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## **JU TENG INTERNATIONAL HOLDINGS LIMITED**

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

(Stock Code: 3336)

### **MASTER SALES AGREEMENT CONTINUING CONNECTED TRANSACTIONS**

Compal Group is one of the Group's customers and the Group has been selling the Products to Compal Group since 2003. For each of the three years ended 31 December 2008, the sales by the Group to Compal Group amounted to approximately HK\$507 million, HK\$713 million and HK\$746 million (based on the unaudited management accounts of the Group for the year ended 31 December 2008) respectively. The sales by the Group to Compal Group were on normal commercial terms and no more favourable than those available to Independent Third Party.

As announced in the Company's announcement dated 29 October 2008, on 28 October 2008, the Group entered into the Subscription Agreement with Wah Yuen for the subscription of shares in, and the Acquisition Agreement with Compal for the acquisition of shares in, Wah Yuen. Immediately upon completion of the Subscription and the Acquisition, Wah Yuen will become a non-wholly owned subsidiary of the Company and will be owned as to 53.4% by the Group and 31.5% by the Compal Group. Compal will become a substantial shareholder of the Company's subsidiary and therefore, will become a connected person of the Company under the Listing Rules.

Upon completion of the Subscription and the Acquisition, the selling of Products to Compal Group by the Group will constitute continuing connected transactions for the Company under the Listing Rules. As the 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 would continue. Pursuant to the Subscription Agreement, the completion of the Subscription is conditional on the approval of independent Shareholders of the Continuing Connected Transactions.

The Group therefore entered into the Master Sales Agreement with Compal and three of its subsidiaries (for themselves and on behalf of the other members of the Compal Group) for a period from 1 January 2009 to 31 December 2011. The terms of the Master Sales Agreement were arrived at after arm's length negotiation between the Group and Compal Group and are fair and reasonable so far as the Group and the Shareholders are concerned.

Since the annual caps for the consideration receivable by the Group under the Master Sales Agreement for the three years ending 31 December 2011 are HK\$1,498 million, HK\$2,168 million and HK\$2,824 million, respectively, resulting in the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules (other than the profits test ratio) being more than 2.5%, the Continuing Connected Transactions under the Master Sales Agreement constitute non-exempt continuing connected transactions of the Company and such transactions and the annual caps are subject to the disclosure, reporting and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

A circular including, among other information, (1) a letter from the Board containing further details of the Master Sales Agreement and the respective caps relating thereto; (2) a letter from an independent financial adviser containing its advice in connection with the Continuing Connected Transactions as contemplated under the Master Sales Agreement to the independent Board committee and the independent Shareholders; and (3) recommendations of the independent Board committee to the independent Shareholders; and (4) a notice convening the EGM, will be despatched to the Shareholders as soon as practicable.

## **THE CONTINUING CONNECTED TRANSACTIONS**

Compal Group is one of the Group's customers and the Group has been selling the Products to Compal Group since 2003. For each of the three years ended 31 December 2008, the sales by the Group to Compal Group amounted to approximately HK\$507 million, HK\$713 million and HK\$746 million (based on the unaudited management accounts of the Group for the year ended 31 December 2008) respectively. The sales by the Group to Compal Group were on normal commercial terms and no more favourable than those available to Independent Third Party.

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## **MASTER SALES AGREEMENT**

Date : 1 January 2009

Parties : Giant Glory (for itself and on behalf of the other members of the Group), as supplier

Compal and three of its subsidiaries (for themselves and on behalf of the other members of the Compal Group), as purchaser

Pursuant to the Master Sales Agreement, the Group agreed to sell the Products to Compal or other members of the Compal Group at prices to be determined from time to time by the Group and Compal (for itself and on behalf of the other members of the Compal Group) with reference to the market prices and on such terms that are no more favourable than those applicable to the sales of the Products by the Group to Independent Third Party. The price of the Products shall be payable by the Compal Group to the Group in arrears on 120 days' credit period by transferring to the Group's bank account. The Master Sales Agreement is for a period from 1 January 2009 to 31 December 2011 unless terminated earlier according to the terms and conditions of the Master Sales Agreement.

The terms of the Master Sales Agreement were arrived at after arm's length negotiation between the Group and Compal Group and are fair and reasonable so far as the Group and the Shareholders are concerned.

## **ANNUAL CAPS**

The annual caps for the consideration receivable by the Group from Compal Group for the sales of the Products under the Master Sales Agreement are expected to be (i) HK\$1,498 million for the year ending 31 December 2009; (ii) HK\$2,168 million for the year ending 31 December 2010; and (iii) HK\$2,824 million for the year ending 31 December 2011.

In the event that the aggregate consideration receivable by the Group under the Master Sales Agreement exceeds the respective annual caps for each of the three years ending 31 December 2011, the Company will comply with all the relevant requirements of Chapter 14A of the Listing Rules.

The annual monetary caps were concluded by reference to (i) the historical sales of the Products to Compal and other members of the Compal Group; (ii) orders under negotiation and pending confirmation from Compal Group; and (iii) expected business growth of the Compal Group in the coming three years after taking into consideration of the growth of worldwide notebook computer industry and additional purchase orders to the Compal Group from its customers.

## **REASONS FOR THE TRANSACTIONS AND THE MASTER SALES AGREEMENT**

As those Products sold by the Group to Compal and other members of the Compal Group are principally parts and components of notebook computer casings which are manufactured by using the metallic stamping moulds and plastic injection moulds solely owned by the Group, Compal and other members of the Compal Group can purchase such designated parts and components of these notebook computer casings from the Group only.

Having regard to the expected growth in demand for notebook computers, the Directors consider that the Group will benefit from the Continuing Connected Transactions and the Master Sales Agreement for the further enhancement of the Group's client portfolio.

The Directors are of the opinion that (i) the Continuing Connected Transactions and the Master Sales Agreement have been entered into in the usual and ordinary course of business of the Group; (ii) the terms and conditions of the Master Sales Agreement have been negotiated, and will be conducted, on an arm's length basis and on normal commercial terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (iii) the expected annual caps for the sales of the Products to Compal or any other members of the Compal Group for the period from 1 January 2009 to 31 December 2011 as referred to above are fair and reasonable.

## **LISTING RULES IMPLICATION**

Since the annual caps for the consideration receivable by the Group under the Master Sales Agreement for the three years ending 31 December 2011 are HK\$1,498 million, HK\$2,168 million and HK\$2,824 million, respectively, resulting in the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules (other than the profits test ratio) being more than 2.5%, the Continuing Connected Transactions under the Master Sales Agreement constitute non-exempt continuing connected transactions of the Company and such transactions and the annual caps are subject to the disclosure, reporting and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

In view of the foregoing, the Company will convene the EGM to seek the approval of the independent Shareholders in respect of the continuing connected transactions under the Master Sales Agreement and the expected annual caps. Compal and its associates, and any Shareholders who are materially interested in the continuing connected transactions under the Master Sales Agreement are required to abstain from voting on the resolution proposed to be passed at the EGM for approving the continuing connected transactions and the expected annual caps under the Master Sales Agreement.

## **GENERAL INFORMATION**

The Group has been principally engaged in the manufacturing and sale of notebook computer casings, parts and other related materials. The products of the Group also include casings for LCD PCs, digital cameras and game consoles.

Compal is a listed company in Taiwan. Compal and its subsidiaries are Independent Third Parties prior to the completion of the Subscription. Compal and the other members of the Compal Group are principally engaged in the design and manufacturing of products of information and communication technology and the provision of related services.

Giant Glory is principally engaged in the sales of notebook computer casings and trading of production materials for notebook computer casings.

A circular containing, among other information, (1) a letter from the Board containing further details of the Master Sales Agreement and the respective caps relating thereto, (2) a letter from an independent financial adviser containing its advice in connection with the Continuing Connected Transactions as contemplated under the Master Sales Agreement to the independent Board committee and the independent Shareholders; (3) recommendations of the independent Board committee to the independent Shareholders; and (4) a notice convening the EGM, will be despatched to the Shareholders as soon as practicable.

## **POSSIBLE EXTENSION OF LONGSTOP DATE AND COMPLETION DATE**

As announced in the Company's announcement dated 29 October 2008, completion of the Subscription Agreement and the Acquisition Agreement shall take place on 28 November 2008 (or such later date as the Company and Wah Yuen may agree) after fulfillment of the conditions for completion. As more time is required for fulfillment of such conditions, it is expected that the parties to the Subscription Agreement and the Acquisition Agreement will enter into agreement to extend the longstop date for satisfaction of the conditions precedent and the completion date of the Subscription Agreement and the Acquisition Agreement. Further announcement(s) will be made in this regard as and when appropriate.

## DEFINITIONS

“Acquisition”	the acquisition of shares in Wah Yuen under the Acquisition Agreement
“Acquisition Agreement”	the sale and purchase agreement entered into between Compal and the Company on 28 October 2008
“Board”	the board of directors of the Company
“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 under the laws of the Cayman Islands with limited liability and the shares of which are listed on the Stock Exchange
“Continuing Connected Transactions”	the connected transaction in relation to the sales of the Products by the Group to Compal and the other members of the Compal Group, details of which are set out in the section headed “The Continuing Connected Transactions” of this announcement
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be convened for the purpose of considering, and if thought fit, approving by the independent Shareholders of the Continuing Connected Transactions under the Master Sales Agreement and annual caps in relation thereto
“Giant Glory”	Giant Glory International Limited, a company incorporated under the laws of Samoa and a wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“Independent Third Party(ies)”	independent third party or parties and its/their ultimate beneficial owner(s) who is/are independent to the Group and is/are not the connected persons (as defined under the Listing Rules) of the Group
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Master Sales Agreement”	the master sales agreement dated 1 January 2009 and entered into between Giant Glory (for itself and on behalf of other members of the Group) and Compal and three of its subsidiaries (for themselves and on behalf of other members of the Compal Group) in relation to the sales of the Products by the Group to the Compal Group
“Products”	casings for electronic products and related materials manufactured and/or supplied by the Group
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of shares in Wah Yuen under the Subscription Agreement
“Subscription Agreement”	the subscription agreement entered into between Wah Yuen and the Company on 28 October 2008
“Wah Yuen”	Wah Yuen Technology Holding Ltd., a company incorporated in Mauritius which will be owned as to 53.4% by the Group and as to 31.5% by the Compal Group immediately after completion of the Subscription and the Acquisition
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region, the People’s Republic of China
“%”	per cent

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

Hong Kong, 2 February 2009

*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.*