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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)

PRIVATE PLACING OF UNLISTED WARRANTS

AND

UNUSUAL PRICE MOVEMENT

Placing Agent

Shenyin Wanguo Securities (H.K.) Limited

PLACING AGREEMENT

The Placing Agreement was entered into on 28 June 2006, pursuant to which the Company has appointed the Placing Agent as its agent to place, on a best effort basis, Warrants conferring the right to subscribe up to HK\$33,000,000 in aggregate for Shares at an issue price of HK\$0.01 per Warrant.

Each Warrant will carry the right to subscribe for one Share at an initial subscription price of HK\$0.33 per Share, subject to adjustment. The subscription right will be exercisable for three years from the date of creation and issue of the Warrants. The new Shares to be allotted and issued represent about 9.46% of the existing issued capital of the Company and about 8.64% of the existing issued capital as enlarged by the allotment and issue of such Shares.

No application will be made for the listing of the Warrants. Application will be made to the Stock Exchange for the listing or, and permission to deal in, the Shares to be allotted and issued upon the exercise of the subscription rights attaching to the Warrants.

UNUSUAL PRICE MOVEMENT

The Board noted the increase in trading price of the Shares on 28 June 2006 and wish to state that the Board is not aware of any reasons for such increase save for the proposed placing of the Warrants pursuant to the Placing Agreement and an initial negotiation with a potential investor for fund raising exercise involving new issue of securities of the Company with no detailed terms agreed.

* *For identification purposes only*

Save for the above, the Board confirms that there are no negotiations or agreements relating to intended acquisitions or realisations which are discloseable under Rule 13.23, neither is the Board aware of any matter discloseable under the general obligation imposed by Rule 13.09, which is or may be a price-sensitive nature.

GENERAL

At the request of the Company, trading in the Shares on the Main Board of the Stock Exchange was suspended with effect from 9:30 a.m. on 29 June 2006 pending the release of this announcement.

Application for the resumption of trading in the Shares on the Main Board of the Stock Exchange with effect from 9:30 a.m. on 30 June 2006 has been made by the Company.

PLACING AGREEMENT DATED 28 JUNE 2006

1. Placing agent and basis of placing

Shenyin Wanguo Securities (H.K.) Limited has been appointed to act, on a best effort basis, as placing agent for the Company for the Issue.

2. The Warrants

Number of Warrants: 100,000,000 Warrants conferring the right to subscribe up to HK\$33,000,000 in aggregate for Shares (i.e. up to 100,000,000 Shares)

Status: The Warrants will be constituted by way of deed poll to be executed by the Company. The Warrants will rank pari passu in all respects with each other

Form: The Warrants will be issued in registered form. Definitive certificates will be issued to the holders of the Warrants

Issue price: HK\$0.01 for each Warrant

Subscription price and right: Each Warrant will carry the right to subscribe for one Share at an initial subscription price of HK\$0.33 per Share, subject to adjustment upon occurrence of certain events, including alterations in the capital structure of the Company and issue of securities at a discount to the then prevailing market price of the Shares

Subscription period: The subscription rights attaching to the Warrants may be exercised at any time from the date of issue of the Warrants until 4:00 p.m. (Hong Kong time) on the day falling on the day immediately preceding the third anniversary of the date of issue (or, if such third anniversary is not a business day, the first business day after such day)

Rights of Shares on exercise of: The Shares that fall to be issued upon the exercise of the subscription rights attaching to the Warrants will rank pari passu in all respects with the Shares in issue on the exercise date except that they will not be entitled to any rights or entitlement to dividends or other rights or distributions the record date for which precedes the exercise date

Transferability: The Warrants can be freely transferred except to whom the proposed new holder is a party who is a connected person (within the meaning under the Listing Rules) of the Company and its subsidiaries

3. Basis of pricing of the Warrants

The initial subscription price of HK\$0.33 per Share represents (i) a premium of about 26.92% over the closing price of HK\$0.26 per Share as quoted on the Stock Exchange on 28 June 2006, being the date of the Placing Agreement, and (ii) a premium of about 43.48% over the average closing price of approximately HK\$0.23 per Share as quoted on the Stock Exchange for the last five trading days up to and including 28 June 2006.

The aggregate of the issue price of HK\$0.01 per Warrant and the initial subscription price of HK\$0.33 per Warrant is HK\$0.34. This represents (i) a premium of about 30.77% over the closing price of HK\$0.26 per Share as quoted on the Stock Exchange on 28 June 2006, being the date of the Placing Agreement, and (ii) a premium of about 47.83% over the average closing price of approximately HK\$0.23 per Share as quoted on the Stock Exchange for the last five trading days up to and including 28 June 2006.

4. Use of proceeds

The Group is principally engaged in (i) the provision of software development and systems integration services covering mainly healthcare security, social security, hospital information management systems and public security sectors and (ii) the sale of integrated circuits and computer software in the PRC. In May 2005, the Group acquired a 30% stake in a company which is principally engaged in the provision to the financial institutions of maintenance and technical support services for the automatic teller machines (“ATM”) and the development of value-added services for the ATM (such as utility payment and sale of air and train tickets by ATM). In December 2005, the Group entered into a sale and purchase agreement to acquire the remaining 70% stake in such company (“ATM SP Agreement”), the completion of which is expected to take place in July 2006. After the completion of such acquisition, the Group intends to devote its resources to develop and expand its ATM related businesses.

Assuming that 100,000,000 Warrants have been issued by the Company, the net proceeds derived from the issue of the Warrants, which are estimated to about HK\$0.9 million, are intended to be used by the Company as general working capital for the development of the ATM related business.

The Company will receive additional HK\$33 million upon exercise in full of the subscription rights to be attached to the Warrants (assuming that 100,000,000 Warrants have been issued by the Company). The Company intends to use such proceeds as general working capital of the Group to support the working capital needs of the Group, in particular, the ATM related business.

The net price to the Company of each Warrant, which is calculated by dividing the aggregate net proceeds from the Issue by the total number of Warrants, is approximately HK\$0.009.

5. Reasons for the Issue

The Directors consider that the Issue is an appropriate means of raising additional capital for the Company because it will not have an immediate dilutive effect on the shareholding of the existing shareholders of the Company. In addition, apart from the net proceeds that will be raised immediately upon the issue of the Warrants, the Company will be provided with additional capital upon the exercise of the subscription rights attaching to the Warrants.

6. Independence of placees and the Placing Agent

The Placing Agent will place the Warrants with not less than six independent third parties who are third parties independent of the Company and connected persons (within the meaning under the Listing Rules) of the Company and its subsidiaries or any of their respective associates.

Each of the Placing Agent and its ultimate beneficial owners is an independent third party who is a third party independent of the Company and connected persons (within the meaning under the Listing Rules) of the Company and its subsidiaries or any of their respective associates.

7. Mandate to allot and issue the Shares

The Warrants and the new Shares to be issued upon the exercise of the Warrants are being issued by the Company under the general mandate granted to the Directors at the annual general meeting of the Company held on 31 May 2005. The Directors were authorised to allot and issue up to 105,728,800 Shares pursuant to such mandate and such mandate has not been utilised up to the date of this announcement.

Upon the exercise of the subscription rights attaching to the Warrants in full, 100,000,000 Shares will be issued, which represent about 9.46% of the existing issued capital of the Company and about 8.64% of the existing issued capital as enlarged by the allotment and issue of such Shares.

8. Application for listing

No application will be made for the listing of the Warrants. Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Shares to be allotted and issued upon the exercise of the subscription rights attaching to the Warrants.

9. Conditions of the Issue

Completion of the Issue is conditional upon:

- (i) (if required) the Bermuda Monetary Authority granting its consent to the issue of the Warrants and the Shares falling to be issued upon the exercise of the subscription rights attaching to the Warrants; and
- (ii) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, any Shares falling to be issued upon the exercise of the subscription rights attaching to the Warrants either unconditionally or subject to conditions to which the Placing Agent accepts.

If either of the above conditions is not fulfilled by 5:00 p.m. on 14 July 2006 (Hong Kong time) (or such later time or date as the Company and the Placing Agent may agree), the Placing Agreement will terminate and the Issue will not proceed.

The Warrants will be created and issued to the placees on the fourth business day after the day on which the Placing Agent is notified by the Company about the fulfilment of the above conditions.

10. Changes to the shareholding as a result of the Issue:

The existing shareholding structure of the Company and the shareholding structure of the Company immediately after the exercise in full of the subscription rights attaching to the Warrants (assuming 100,000,000 Warrants have been placed) are as follows:

	Existing shareholding		Immediately after exercise in full of the subscription rights to be attached to the Warrants	
	No. of Shares	%	No. of Shares	%
Leading Value Industrial Limited (Note 1)	264,869,906	25.05	264,869,906	22.89
Other Directors (Note 2)	38,340,000	3.63	38,340,000	3.31
Other public shareholders	754,078,094	71.32	754,078,094	65.16
Places	–	–	100,000,000	8.64
Total	<u>1,057,288,000</u>	<u>100.00</u>	<u>1,157,288,000</u>	<u>100.00</u>

Notes:

1. Leading Value Industrial Limited is a company incorporated in the British Virgin Islands and is wholly owned by Sze Wai, Marco, an executive Director.
2. These Directors are Song Jing Sheng and Gu Peijian, both being executive Directors.
3. The above table does not take into account:
 - (i) the effect on the shareholding structure upon the exercise of the outstanding options granted under the shares option scheme of the Company;
 - (ii) the Existing Warrants as mentioned below; and
 - (iii) the 100,000,000 Shares which will be allotted and issued to the Vendor under the ATM SP Agreement upon its completion.

As at the date of this announcement, the Company has 90,000,000 outstanding unlisted warrants (“Existing Warrants”) entitling the holders thereof to subscribe for, in aggregate, 90,000,000 Shares at an initial subscription price of HK\$0.35 per Share. Pursuant to the instrument governing the Existing Warrants, the Issue is not regarded as an event giving rise to an adjustment to the subscription price of the Existing Warrants. Save as aforesaid, there are no outstanding options, warrants and convertible securities (except the options granted under the share option scheme of the Company adopted 23 May 2002) issued by the Company.

11. Fund raising activities of the Company in the 12 months immediately preceding the date of this announcement

In March 2006, the Company completed a rights issue in the proportion of one rights Share for every Share held. The Company received approximately HK\$51 million net of expenses from the rights issue. It was disclosed in the Company’s circular dated 17 February 2006 that the Company intended to use the proceeds as general working capital of the Group to support the working capital needs of the Group, in particular, the companies engaging in the ATM related business. Up to the date of this announcement, HK\$35 million of such net proceeds has been utilised for the deployment of the ATM in the PRC. The remaining HK\$16 million is intended to be as the general working capital of the Group.

UNUSUAL PRICE MOVEMENT

This statement is made at the request of the Stock Exchange.

The Board noted the increase in trading price of the Shares on 28 June 2006 and wish to state that the Board is not aware of any reasons for such increase save for the proposed placing of the Warrants pursuant to the Placing Agreement and an initial negotiation with a potential investor for fund raising exercise involving new issue of securities of the Company with no detailed terms agreed.

Save for the above, the Board confirms that there are no negotiations or agreements relating to intended acquisitions or realisations which are discloseable under Rule 13.23, neither is the Board aware of any matter discloseable under the general obligation imposed by Rule 13.09, which is or may be a price-sensitive nature.

Made by the order of the Board of the Company the directors of which individually and jointly accept responsibility for the accuracy of this statement.

SUSPENSION AND RESUMPTION

At the request of the Company, trading in the Shares on the Main Board of the Stock Exchange was suspended with effect from 9:30 a.m. on 29 June 2006 pending the release of this announcement.

Application for the resumption of trading in the Shares on the Main Board of the Stock Exchange with effect from 9:30 a.m. on 30 June 2006 has been made by the Company.

DEFINITIONS

The following defined terms are used in this announcement:

“associates”	having the meaning ascribed thereto 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
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Issue”	the offer by way of a private placing of the Warrants in registered form to selected independent institutional and professional investors on the terms and subject to the conditions set out in the Placing Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placing Agent”	Shenyin Wanguo Securities (H.K.) Limited, a deemed licensed corporation to carry out type 1 of the regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the placing agreement for the placing of the Warrants dated 28 June 2006 between the Company and the Placing Agent
“PRC”	the People’s Republic of China
“Share(s)”	ordinary share(s) of HK\$0.10 in the capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Warrant(s)” unlisted warrants to be issued by the Company at an issue price of HK\$0.01 each entitles the holder thereof to subscribe in cash for one Share at an initial subscription price of HK\$0.33, subject to adjustments, at any time for a period of three years commencing from the date of creation and issue of the Warrants

“HK\$” Hong Kong dollars, the lawful currency of Hong Kong

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
FinTronics Holdings Company Limited
Sze Wai, Marco
Chairman

Hong Kong, 29 June 2006

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