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**巨騰國際控股有限公司**

**JU TENG INTERNATIONAL HOLDINGS LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 3336)

**DISCLOSEABLE TRANSACTION  
INVESTMENT IN A MAGNESIUM ALLOY CASING MANUFACTURER  
UNUSUAL PRICE MOVEMENT**

**INVESTMENT IN A MAGNESIUM ALLOY CASING MANUFACTURER**

On 28 October 2008, the Company entered into (a) the Subscription Agreement with Wah Yuen for the subscription of an aggregate 54,971,903 new WY Shares and (b) the Acquisition Agreement with Compal for the acquisition of 3,400,000 WY Shares. The aggregate of 58,371,903 WY Shares to be subscribed for and acquired by the Group shall represent approximately 53.4% of the entire issued share capital of Wah Yuen as enlarged by the Subscription. Wah Yuen, together with its subsidiaries, are principally engaged in the design, development, manufacture and sale of magnesium alloy casing for notebook computers.

As the applicable percentage ratios (as calculated in accordance with Rule 14.07 of the Listing Rules) for the Transaction are more than 5% but less than 25%, the Transaction constitutes a discloseable transaction of the Company under Rule 14.06 of the Listing Rules.

A circular containing, among other things, further information on the Transaction, the Subscription Agreement and the Acquisition Agreement will be despatched to the Shareholders as soon as practicable.

**UNUSUAL PRICE MOVEMENT**

The Board has noted the recent increase in the price of the shares of the Company and wishes to state that the Board is not aware of any reasons for such increase.

Apart from the above and the proposed further acquisition of interest in Gold Connection Limited as stated in the announcement of the Company dated 27 October 2008, the Board confirms that there are no negotiations or agreements relating to intended acquisitions or realizations which are discloseable under Rule 13.23 of the Listing Rules, and neither is the Board aware of any matter discloseable under the general obligation imposed by Rule 13.09 of the Listing Rules, which is or may be of a price-sensitive nature.

## **THE SUBSCRIPTION AGREEMENT DATED 28 OCTOBER 2008**

### **Parties**

- (1) Wah Yuen as issuer
- (2) The Company as subscriber

To the Directors' knowledge, information and belief having made all reasonable enquiry, each of Wah Yuen and its ultimate beneficial owners are third parties independent of the Group and any of the Group's connected persons. Wah Yuen is an investment holding company.

### **The Subscription and the consideration**

Under the Subscription Agreement, the Group shall subscribe for 54,971,903 new WY Shares, representing approximately 50.3% of the issued share capital of Wah Yuen as enlarged by the Subscription, at the Subscription Price per WY Share for an aggregate cash consideration of US\$45,000,000. The Group has paid an aggregate of US\$13,500,000 to Wah Yuen as deposit on the date of the Subscription Agreement, which will be applied toward payment of part of the consideration upon completion of the Subscription. The balance of the consideration of US\$31,500,000 shall be payable by the Group in cash at completion of the Subscription.

The Subscription Price was determined after arm-length's negotiations between the Group and Wah Yuen based on the net asset value of Wah Yuen as at 30 June 2008 of US\$44,410,000. The Subscription Price will be settled by the internal resources of the Group. As Wah Yuen will become an indirect non-wholly owned subsidiary of the Company upon completion of the Subscription, its financial results will be consolidated into the accounts of the Company and therefore the consideration of US\$45,000,000 will remain within the Group upon completion of the Subscription.

### **Completion of the Subscription and conditions precedent**

Completion shall take place on 28 November 2008 (or such later date as the Company and Wah Yuen may agree) after fulfillment of the conditions set out in the paragraph below or such other date as the Company and Wah Yuen may agree.

Completion of the Subscription is conditional upon the following conditions being fulfilled:

- (i) the approval of the independent shareholders of the Company in general meeting being obtained in connection with the continuing connected transactions between the Group and the Compal Group as more particularly described in the section headed "Listing Rules Implications" in this announcement;
- (ii) the Company and Wah Yuen having obtained all necessary approval from their respective board of directors and/or shareholders with respect to the entering of the Subscription Agreement in accordance with the relevant laws and regulations and their respective articles of association; and

- (iii) the passing of the relevant special resolutions of the shareholders of Wah Yuen and compliance of the requisite filing procedures in the Republic of Mauritius in respect of certain amendments to the constitution of Wah Yuen relating to the share capital thereof.

None of the above conditions can be waived.

If any of the conditions set out above has not been satisfied on or before 28 November 2008 or such later date as the Company and Wah Yuen may agree, the obligations in relation to the Subscription Agreement shall cease and determine and Wah Yuen shall forthwith refund the deposit paid by the Company. Save as aforesaid and without prejudice to parties' rights in respect of any antecedent breach of the terms of the Subscription Agreement, none of the parties shall have any obligations and liabilities towards each other under the Subscription Agreement.

The completion of the Subscription is not conditional on the completion of the Acquisition.

### **Other principal provisions of the Subscription Agreement**

#### *(a) Composition of the board of directors and management*

Upon completion of the Subscription, the board of directors of Wah Yuen shall consist five members, three of which shall be nominated by the Group and two of which shall be nominated by the Compal Group. The daily operation and management of the business of Wah Yuen will be managed and administered by its general manager subject to the supervision of the board of directors of Wah Yuen. The general manager will be appointed by and accountable to the board of directors of Wah Yuen.

#### *(b) Preemptive rights*

Under the Subscription Agreement, the Company has agreed that, subject to completion of the Subscription Agreement and for so long as the Group remains as a shareholder of Wah Yuen, the Group shall grant a right of first refusal to Compal in respect of any of its WY Shares proposed to be sold by the Group to any third party from time to time, provided that completion of any such transfer of WY Shares shall be subject to compliance by the Company of the applicable Listing Rules. Wah Yuen has also agreed to procure Compal Group, being one of the substantial shareholder of Wah Yuen immediately upon completion of the Subscription and the Acquisition, to grant a similar right of first refusal to the Group in respect of any of its WY Shares proposed to be sold by the Compal Group to any third party from time to time.

#### *(c) Non-compete undertaking*

Under the Subscription Agreement, the Company has undertaken to Wah Yuen not to establish any company or production facilities for the manufacture of magnesium alloy casings for notebook computers and mobile phones, either on its own or through its affiliated companies, and shall not directly or indirectly participate or invest in such manufacturing business in any territory, provided that these restrictions shall not apply to computer numerical controlled (CNC) processing, spray painting and surface treatment of magnesium alloy casings.

## **THE ACQUISITION AGREEMENT DATED 28 OCTOBER 2008**

### **Parties**

- (1) Compal as vendor
- (2) The Company as purchaser

To the Directors' knowledge, information and belief having made all reasonable enquiry, other than the Compal Group being the Group's customer, Compal and its ultimate beneficial owners are third parties independent of the Group and any of the Group's connected persons. Compal is an investment holding company whose shares are listed on the Taiwan Stock Exchange Corporation.

### **Assets to be acquired**

3,400,000 WY Shares.

### **Consideration**

The consideration for the Acquisition is US\$6,800,000, which will be fully settled by the Group in cash upon completion of the Acquisition Agreement.

The consideration for the Acquisition was determined after arm-length's negotiations between the Group and the Compal Group with reference to the cost of investment in Wah Yuen by the Compal Group and as consideration for the Compal Group for inviting the Group to co-invest in Wah Yuen.

The consideration will be settled by the internal resources of the Group.

### **Completion of the Acquisition and conditions precedent**

Completion of the Acquisition Agreement shall take place simultaneously with the completion of the Subscription which is currently scheduled on 28 November 2008 or such later date as the parties may agree.

Completion of the Acquisition Agreement is conditional upon the following conditions being fulfilled or, as the case may be, waived:

- (i) Compal, the Company and Flight Global (being holder of the 3,400,000 WY Shares being sold under the Acquisition Agreement) having obtained all necessary approval from their respective board of directors and/or shareholders with respect to the Acquisition Agreement in accordance with the relevant laws and regulations and their respective articles of association;
- (ii) the obtaining of all relevant consent, waiver and/or approvals from all relevant government and authorities of the transactions contemplated under the Acquisition Agreement;

(iii) the completion of the Subscription; and

(iv) none of the warranties and representations contained in the Acquisition Agreement having been breached in any material respect.

If any of the conditions set out above has not been satisfied on or before 28 November 2008 or such later date as the parties may agree, the Acquisition Agreement shall cease and determine. Save as aforesaid and without prejudice to parties' rights in respect of any antecedent breach of the terms of the Acquisition Agreement, none of the parties shall have any obligations and liabilities towards each other.

### **Possible Further Acquisition of WY Shares from minority shareholders**

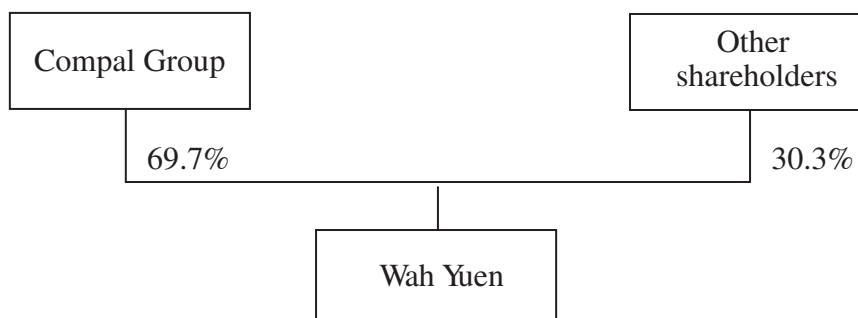
Simultaneously upon signing of the Acquisition Agreement, Compal entered into an undertaking letter on the same date with the Company whereby Compal has irrevocably undertaken to the Company that it will make offers to 62 of the existing minority shareholders of Wah Yuen (comprising of 57 individuals and five investment holding companies, who in aggregate held 4,624,394 WY Shares as at the date of this announcement) for the acquisition of, and to use its best endeavour to acquire, not more than 50% of these WY Shares (that is, 2,312,197 WY Shares) at a price of not more than US\$1.3 per WY Shares. Compal has also undertaken to use its best endeavours to procure these minority shareholders to sell the same number of WY Shares that they would sell to the Compal Group at the same price to the Group ("**Possible Further Acquisitions**") and, subject to completion of the Acquisition, the offering for sales by these minority shareholders of these WY Shares to the Group and the signing of the relevant sale and purchase agreements with the relevant minority shareholders for such sales, the Company shall acquire such WY Shares from the relevant minority shareholders on such terms and conditions as may be agreed with the relevant minority shareholders. As at the date of this announcement, no agreement has been signed between the Group and the minority shareholders in relation to the Possible Further Acquisitions.

The Company will make further announcement(s) in relation to the implementation of the Possible Further Acquisitions and comply with the relevant requirements under chapter 14 of the Listing Rules, if necessary.

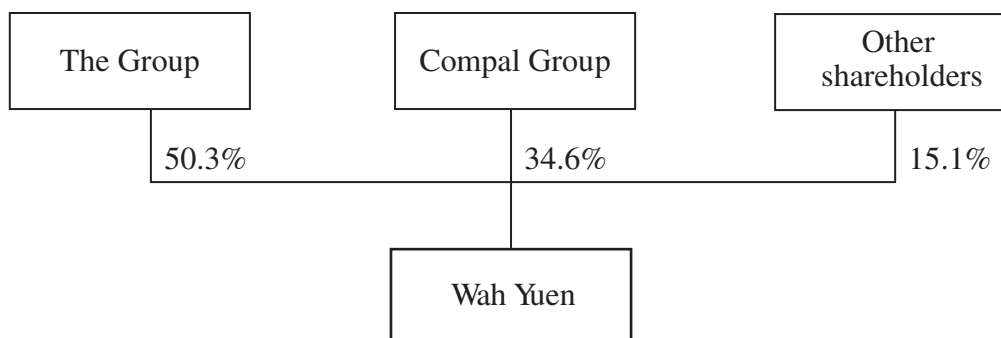
### **CHANGE IN SHAREHOLDING UPON THE SUBSCRIPTION, THE ACQUISITION AND THE POSSIBLE FURTHER ACQUISITIONS**

For illustration purpose, the corporate structures of Wah Yuen (i) as at the date of this announcement; (ii) upon completion of the Subscription; (iii) upon completion of the Acquisition; and (iv) upon completion of all of the Possible Further Acquisitions (on the basis that the 62 minority shareholders sold an aggregate of 4,624,394 WY Shares to the Compal Group and the Group) are set out below, assuming that there will be no other change in shareholding of Wah Yuen:

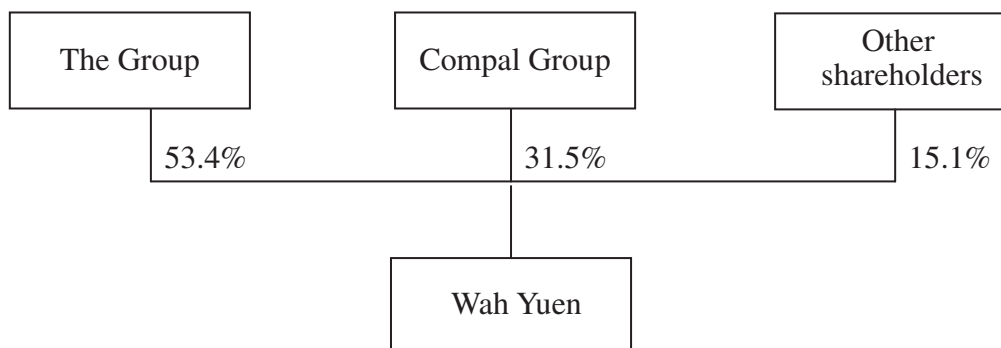
**(a) Existing corporate structure of Wah Yuen**



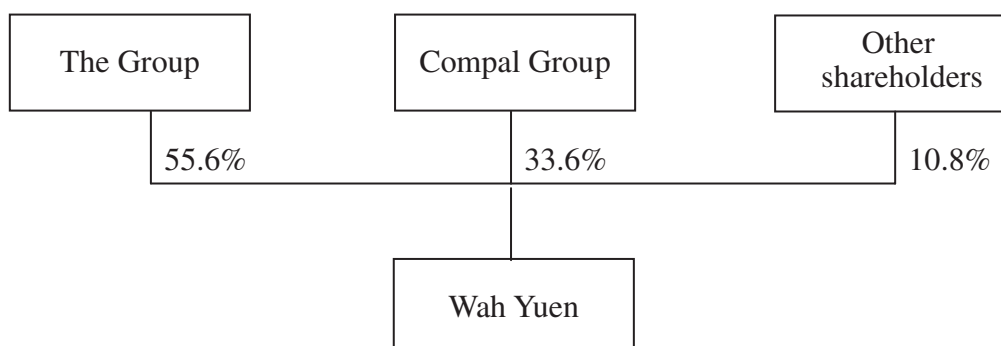
**(b) Upon completion of the Subscription**



**(c) Upon completion of the Acquisition**



**(d) Upon completion of all of the Possible Further Acquisition (on the basis that the 62 minority shareholders sold an aggregate of 4,624,394 WY Shares to the Compal Group and the Group)**



Set out below is a table showing the changes in the number and percentage of WY Shares held by the Group, the Compal Group and other shareholders (i) as at the date of this announcement; (ii) upon completion of the Subscription; (iii) upon completion of the Acquisition; and (iv) upon completion of all of the Possible Further Acquisitions (on the basis that the 62 minority shareholders sold an aggregate of 4,624,394 WY Shares to the Compal Group and the Group):

Number (percentage) of WY Shares

				Upon completion of all of the Possible Further Acquisitions (on the basis that the 62 minority shareholders sold an aggregate of 4,624,394 WY Shares to the Compal Group and the Group)
	As at the date of this announcement	Upon completion of the Subscription	Upon completion of the Acquisition	
The Group	– (0.0%)	54,971,903 (50.3%)	58,371,903 (53.4%)	60,684,100 (55.6%)
The Compal Group	37,817,749 (69.7%)	37,817,749 (34.6%)	34,417,749 (31.5%)	36,729,946 (33.6%)
Other shareholders	16,434,759 (30.3%)	16,434,759 (15.1%)	16,434,759 (15.1%)	11,810,365 (10.8%)
<b>Total</b>	<b><u>54,252,508 (100%)</u></b>	<b><u>109,224,411 (100%)</u></b>	<b><u>109,224,411 (100%)</u></b>	<b><u>109,224,411 (100%)</u></b>

## INFORMATION ON WAH YUEN

Wah Yuen is a private company incorporated in Republic of Mauritius on 4 May 2006 with limited liability. As at the date of this announcement, 54,252,508 WY Shares have been issued and were beneficially owned as to approximately 69.7% by the Compal Group and approximately 30.3% by 66 other individual and corporate shareholders who are independent of the Group and its connected persons.

Wah Yuen, together with its subsidiaries, are principally engaged in the design, development, manufacture and sale of magnesium alloy casing for notebook computers. Its wholly-owned subsidiary in the PRC has a production plant in Jurong City, Jiangsu Province, the PRC with a total site area of approximately 41,000 sq. m., with a gross floor area of more than 19,000 sq. m..

Based on the audited consolidated accounts of Wah Yuen which have been prepared in accordance with generally accepted accounting principles in Taiwan, the consolidated net asset value of Wah Yuen was approximately US\$13,113,000 as at 31 December 2007. For the year ended 31 December 2007, the consolidated net loss before and after taxation and extraordinary items of Wah Yuen amounted to US\$8,286,000. For the year ended 31 December 2006, the consolidated net loss before and after taxation and extraordinary items of Wah Yuen amounted to US\$1,680,000.



## **REASONS FOR AND BENEFITS OF THE INVESTMENT IN WAH YUEN**

The Group has been principally engaged in the manufacturing and sale of notebook computer casings, parts and other related materials. Wah Yuen together with its subsidiaries, are principally engaged in the design, development, manufacture and sale of magnesium alloy casing for notebook computers.

The Board is of the view that the Transaction is a good opportunity for the Group to increase its production capacity and business by taking the leverage on the existing production facilities, clientele and earning potential of Wah Yuen notwithstanding that Wah Yuen was loss-making attributable to the low utilization rate of its production facilities. Compal, one of the leading notebook computers manufacturers in the world, will hold approximately 31.5% of the issued share capital of Wah Yuen immediately after completion of the Subscription and the Acquisition. By investing in Wah Yuen, the Board believes that the Group can leverage from the strategic relationship with the Compal Group in the research and development of the technology for magnesium alloy casing. The Group currently does not have any production capacity in magnesium alloy casing for notebook computers, which is more popular in corporate sector. By investing in Wah Yuen, the Group will possess a complete production process and will be able to produce notebook computer casing for both individuals and corporate markets. The management believes that the investment will increase the Group's turnover and will improve the Group's gross margin as magnesium notebook computer casing has a higher gross margin compared to the plastic casing.

The Directors (including the independent non-executive Directors) consider that the terms of the Subscription Agreement and the Acquisition Agreement are on normal commercial terms which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATION**

The transactions contemplated under the Subscription Agreement and the Acquisition Agreement are aggregated as a single transaction as they involve the acquisition of an interest in one particular company pursuant to Rule 14.23 of the Listing Rules. As the applicable percentage ratios (as calculated in accordance with Rule 14.07 of the Listing Rules) for the Transaction are more than 5% but less than 25%, the Transaction constitutes a discloseable transaction of the Company under Rule 14.06 of the Listing Rules. A circular containing, among other things, further information on the Transaction, the Subscription Agreement and the Acquisition Agreement will be despatched to the Shareholders as soon as practicable.

The Compal Group is one of the Group's customers and the Group has been selling its computer casings and related materials to Compal Group since 2003. For each of the three years ended 31 December 2007, and the six months ended 30 June 2008, the sales by the Group to the Compal Group amounted to approximately HK\$582 million, HK\$507 million, HK\$713 million and HK\$326 million respectively.

Upon completion of the Subscription and the Acquisition, Wah Yuen will become a non-wholly owned subsidiary of the Company and Compal Group will remain as a substantial shareholder of Wah Yuen, holding approximately 31.5% of its entire issued share capital as enlarged by the Subscription. Consequently, the Compal Group will immediately become a connected person of the Company, and therefore the sales of the Group's products to the Compal Group will constitute continuing connected transactions for the Company under the Listing Rules. As such continuing connected transactions form



part of the usual and ordinary course of business of the Group, the Directors expected that the sales to Compal Group will continue after completion of the Subscription and the Acquisition. The Company will issue an announcement in relation to the continuing connected transactions between the Group and the Compal Group in due course.

## **UNUSUAL PRICE MOVEMENT**

The Board has noted the recent increase in the price of the shares of the Company and wishes to state that the Board is not aware of any reasons for such increase.

Apart from the above and the proposed further acquisition of interest in Gold Connection Limited as stated in the announcement of the Company dated 27 October 2008, the Board confirms that there are no negotiations or agreements relating to intended acquisitions or realizations which are discloseable under Rule 13.23 of the Listing Rules, and neither is the Board aware of any matter discloseable under the general obligation imposed by Rule 13.09 of the Listing Rules, which is or may be of a price-sensitive nature.

## **DEFINITIONS**

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

“Acquisition”	the acquisition of the 3,400,000 WY Shares by the Group from the Compal Group pursuant to the Acquisition Agreement
“Acquisition Agreement”	a sale and purchase agreement entered into between the Company and Compal on 28 October 2008 in connection with the Acquisition
“Board”	board of Directors
“Compal”	Compal Electronics, Inc., a company incorporated under the laws of Taiwan
“Compal Group”	collectively, Compal and its subsidiaries from time to time
“Company”	Ju Teng International Holdings Limited, a company incorporated in the Cayman Islands with limited liability and whose shares having a par value of HK\$0.10 each are listed on the main board of the Stock Exchange
“Directors”	the directors of the Company
“Flight Global”	Flight Global Holding Inc., a company incorporated in Taiwan which is a shareholder of Wah Yuen and a member of the Compal Group
“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
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of 54,971,903 WY Shares pursuant to the Subscription Agreement
“Subscription Agreement”	a subscription agreement entered into between the Company and Wah Yuen on 28 October 2008 in connection with the Subscription
“Subscription Price”	the subscription price of US\$0.8186 per WY Share
“Transaction”	the Subscription and the Acquisition
“US\$”	United States dollars, the lawful currency of the United States of America
“Wah Yuen”	Wah Yuen Technology Holding Limited, a company incorporated in the Republic of Mauritius with limited liability
“WY Shares”	the ordinary shares of US\$1 each in the share capital of Wah Yuen, which shall be converted into shares with no par value before completion of the Subscription in accordance with the laws of Mauritius to cater for the Subscription at the Subscription Price which is below the current par value of each WY Share
“%”	per cent.

By order of the Board  
**Ju Teng International Holdings Limited**  
**Cheng Li-Yu**  
*Chairman*

Hong Kong, 29 October 2008

*As at the date of this announcement, the executive Directors are Mr. Cheng Li-Yu, Mr. Cheng Li-Yen, Mr. Huang Kuo-Kuang, Mr. Hsieh Wan-Fu, Mr. Lo Jung-Te, and Mr. Tsui Yung Kwok, and the independent non-executive Directors are Mr. Cherng Chia-Jiun, Mr. Tsai Wen-Yu and Mr. Yip Wai Ming.*