subscription Monies not later than 4:00 p.m. on the fourth Business Day after the Latest Acceptance Time.**

#### **Termination of the Underwriting Agreement**

The Underwriting Agreement contains provisions granting the Underwriter, by notice in writing, the ability to terminate its obligations thereunder on the occurrence of certain events. The Underwriter may terminate its commitment under the Underwriting Agreement on or before 4:00 p.m. on the second Business Day after the Latest Acceptance Date if:

- (a) in the reasonable opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:
  - (i) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Rights Issue; or
  - (ii) the occurrence of any local, national or international event or change, whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement, of a political, military, financial, economic or other nature, or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
  - (iii) any material adverse change in the business or in the financial or trading position or prospects of the Group as a whole; or
  - (iv) there occurs or comes into effect the imposition of any moratorium, suspension or material restriction on trading in the Shares generally on the Stock Exchange due to exceptional financial circumstances or otherwise; or
- (b) any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, and a change in currency conditions for the purpose of this paragraph includes a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the United States of America) occurs which in the reasonable opinion of the Underwriter makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (c) the circular or the prospectus in connection with the Rights Issue when published contains information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the Listing Rules or any applicable regulations) which has not prior to the date of the Underwriting Agreement been publicly announced or published by the Company and which may in the reasonable opinion of the Underwriter is material to the Group as a whole and is likely to affect materially and adversely the success of the Rights Issue.

If the Underwriting Agreement is terminated by the Underwriter on or before the aforesaid deadline or does not become unconditional, the Underwriting Agreement shall terminate (save in respect of any rights and obligations which may accrue under the Underwriting Agreement prior to such termination) and neither the Company nor the Underwriter shall have any claim against the other party for costs (other than out-of-pocket expenses incurred), damages, compensation or otherwise and the Rights Issue will not proceed.

**WARNING OF THE RISK OF DEALING IN THE SHARES AND NIL-PAID RIGHTS SHARES**  
The Shares will be dealt in on an ex-rights basis from Monday, 13 February 2006. Dealings in the Rights Shares in the nil-paid form will take place from Thursday, 23 February 2006 to Thursday, 2 March 2006 (both days inclusive). If the conditions of the Rights Issue are not fulfilled and/or waived on or before Thursday, 9 March 2006 (or such later time and/or date as the Company and the Underwriter may determine), or the Underwriting Agreement is terminated by the Underwriter, the Rights Issue will not proceed and the Rights Issue will lapse.

Any persons contemplating buying or selling Shares from the date of this announcement up to the date on which all the conditions of the Rights Issue are fulfilled, and any dealings in the Rights Shares in their nil-paid form between Thursday, 23 February 2006 to Thursday, 2 March 2006 (both dates inclusive), bear the risk that the Rights Issue may not become unconditional or may not proceed.

Any Shareholders or other persons contemplating dealing in the Shares or nil-paid Rights Shares are recommended to consult their own professional advisers.

### CHANGES IN SHAREHOLDING STRUCTURE

Set out below are tables showing the changes in shareholding structure of the Company arising from the Rights Issue:

	Existing shareholding structure as at the date of this announcement		Immediately after the Rights Issue and if all Shareholders take up their respective provisional allotments of the Rights Shares in full		Immediately after the Rights Issue and if the Underwriter is required to take up all Rights Shares pursuant to the Underwriting Agreement		Immediately after the Rights Issue and if the Underwriter is required to take up all Rights Shares pursuant to the Underwriting Agreement (assuming all of the Outstanding Options and Outstanding Warrants are exercised on or before the Record Date)	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
the Underwriter, its associates and parties acting in concert with it	132,434,953	25.05	264,869,906	25.05	661,078,953	62.53	766,759,953	60.44
<b>Director</b>								
Gu Peijian	540,000	0.10	1,080,000	0.10	540,000	0.05	540,000	0.04
Song Jing Sheng	18,900,000	3.58	37,800,000	3.58	18,900,000	1.79	18,900,000	4.49
<b>Other public Shareholders</b>	376,769,047	71.27	753,538,094	71.27	376,769,047	35.63	376,769,047	26.70
<b>Holders of the Outstanding Options and Outstanding Warrants</b>	-	-	-	-	-	-	105,681,000 (Note)	8.33
<b>Total</b>	<u>528,644,000</u>	<u>100.00</u>	<u>1,057,288,000</u>	<u>100.00</u>	<u>1,057,288,000</u>	<u>100.00</u>	<u>1,268,650,000</u>	<u>100.00</u>

Note: Among these 105,681,000 Shares, (i) Mr. Chu Chi Shing, an executive Director, is interested in 2,500,000 Shares (representing the Shares fall to be allotted and issued to him pursuant to the exercise of his Outstanding Options) and (ii) Mr. Song Jing Sheng, an executive Director, is interested in 6,000,000 Shares (representing the Shares fall to be allotted and issued to him pursuant to the exercise of his Outstanding Warrants).

## EXPECTED TIMETABLE

The expected timetable for the Rights Issue set out below is indicative only and it has been prepared on the assumption that the Rights Issue will be approved by the Independent Shareholders at the SGM. The expected timetable is subject to change, and any changes will be announced in a separate announcement by the Company as and when appropriate.

2006

Effective time for the change in board lot size and first date for the designated broker to provide matching services for the odd lot Shares	9:30 a.m., Tuesday, 17 January
Despatch of Company's circular with notice of SGM	Friday, 3 February
Last day of dealings in Shares on a cum-rights basis	Friday, 10 February
First day of dealings in Shares on an ex-rights basis	Monday, 13 February
Latest time for lodging transfer of Shares in order to qualify for the Rights Issue	4:00 p.m., Tuesday, 14 February
Register of members of the Company closed (both days inclusive)	Wednesday, 15 February to Monday, 20 February
Last day for the designated broker to provide matching services for the odd lot Shares	4:00 p.m., Friday, 17 February
Date of SGM	Monday, 20 February
Record Date	Monday, 20 February
Despatch of Rights Issue Documents	Tuesday, 21 February
Announcement of results of SGM	Tuesday, 21 February
Register of members re-opens	Tuesday, 21 February
First day of dealings in nil-paid Rights Shares	Thursday, 23 February
Latest time for splitting of nil-paid Rights Shares	4:00 p.m., Monday, 27 February
Last day of dealings in nil-paid Rights Shares	Thursday, 2 March
Latest time for payment and acceptance of Rights Issue	4:00 p.m., Tuesday, 7 March
Latest time for the Rights Shares to become unconditional	4:00 p.m., Thursday, 9 March
Announcement of results of acceptance of and excess applications for the Rights Issue appears on newspapers	Friday, 10 March
Despatch of refund cheques in respect of unsuccessful or partially unsuccessful excess applications for excess Rights Shares on or before	Monday, 13 March
Despatch of certificates for fully-paid Rights Shares on or before	Monday, 13 March
Commencement of dealings in fully-paid Rights Shares	Wednesday, 15 March

## WHITEWASH WAIVER

The Underwriter is beneficially interested in 132,434,953 Shares, representing 25.05% of the issued share capital of the Company as at the date of this announcement. The Underwriter has undertaken to subscribe for and take up all the Rights Shares pursuant to the terms of the Underwriting Agreement. Therefore, in the event that no Qualifying Shareholder (other than the Underwriters) take up any Rights Shares under the Rights Issue, the Underwriter, as the underwriter of the Rights Issue, will be required to subscribe for and take up all the Rights Shares that are not subscribed for under the Right Issues, which will result in the Underwriter holding 661,078,953 Shares, representing more than approximately 62.53% of the enlarged issued share capital of the Company upon completion of the Rights Issue. Accordingly, the underwriting by the Underwriter may trigger an obligation for the Underwriter and parties acting in concert with it to make a mandatory general offer under Rule 26 of the Takeovers Code for all the Shares and securities issued by the Company not already held by it and parties acting in concert with it.

As at the date of this announcement, other than the 25.05% of the issued share capital of the Company beneficially owned by the Underwriter and parties acting in concert with it and the Underwriting Agreement entered into by the Underwriter, the Underwriter and parties acting in concert with it do not hold any other shares, convertible securities, warrants or options of the Company, or any outstanding derivative in respect of securities in the Company. The Underwriter and parties acting in concert with it have not acquired any voting rights of the Company and have not dealt in any securities of the Company in the six months prior to the date of this announcement.

An application will be made by the Underwriter to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, the approval of the Independent Shareholders at the SGM by way of poll, which the Underwriter and parties acting in concert with it will abstain from voting on the relevant resolution. It is a condition precedent to the completion of the Rights Issue that the Whitewash Waiver is granted by the Executive. If the Whitewash Waiver is not granted by the Executive or if the condition imposed thereon is not fulfilled, the Rights Issue will not proceed.

#### **SUSPENSION AND RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 10 January 2006 pending the release of this announcement. The Company has applied to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 12 January 2006.

#### **GENERAL**

The Company has established an independent board committee (which comprises the three independent non-executive Directors) to advise the Independent Shareholders as to whether the terms of the Rights Issue and the Whitewash Waiver are fair and reasonable and whether the Rights Issue and the Whitewash Waiver are in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote, taking into account the recommendations of the independent financial adviser. In this connection, the Company has appointed Tai Fook Capital Limited as the independent financial adviser to advise the independent board committee and the Independent Shareholders as to whether the terms of the Rights Issue and the Whitewash Waiver are fair and reasonable and whether the Rights Issue and the Whitewash Waiver are in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote. The independent board committee has approved the appointment of Tai Fook Capital Limited as the independent financial adviser. A circular containing, among other things, details of the Rights Issue, the increase in authorised share capital and the Whitewash Waiver, the recommendation of the independent board committee and the letter from Tai Fook Capital Limited to the independent board committee and Independent Shareholders together with a notice convening the SGM will be despatched to the Shareholders as soon as practicable.

The Rights Issue Documents setting out details of the Rights Issue will be despatched to the Qualifying Shareholders as soon as practicable, subject to the conditions being satisfied.

#### **MAINTENANCE OF PUBLIC FLOAT**

It is expected that immediately following the completion of the Rights Issues, there will be more than 25% of the Shares held by the public. However, the Stock Exchange has stated that if, at the date of completion of the Rights Issues, less than 25% of the Shares are held by the public or if the Stock Exchange believes that:

- a false market exists or may exist in the trading in the Shares; or
- there are too few Shares in public hands to maintain an orderly market,

then it will consider exercising its discretion to suspend trading in the Shares until a sufficient public float is attained.

## DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“associate”	has the meaning ascribed to it under Chapter 1 of the Listing Rules
“ATM Companies”	龍騰科技有限公司 (Loten Technology Co., Ltd.) and 北京太陽先鋒科技有限公司 (Beijing Sun Leader Technology Co., Ltd.)
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday) on which banks generally are open for business in Hong Kong
“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
“Director(s)”	the director(s) of the Company
“SGM”	the special general meeting of the Company to be convened for the purposes of considering, among other things, the proposed Rights Issue and Whitewash Waiver
“Excluded Shareholders”	the Overseas Shareholders whom the Board, based on legal opinions provided by legal advisers if the Board considers it necessary, consider it necessary or expedient not to offer the Rights Shares to such Shareholders on account either of legal restrictions under the laws of relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any of his delegates
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Independent Shareholders”	shareholders of the Company, other than the Underwriter and parties acting in concert with it and its associates
“Latest Acceptance Time”	being 4:00 p.m. on Tuesday, 7 March 2006 or such later time as may be agreed between the Company and the Underwriter, being the latest time for acceptance of the offer of Rights Shares
“Last Trading Date”	9 January 2006, being the last trading day of the Shares prior to the release of this announcement
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Outstanding Options”	the options granted by the Company to subscribe for an aggregate of 15,681,000 Shares pursuant to the Share Option Schemes, which are outstanding as at the date of this announcement
“Outstanding Warrants”	the unlisted warrants issued by the Company entitle the holders thereof to subscribe in cash for an aggregate of 90,000,000 Shares
“Overseas Shareholder(s)”	the Shareholders with registered addresses (as shown in the register of members of the Company on the Record Date) which are outside Hong Kong

“PRC”	the People’s Republic of China
“Prospectus”	the prospectus to be issued by the Company in relation to the Rights Issue
“Qualifying Shareholder(s)”	the Shareholder(s), other than the Excluded Shareholders, whose name(s) appear(s) on the register of members of the Company on the Record Date
“Record Date”	Monday, 20 February 2006
“Rights Issue”	the proposed issue of Rights Shares on the basis of one Rights Share for every one existing Share to Qualifying Shareholders by way of rights or to holders of nil-paid Rights Shares at the Subscription Price, pursuant to the terms and conditions of the rights issue
“Rights Issue Documents”	the Prospectus, the provisional allotment letter and the form of application for excess Rights Shares
“Rights Share(s)”	528,644,000 new Share(s) to be issued by the Company pursuant to the Rights Issue, on the assumption that no Outstanding Options and Outstanding Warrants are exercised on or before the Record Date
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 6 December 2005 pursuant to which the Company has agreed to acquire 70% interests in the ATM Companies, the details of which are set out in the Company’s announcement dated 6 December 2005
“Share(s)”	the ordinary shares which have a par value of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Share Option Schemes”	the share option schemes adopted by the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	subscription price of HK\$0.10 per Rights Share
“Subscription Monies”	the subscription monies payable by the Underwriter to the Company in respect of the Rights Shares underwritten by the Underwriter
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Underwriter”	Leading Value Industrial Limited, a company incorporated in the British Virgin Islands with limited liability and wholly and beneficially owned by Mr. Sze Wai, Marco, an executive Director
“Underwriting Agreement”	the underwriting agreement entered into between the Company and the Underwriter in relation to the Rights Issue
“Whitewash Waiver”	a waiver from the obligation of the Underwriter and parties acting in concert with it to make a mandatory offer under Rule 26 of the Takeovers Code as a result of the performance of its underwriting obligation of the Rights Shares pursuant to the Underwriting Agreement
“%”	per cent.

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

Executive Directors	Sze Wai, Marco, Chu Chi Shing, Song Jing Sheng and 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, 11 January 2006

*The sole director of the Underwriter accept full responsibility for the accuracy of the information contained in this announcement (other than those in relation to the Group) and confirm, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement (other than those in relation to the Group) the omission of which would make any statement in this announcement misleading.*

*The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that in relation to the Underwriter) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement (other than those in relation to the Underwriter) the omission of which would make any statements in this announcement misleading.*

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