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**FinTronics**

**銀創控股**

**FINTRONICS HOLDINGS COMPANY LIMITED**

**銀創控股有限公司\***

*(incorporated in Bermuda with limited liability)*

(Stock code: 706)

**CONNECTED TRANSACTION –  
PROPOSED AMENDMENTS TO THE CONVERTIBLE LOAN AGREEMENT**

On 12 September 2008, the Company and the Lender entered into the Second Supplemental Deed to amend and supplement certain terms of the Loan Agreement and the convertible note created pursuant to the Loan Agreement, details of which are set out below.

The entering into of the Second Supplemental Deed constitutes a connected transaction for the Company and is subject to Independent Shareholders' approval.

An independent board committee comprising the independent non-executive Directors will be formed to advise the Independent Shareholders on the terms and conditions of the Second Supplemental Deed. An independent financial adviser will also be appointed by the Company to advise the independent board committee and the Independent Shareholders. A circular containing details of, among other things, the Second Supplemental Deed, the letter from the independent board committee and the letter from the independent financial adviser, together with a notice of the SGM, will be despatched to the Shareholders in accordance with the requirements of the Listing Rules.

The board of directors (the “**Board**”) of FinTronics Holdings Company Limited (the “**Company**”) wishes to announce that on 12 September 2008, the Company and Richland Profits Limited (the “**Lender**”) entered into a supplemental deed (the “**Second Supplemental Deed**”) to amend and supplement certain terms of the Loan Agreement (as defined below) and the convertible note created pursuant to the Loan Agreement.

The Lender is an investment holding company incorporated in the British Virgin Islands with limited liability and is wholly owned by Leading Value Industrial Limited (“**LV**”) which is in turn wholly owned by Mr. Sze Wai, Marco, a substantial shareholder and an executive director of the Company.

## **BACKGROUND**

On 14 November 2006, the Company and Customers Asia Limited (“**CAL**”) entered into a subscription agreement (which was amended and supplemented by a supplemental agreement dated 21 November 2006) (the “**Subscription Agreement**”) pursuant to which CAL subscribed for 210,000,000 Shares. On the same day, the Company (as borrower) and CAL (as lender) entered into a convertible loan agreement (the “**Principal Agreement**”) pursuant to which CAL agreed to make available to the Company an unsecured convertible loan of HK\$62,400,000 (the “**Loan**”) pursuant to the terms and conditions of the Principal Agreement. Details of the Subscription Agreement and the Principal Agreement are set out in the announcement of the Company dated 22 November 2006.

On 10 January 2007, the Company and CAL entered into a supplemental deed (the “**First Supplemental Deed**”) to amend and supplement certain terms and conditions of the Principal Agreement (which together with the First Supplemental Deed, collectively referred to as the “**Loan Agreement**”). Details of the First Supplemental Deed are set out in the announcement of the Company dated 10 January 2007.

Pursuant to the Loan Agreement, subject to the obtaining of the approval from the shareholders of the Company, CAL shall be entitled to exercise the conversion right to convert the principal amount of the Loan, in whole or in part, into Shares at an initial conversion price of HK\$0.261 at any time up to the maturity date of the Loan which is the date falling three year from the date of drawdown of the Loan by the Company (the “**Maturity Date**”). The Loan was drawn by the Company on 5 February 2007. Save for any early repayment of the Loan upon occurrence of an event of default or any conversion of the Loan into Shares pursuant to the terms and conditions of the Loan Agreement, the Maturity Date is 4 February 2010.

It is one of the conditions of the listing approval granted by the Stock Exchange on 16 February 2007 in relation to the Shares to be allotted and issued upon conversion of the Loan that there will be no amendments to the terms and conditions of the Loan unless prior approval has been obtained from the Stock Exchange.

On 16 February 2007, a special general meeting of the Company was held and an ordinary resolution was passed to approve the issue of Shares upon conversion of the Loan.

On 9 May 2008, CAL transferred all its rights, benefits and obligation under the Loan to the Lender, the entire issued share capital of which was then beneficially owned by CAL. Immediately after such transfer, on the same date, (i) Leading Value Industrial Limited (“**LV**”) acquired the entire issued share capital of the Lender which was the holder of the convertible note in the principal amount of HK\$62,400,000 created by the Company pursuant to the Loan Agreement from CAL; and (ii) LV purchased the 210,000,000 Shares issued to CAL pursuant to the Subscription Agreement. Immediately after such acquisition, the Lender is wholly owned by LV which is in turn wholly owned by Mr. Sze Wai, Marco, a substantial shareholder and an executive Director. Please refer to the announcement of the Company dated 13 May 2008 for further details.

## **THE SECOND SUPPLEMENTAL DEED**

On 12 September 2008, the Company and the Lender entered into the Second Supplemental Deed to amend and supplement certain terms of the Loan Agreement and the convertible note created pursuant to the Loan Agreement (the “**Proposed Amendments**”), details of which are set out below:

### **Conditions precedent**

The Proposed Amendments are conditional on the following conditions being fulfilled:

- (i) the approval of the Proposed Amendments by the independent shareholders of the Company at a general meeting in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) being obtained; and
- (ii) the Stock Exchange or such other regulatory authorities granting the approval of the amendments to the terms of the Loan.

It is one of the conditions of the listing approval dated 16 February 2007 in respect of the conversion shares to be allotted and issued upon conversion of the Loan that there will be no amendments to the terms and conditions of the Loan unless prior approval has been obtained from the Stock Exchange. Therefore, the Proposed Amendments are subject to the approval of the Stock Exchange.

### **Proposed Amendments and the reasons therefor**

#### **1. Repayment Date**

##### *Proposed amendments*

Pursuant to Loan Agreement, save for any early repayment of the Loan upon occurrence of an event of default or any conversion of the Loan into Shares pursuant to the terms and conditions of the Loan Agreement, the outstanding principal amount of the Loan is repayable by the Company on the Maturity Date which is 4 February 2010.

It is proposed to amend the Loan Agreement to the effect that subject to the obtaining of the Lender’s written consent to the proposed prepayment by the Company, the Company may prepay all or part of the Loan at any time prior to the Maturity Date provided that:

- (a) the amount of any partial prepayment shall be an integral multiple of HK\$1,000,000; and
- (b) interest on the relevant prepaid sum accrued up to the day immediately preceding the day of prepayment, and all other sums then due and payable under the Loan Agreement shall have been paid.

If the Company prepays all or part of the Loan at any time before 4 August 2009 (that is, six months prior to the Maturity Date), the Company shall, in respect of the sum to be repaid (the “**Prepaid Sum**”), pay to the Lender an additional sum which equals 5% of the Prepaid Sum.

If the Loan is not prepaid in full before the Maturity Date, the outstanding principal amount of the Loan on the Maturity Date, together with interest accrued thereon, shall be repaid by the Company on the business day immediately following the Maturity Date (the “**Final Maturity Date**”).

#### *Reasons for the proposed amendments*

As at the date of the Second Supplemental Deed, the entire principal amount of the Loan remained outstanding. There is no early repayment mechanism contained in the Loan Agreement. The Company is not allowed to prepay any part of the Loan under the Loan Agreement. In order to allow flexibility for the Company to reorganise its financial position before the Maturity Date, the Lender agreed, at the request of the Company, to grant to the Company a right to prepay the Loan before the Maturity Date and to incorporate an early repayment mechanism in the Loan Agreement. If the Company prepays all or part of the Loan at any time before 4 August 2009 (that is, six months prior to the Maturity Date), the Company is required to pay an additional sum which represents 5% of the amount prepaid, such sum represents the cost of funding of the Lender. The proposed amendments not only gives flexibility to the Company to reorganise its financial position but also saves the interest expenses of the Company and its subsidiaries (the “**Group**”) if the Loan is prepaid before its maturity.

## **2. Automatic conversion**

#### *Proposed amendments*

Pursuant to Loan Agreement and the convertible note created pursuant to the Loan Agreement, in the event that the Company has failed to repay the Loan on the Final Repayment Date and the Lender has not exercised its conversion rights in full prior to such day, the outstanding principal amount of the Loan shall be automatically converted into Shares at an agreed price.

It is that proposed that the automatic conversion provisions as mentioned above be removed.

#### *Reasons for the proposed amendments*

At the time when the Company entered into the Subscription Agreement and the Loan Agreement with CAL, the Group was actively pursuing the automatic teller machine (“**ATM**”) business. The Loan Agreement was entered into in conjunction with the Subscription Agreement which together raised additional capital for the Group’s future business development, enhanced its capital base and most importantly brought to the Group an experienced market player in the ATM industry with ability to provide technical and industry support to the Group for its future development into a leading ATM service operator in the People’s Republic of China.

The automatic conversion provisions were then specifically designed and incorporated into the relevant documents to cater for the long term cooperative relationship between the Company and CAL and should thus only be applied in the then prevailing circumstances.

As CAL ceased to be a shareholder of the Company and ceased to have any interest in the Loan in May 2008, the Board considers that the automatic conversion provisions shall be removed.

### **3. Business activities**

#### *Proposed amendments*

It is provided in the Loan Agreement that the Company shall not conduct any business activity and operations which are materially different to that which the Company has conducted up to the date of the Principal Agreement for so long as any Loan remains outstanding or CAL still holds the Shares allotted to it pursuant to the Subscription Agreement. In addition, the Company shall not amend or alter or revoke the business strategy plan without the prior written consent of the Lender and the Company shall conduct its business in accordance with such business strategy plan.

It is proposed that the restrictions mentioned above be removed from the Loan Agreement.

#### *Reasons for the proposed amendments*

The Board considers that the proposed amendments to the Loan Agreement gives flexibility for the Company in formulating and executing its business strategies to adapt to the fluid business environment which will be beneficial to the Group's development.

Save as mentioned in this announcement and other corresponding changes to the Loan Agreement and the convertible note created pursuant to the Loan Agreement, there is no other amendment to the major terms of the Loan Agreement and the convertible note created pursuant to the Loan Agreement.

#### **Directors' view**

The Directors (including the independent non-executive Directors) consider that the terms of the Second Supplemental Deed 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.

#### **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.

The Lender is an investment holding company.

## **LISTING RULES IMPLICATIONS**

The Lender is a company incorporated in the British Virgin Islands with limited liability and wholly owned by LV which is in turn wholly owned by Mr. Sze Wai, Marco, a substantial shareholder and an executive Director. Therefore, the Lender is a connected person of the Company.

The entering into of the Second Supplemental Deed constitutes a connected transaction for the Company and is subject to obtaining approval from shareholders of the Company (other than LV and its associates) (the “**Independent Shareholders**”) at a special general meeting (the “**SGM**”) to be convened by the Company.

An independent board committee comprising the independent non-executive Directors will be formed to advise the Independent Shareholders on the terms and conditions of the Second Supplemental Deed. An independent financial adviser will also be appointed by the Company to advise the independent board committee and the Independent Shareholders. A circular containing details of, among other things, the Second Supplemental Deed, the letter from the independent board committee and the letter from the independent financial adviser, together with a notice of the SGM, will be despatched to the Shareholders in accordance with the requirements of the Listing Rules.

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

Hong Kong, 12 September 2008

\* *for identification purpose only*

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

<i>Executive Directors</i>	Mr. Sze Wai, Marco, Mr. Chu Chi Shing, Mr. Tan Shu Jiang and Mr. Song Jing Sheng
<i>Independent non-executive Directors</i>	Mr. Wong Po Yan, Mr. Mao Zhenhua and Mr. Chong Yiu Kan, Sherman