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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)

**MEMORANDUM OF UNDERSTANDING  
RELATING TO A PROPOSED INVESTMENT**

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This announcement is made pursuant to Rule 13.09 of the Listing Rules.

The Board announced that after the trading hours on 4 February 2013, the Subsidiary entered into the Memorandum of Understanding with the Target Company, pursuant to which the Subsidiary intended to increase the registered capital of the Target Company by contributing RMB60 million (equivalent to approximately HK\$74.8 million) to the Target Company. The Target Company is principally engaged in the business of gardening and landscape construction.

The Memorandum of Understanding is non-legally binding save for certain provisions relating to representatives and warranties, costs, confidentiality, dispute resolution and the governing law of the Memorandum of Understanding.

**As the Memorandum of Understanding may or may not lead to the entering into of the Formal Agreement and the Proposed Investment may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

In the event that the Proposed Investment materialises, it may constitute a notifiable transaction for the Company under the Listing Rules. Further announcement(s) will be made by the Company in accordance with all applicable requirements of the Listing Rules as and when appropriate.

This announcement is made pursuant to Rule 13.09 of the Listing Rules.

The Board announces that on 4 February 2013 (after the trading hours), the Subsidiary entered into the non-legally binding Memorandum of Understanding with the Target Company in relation to the Proposed Investment. After signing of the Memorandum of Understanding, the parties thereto shall enter into good faith negotiation for the Formal Agreement and other documentation and matters relating to the Proposed Investment and the provisions of the Memorandum of Understanding shall form the basis for the preparation of the said documents.

## **THE MEMORANDUM OF UNDERSTANDING**

**Date:** 4 February 2013

### **Parties:**

The Investor: Beauty China Investment Company Limited, an indirect wholly-owned subsidiary of the Company

The Target Company: 無錫市綠化建設有限公司 (Wuxi Municipal Virescence Construction Company Limited\*)

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Target Company, its controlling shareholder and its ultimate beneficial owner(s) are Independent Third Parties of the Company and its connected persons.

### **Increase of registered capital**

Pursuant to the Memorandum of Understanding, the Subsidiary intended to increase to the registered capital of the Target Company by contributing RMB60 million (equivalent to approximately HK\$74.8 million). Upon completion of the Proposed Investment, (i) it is intended that the Subsidiary shall be interested in 60% equity interests in the registered capital of the Target Company; and (ii) the business form of the Target Company shall change from a state-controlled limited liability company to a sino-foreign equity joint venture.

Since the Target Company is a state-controlled limited liability company, increase in its registered capital is subject to public tender. According to the Memorandum of Understanding, the Subsidiary shall participate in the tender in relation to the increase of registered capital of the Target Company and pay for relevant fees during the tender process.

### **Conditions precedent**

The Proposed Investment is conditional upon, amongst other things, the following conditions precedent:

- (a) prior to the award of tender, the Subsidiary having conducted and completed relevant due diligence, in relation to the Target Company, and having satisfied with the results thereof;

- (b) the Subsidiary having obtained a PRC legal opinion to be issued by a firm of PRC legal advisers designated by the Subsidiary, the contents of which should be to the satisfaction of the Subsidiary, in relation to the legality of the Proposed Investment and the Target Company, and other matters reasonably as deemed necessary by the Subsidiary;
- (c) the Target Company (at the same time procuring its equity holders) having obtained all requisite internal approvals and authorisations required in accordance with all applicable laws and regulations and the articles of association of the Target Company in relation to the completion of the Proposed Investment;
- (d) the Subsidiary having obtained all requisite approvals and authorisations required (including approvals from the directors and shareholders of its holding company) in accordance with all applicable laws and regulations (including, but not limited to, the Listing Rules) in relation to the Proposed Investment;
- (e) the Target Company having submitted all requisite documents (including, but not limited to, the Formal Agreement) to the relevant regulatory authorities for their approval after the Subsidiary having been awarded with the tender;
- (f) the Subsidiary having been awarded with the tender, paid relevant fees during the tender process and execute relevant documents; and
- (g) other condition precedents as set out in the Formal Agreement.

The above conditions can be amended or supplemented by the parties to the Memorandum of Understanding upon further negotiations and finalisation of the Formal Agreement.

### **Non legally-binding effect**

Save for the clause on the representations and warranties, costs, confidentiality, dispute resolution and the governing law of the Memorandum of Understanding, other terms of the Memorandum of Understanding do not constitute legally-binding commitment in respect of the Proposed Investment. The Proposed Investment will be subject to the execution and completion of the Formal Agreement.

### **INFORMATION ON THE TARGET GROUP**

The Target Company was established in the PRC on 5 July 1990 and principally engaged in gardening and landscape construction.

As at the date of this announcement, the Target Company had a registered capital of RMB20 million and a total investment of RMB20 million; and the registered capital of the Target Company had been fully paid-up. The Target Company is currently owned by a state-owned enterprise and certain PRC individuals.

## **REASONS FOR THE PROPOSED INVESTMENT**

The Group is principally engaged in the provision of automatic teller machines (“ATM”) in the PRC.

Given that the operational environment in the ATM market in the PRC has become more difficult, the Board has been exploring suitable investment or business projects to invest in so as to diversify the business of the Group with an objective to broaden its income source and to minimise the idiosyncratic risks associated with the focused principal business.

According to statistics from the National Bureau of Statistics of China, there has been significant investment in the industry of eco-environment construction with the nationwide investment totaling approximately RMB229.7 billion in 2010. From 2005 to 2009, the annual compound growth rate of the nationwide investment in eco-environment construction was about 22.1%. By the end of 2012, the Central Government also issued guideline documents on facilitating the healthy development of urban landscaping, requiring the prefecture-level cities and counties to, among other things, complete the compilation or amendment of the planning of green space systems by the end of 2015 and incorporate such systems into the general urban planning, expand the green space, balance the distribution of green space, and accelerate the construction of parks and greens. Thanks to the notion of “build a beautiful country” put forward at the 18th National Congress, it is believed that the annual compound growth rate of the investment in eco-environment construction will remain high in the future. To the knowledge of the Target Company, currently, the domestic markets for eco-environment construction are relatively scattered. As a result, it is expected that industry integration and market concentration will be the theme of future development. Leveraging on the capital advantage, integration through mergers and acquisitions may become an important and immediate way to tap into the markets, to build up industry competitiveness and to share opportunities presented by the fast growing markets. The Board believes that the Proposed Investment will enable the Group to expand its business scope, and, as a result, to enhance its financial performance.

## **GENERAL**

**As the Memorandum of Understanding may or may not lead to the entering into of the Formal Agreement and the Proposed Investment may or may not proceed, Shareholders and potential investors are advised to exercise caution when trading in the Shares.**

**In the event that the Proposed Investment materialises, it may constitute a notifiable transaction for the Company under the Listing Rules. Further announcement(s) will be made by the Company in accordance with all applicable requirements of the Listing Rules as and when appropriate.**

## DEFINITIONS

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

“Board”	the board of Directors
“Company”	FinTronics Holdings Company Limited (銀創控股有限公司*), a company incorporated in Bermuda with limited liability, and the Shares of which are listed on the Main Board of the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules and the word “connected” shall be construed accordingly
“Director(s)”	the director(s) of the Company
“Formal Agreement”	the formal legally-binding investment agreement to be entered into between the Subsidiary and the Target Company in the event that the parties proceed with the Proposed Investment
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	party which is not a connected person of the Company and independent of the Company and its connected person
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Memorandum of Understanding”	the memorandum of understanding dated 4 February 2013 entered into between the Subsidiary and the Target Company in relation to the Proposed Investment
“PRC”	the People’s Republic of China excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Proposed Investment”	the proposed investment of contributing RMB60 million by the Group to increase the registered capital of the Target Company
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company

“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	Beauty China Investment Company Limited (美麗中國投資有限公司), a company incorporated in Hong Kong with limited liability, an indirect wholly-owned subsidiary of the Company
“Target Company”	無錫市綠化建設有限公司(Wuxi Municipal Virescence Construction Company Limited*), a limited liability company established in the PRC
“%”	per cent

*For the purpose of illustration only, amount denominated in RMB in this announcement has been translated into HK\$ at the rate of HK\$1=RMB0.802. Such translation should not be construed as a representation that the amount in question has been, could have been or could be converted at any particular rate at all.*

By the order of the Board  
**Sze Wai, Marco**  
*Chairman*

Hong Kong, 4 February 2013

*\* For identification purposes only*

*As at the date of this announcement, the Board comprises Mr. Sze Wai, Marco, Mr. Song Jing Sheng and Mr. Tan Shu Jiang as executive Directors, and Mr. Wong Po Yan, Mr. Mao Zhenhua and Mr. Chong Yiu Kan, Sherman as independent non-executive Directors.*