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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)

- (1) CONNECTED TRANSACTION INVOLVING  
A SETTLEMENT AGREEMENT;**
- (2) INCREASE IN SHAREHOLDING BY  
LEADING VALUE INDUSTRIAL LIMITED;**
- (3) RESIGNATION OF AN EXECUTIVE DIRECTOR; AND**
- (4) RESUMPTION OF TRADING**

#### **CONNECTED TRANSACTION – SETTLEMENT AGREEMENT**

On 9 May 2008, the Company, CAL, Customers and KG entered into the Settlement Agreement to settle any and all claims or rights which the Company has or may have against CAL, KG or RB or any of them in respect of the matters described in the paragraph headed “Background of the Settlement Agreement” below.

The entering into of the Settlement Agreement constituted a connected transaction for the Company and is subject to reporting and announcement requirements under the Listing Rules.

#### **INCREASE IN SHAREHOLDING BY LEADING VALUE INDUSTRIAL LIMITED**

The Board was informed by LV that completion of the Sale and Purchase Agreement took place on 9 May 2008 and immediately after such completion, LV held (a) 474,869,906 Shares, representing approximately 25.79% of the entire issued share capital of the Company; and (b) the vehicle that owns the Convertible Note.

#### **RESIGNATION OF AN EXECUTIVE DIRECTOR**

KG resigned as an executive Director with effect from 9 May 2008, being the date of completion of the Sale and Purchase Agreement.

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Main Board of the Stock Exchange was suspended with effect from 2:30 p.m. on 9 May 2008 pending the release of this announcement. Application has been made by the Company for the resumption of trading in the Shares on the Main Board of the Stock Exchange with effect from 9:30 a.m. on 14 May 2008.

## **CONNECTED TRANSACTION – SETTLEMENT AGREEMENT**

Reference is made to the announcement of the Company dated 5 March 2008 where the Company announced that, among other matters, the Board has approved the Settlement Agreement. Mr Sze Wai, Marco and KG abstained from voting at the meeting of the Board on the relevant resolution approving the Settlement Agreement.

On 9 May 2008, the Company, CAL, Customers and KG entered into the Settlement Agreement, the background and a summary of the major terms of which are set out below:

### **Background of the Settlement Agreement**

Immediately before the execution of the Settlement Agreement, CAL held 210,000,000 Shares, representing approximately 11.41% of the entire issued share capital of the Company and was a substantial shareholder of the Company. CAL nominated two individuals, namely KG and RB, to the Board and they were appointed as executive Directors with effect from 18 December 2006.

The Company announced on 18 September 2007 that the Company had entered into an agreement to acquire 100% interest in Sino-US, a sino-foreign equity joint venture established in the PRC.

The Company further announced on 14 December 2007 that it would not proceed with the Sino-US Acquisition in view of the fact that the Company was not satisfied with the due diligence review on Sino-US.

It was subsequently revealed in the announcement of Customers (the holding company of CAL) dated 21 December 2007 that CAL had entered into an agreement to acquire Sino-US. The Company then requested RB and KG, being directors or otherwise connected with CAL, to resign their directorship with the Company on the ground that Sino-US was a competitor of the Company's automatic teller machine business in the PRC.

RB resigned as a Director on 16 January 2008.

It was a term of the Sale and Purchase Agreement that the completion of it is conditional upon, among other matters, the Company, CAL, Customers and KG entering into the Settlement Agreement at completion of the Sale and Purchase Agreement to settle any and all claims or rights which the Company has or may have against CAL, KG or RB or any of them in respect of the matters described above in accordance with the terms of the Settlement Agreement.

CAL, Customers, KG and RB do not admit that they have committed any breaches of duties against the Company.

### **Major terms of the Settlement Agreement**

1. KG to apologise to the Board for any misunderstandings that the Company may have in connection with the matters outlined above.
2. CAL to pay or procure the payment of HK\$1,687,500 (the “**Settlement Sum**”) against the execution and delivery by the Company of the Settlement Agreement in full and final settlement of all claims and/or rights (of whatsoever nature, at law or in equity, and howsoever arising), which the Company now has, or may (but for the Settlement Agreement) at any time in the future have had, against CAL (and its officers and directors), KG or RB or any of them in respect of any matter, transaction, arrangement or dealing (of whatsoever description) relating to or concerning the acquisition or proposed acquisition of Sino-US by CAL.
3. The Company to confirm and undertake that it will not at any time thereafter assert, bring or initiate any claim or proceedings (legal or otherwise, in Hong Kong or elsewhere) or take any other actions or steps against CAL (its officers and directors), RB and KG or any of them whether in relation to the acquisition or proposed acquisition of Sino-US by CAL or otherwise whatsoever upon receipt of the Settlement Sum.
4. The Company to notify the Australian Securities Exchange Limited, the Hong Kong Stock Exchange and any other person that the Company withdraws entirely and without condition its complaints against CAL, Customers and their respective officers and directors made to in connection with the acquisition or proposed acquisition by of Sino-US by CAL and agrees, confirms and undertakes that it will not at any time thereafter assert, bring or initiate any such complaint to any person.
5. Each of Customers and the Company to undertake to the other that it will not at any time after the signing of the Settlement Agreement assert, bring or initiate any complaint (of whatsoever nature) to any of the Australian Securities Exchange Limited, the Stock Exchange and any other person.

The Settlement Sum represents about half share of the third party professional costs and expenses incurred by the Company in connection with the proposed Sino-US Acquisition.

### **Directors' view**

In the announcement dated 16 January 2008, the Company announced that the Board was investigating into possible misconduct against the Company in connection with the acquisition of Sino-US by CAL. The Company had been considering various means to protect the interests of the shareholders and to resolve the matter amicably whenever possible. Finally, the Company reached the agreement with CAL, Customers and KG to resolve the matter by agreeing to enter into the Settlement Agreement and pursuant to which, among other matters, CAL shall bear about half share of the third party professional costs and

expenses incurred by the Company in connection with the proposed Sino-US Acquisition and on 5 March 2008, the Company announced the terms of the Settlement Agreement which had been approved by the Board. The Directors considered that the sharing of the costs and expenses incurred by the Company in connection with the proposed Sino-US Acquisition in approximately equal share is fair and reasonable and on normal commercial term because the opportunity to acquire Sino-US was first considered by the Company and the Company had engaged professional parties to undertake due diligence on Sino-US before the Company decided not to proceed further with the Sino-US Acquisition. Since the Settlement Agreement can resolve the matter amicably and that about half of the third party professional costs and expenses incurred by the Company in connection with the proposed Sino-US Acquisition was borne by CAL, the Directors (including the independent non-executive Directors) consider that the terms of the Settlement Agreement are on normal commercial terms and fair and reasonable and are in the interests of the Company and the shareholders of the Company as a whole.

### **Listing Rules implications**

The entering into of the Settlement Agreement constituted a connected transaction for the Company and is subject to reporting and announcement requirements under the Listing Rules.

### **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; and (ii) the sale of integrated circuits and computer softwares.

CAL is a member of a group of companies based in Australia principally engaged in electronic payments businesses. Its ultimate holding company, Customers, is a company listed on the Australian Stock Exchange.

## **INCREASE IN SHAREHOLDING BY LV**

### **Sale and Purchase Agreement**

The Board was informed by LV that completion of the Sale and Purchase Agreement took place on 9 May 2008. Pursuant to the Sale and Purchase Agreement, CAL sold and LV purchased:

- (i) 210,000,000 Shares, representing approximately 11.41% of the entire issued share capital of the Company; and
- (ii) the entire issued share capital of a company which is the holder of the 8% 2010 due convertible note in the principal amount of HK\$62,400,000 created by the Company pursuant to an agreement dated 14 November 2006 (as supplemented by a supplemental deed dated 10 January 2007) and made between the Company and CAL (the “**Convertible Note**”).

## Changes in shareholding of the Company

The table below sets out the shareholding structure of the Company immediately before and after completion of the Sale and Purchase Agreement:

	<b>Immediately before completion of the Sale and Purchase Agreement</b>	<b>%</b>	<b>Immediately after completion of the Sale and Purchase Agreement</b>	<b>%</b>
<b>LV (note)</b>	264,869,906	14.38	474,869,906	25.79
<b>Directors</b>				
Song Jing Sheng	36,000,000	1.96	36,000,000	1.96
Chong Yiu Kan Sherman	1,250,000	0.07	1,250,000	0.07
<b>CAL</b>	210,000,000	11.41	–	–
<b>Public</b>	<u>1,329,165,016</u>	<u>72.18</u>	<u>1,329,165,016</u>	<u>72.18</u>
<b>Total:</b>	<u><u>1,841,284,922</u></u>	<u><u>100.00</u></u>	<u><u>1,841,284,922</u></u>	<u><u>100.00</u></u>

*Note:* LV is a company incorporated in the British Virgin Islands with limited liability and wholly owned by Mr Sze Wai, Marco, an executive Director.

## RESIGNATION OF AN EXECUTIVE DIRECTOR

It was one of the terms of the Sale and Purchase Agreement that KG would resign as Director. Accordingly, KG resigned as an executive Director with effect from 9 May 2008, being the date of completion of the Sale and Purchase Agreement.

KG has confirmed that he had no disagreement with the Board and there was no matter that needs to be brought to the attention of the shareholders of the Company in relation to his resignation. The Board has also confirmed that they were not aware of any matter that needs to be brought to the attention of the shareholders of the Company in relation to the KG's resignation.

## RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Main Board of the Stock Exchange was suspended with effect from 2:30 p.m. on 9 May 2008 pending the release of this announcement. Application has been made by the Company for the resumption of trading in the Shares on the Main Board of the Stock Exchange with effect from 9:30 a.m. on 14 May 2008.

## DEFINITIONS

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

“ATMs”	automatic teller machines
“Board”	the board of Directors
“CAL”	Customers Asia Limited which was a substantial shareholder of the Company holding 210,000,000 Shares immediately before completion of the Sale and Purchase Agreement
“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
“Customers”	Customers Limited, the holding company of CAL
“Directors”	the directors of the Company
“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
“KG”	Mr Robert Kenneth Gaunt
“LV”	Leading Value Industrial Limited, a company incorporated in the British Virgin Islands and wholly owned by Mr Sze Wai Marco, an executive Director
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“RB”	Mr Robertus Martinus Andreas Broers
“Sale and Purchase Agreement”	the sale and purchase agreement entered into between LV (as purchaser), CAL (as vendor) and Customers dated 4 March 2008 (as amended and supplemented by a deed of amendments to the sale and purchase agreement dated 9 May 2008)

“Settlement Agreement”	the settlement agreement dated 9 May 2008 and entered into between the Company, CAL, Customers and KG
“Share(s)”	share(s) of HK\$0.10 each of the Company
“Sino-US”	中聯科技(天津)有限公司 (Sino-US Technologies (Tianjin) Co., Ltd.), a sino-foreign equity joint venture established in the PRC on 10 June 1993
“Sino-US Acquisition”	the acquisition of the 100% equity interests in Sino-US
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

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

Hong Kong, 13 May 2008

*\* for identification purpose only*

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

Executive Directors	Mr. Sze Wai, Marco, Mr. Chu Chi Shing, Mr. Tan Shu Jiang and Mr. Song Jing Sheng
Non-executive Director	Mr. Zee Zin Yee
Independent non-executive Directors	Mr. Wong Po Yan, Mr. Mao Zhenhua and Mr. Chong Yiu Kan, Sherman