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## **JU TENG INTERNATIONAL HOLDINGS LIMITED**

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

(Stock Code: 3336)

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

Reference is made to the announcements of the Company dated 27 March 2006, 28 September 2006 and 23 October 2007.

Pursuant to the Previous Master Sales Agreement, the Group has been selling the Products to the Wistron Group on an on-going basis. The Previous Master Sales Agreement has expired on 31 December 2008 pursuant to its terms.

The continuing connected transactions under the Previous Master Sales Agreement continued after the expiry of the Previous Master Sales Agreement on 31 December 2008. It is estimated that the annual consideration receivable from the Wistron Group for the sale of the Products for the rest of 2009 would exceed HK\$10 million and that the applicable percentage ratios would be more than 2.5%. Therefore, on 23 January 2009, Wistron (for itself and on behalf of the other members of the Wistron Group) entered into the New Master Sales Agreement with Giant Glory (for itself and on behalf of the members of the Group) to ensure continual supply of the Products by the Group to the Wistron Group after the expiry of the terms of the Previous Master Sales Agreement.

As the applicable percentage ratios for the expected annual caps for the sales under the New Master Sales Agreement for each of the three years ending 31 December 2011 are expected to exceed 2.5% and the annual consideration receivable from the Wistron Group in respect of the continuing connected transactions is expected to exceed HK\$10 million, the continuing connected transactions under the New Master Sales Agreement with the expected annual caps constitute non-exempt continuing connected transactions of the Company under Chapter 14A of the Listing Rules and such transactions are subject to the disclosure, reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The Company will ensure that the aggregate consideration for the sale of the Products from 1 January 2009 to the date of EGM will be less than 2.5% of all applicable percentage ratios.

## **GENERAL**

A circular including, among other information, (i) a letter from the Board containing further information on the continuing connected transactions under the New Master Sales Agreement with the expected annual caps; (ii) a letter from an independent financial adviser containing its advice in connection with the continuing connected transactions under the New Master Sales Agreement with the expected annual caps to the Independent Board Committee and independent Shareholders; (iii) recommendations of the Independent Board Committee to the independent Shareholders; and (iv) a notice convening the EGM, will be despatched to the Shareholders as soon as practicable.

## **EXTENSION OF PREVIOUS MASTER SALES AGREEMENT**

### **Background**

Reference is made to the announcements of the Company dated 27 March 2006, 28 September 2006 and 23 October 2007. During each of the three years ended 31 December 2008, the sale of the Products by the Group to the Wistron Group amounted to approximately HK\$707 million, HK\$1,188 million and HK\$2,215 million (based on the unaudited management accounts of the Group for the year ended 31 December 2008), respectively.

Pursuant to the Previous Master Sales Agreement, the Group has been selling the Products to the Wistron Group on an on-going basis. The Previous Master Sales Agreement has expired on 31 December 2008 pursuant to its terms.

The continuing connected transactions under the Previous Master Sales Agreement continued after the expiry of the Previous Master Sales Agreement on 31 December 2008. It is estimated that the annual consideration receivable from the Wistron Group for the sale of the Products for the rest of 2009 would exceed HK\$10 million and that the applicable percentage ratios would be more than 2.5%. Therefore, on 23 January 2009, Wistron (for itself and on behalf of the other members of the Wistron Group) entered into the New Master Sales Agreement with Giant Glory (for itself and on behalf of the members of the Group) to ensure continual supply of the Products by the Group to the Wistron Group after the expiry of the terms of the Previous Master Sales Agreement.

### **Principal terms of the New Master Sales Agreement**

Pursuant to the New Master Sales Agreement, the Group agreed to sell the Products to the Wistron Group at prices to be determined from time to time by the parties with reference to the market prices and on normal and usual commercial 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 Wistron Group to the Group in arrears on 120 days' credit period by transferring to the Group's bank account. The New Master Sales Agreement has a term of three years commencing from 1 January 2009 and ending 31 December 2011, unless terminated earlier by 30 days' written notice by either party.

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

### **Existing caps and annual caps for the three years ending 31 December 2011**

For each of the three years ended 31 December 2008, the annual caps under the Previous Master Sales Agreement were HK\$780 million, HK\$1,720 million and HK\$2,800 million, respectively. The Directors expect that the annual caps of sale of the Products by the Group to the Wistron Group for each of the three years ending 31 December 2011 will be HK\$2,878 million, and HK\$3,455 million and HK\$4,150 million, respectively.

The proposed annual caps for each of the three years ending 31 December 2011 are determined by the Company based on the following major factors:

1. the amount of sales of the Products by the Group to the Wistron Group for each of the three years ended 31 December 2008;
2. the pattern for the sales of the Products to the Wistron Group for each of the three years ended 31 December 2008;
3. existing purchase orders on hand from the Wistron Group; and
4. expected business growth of the Wistron Group in the coming three years after taking into consideration of the growth of worldwide notebook computer industry and additional purchase orders to the Wistron Group from its customers.

### **Reasons for the continuing connected transactions**

The Group has been principally engaged in the manufacturing and sale of notebook computer castings, parts and other related materials. The products of the Group also include castings for LCD PCs, digital cameras and game consoles. The Wistron Group is principally engaged in the design and manufacturing of products of information and communication technology and the provision of related services.

As those Products sold by the Group to Wistron and other members of the Wistron 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, Wistron and other members of the Wistron Group can purchase such designated parts and components of these notebook computer casings from the Group only. The Directors consider that the Group will benefit from the continuing connected transactions under the New Master Sales Agreement for the further enhancement of the Group's sales portfolio.

The Directors are of the view that the expected annual caps for each of the three years ending 31 December 2011 are fair and reasonable, and the terms of the New Master Sales Agreement are fair and reasonable, on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

### **Requirements under the Listing Rules**

As Wistron is a substantial shareholder of Mindforce Holdings Limited, a 71%-owned indirect subsidiary of the Company, holding 29% of its issued share capital, Wistron is a connected person of the Company, the sales under the New Master Sales Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios for the expected annual caps for the sales under the New Master Sales Agreement for each of the three years ending 31 December 2011 are expected to exceed 2.5% and the annual consideration receivable from the Wistron Group in respect of the continuing connected transactions is expected to exceed HK\$10 million, the continuing connected transactions under the New Master Sales Agreement with the expected annual caps constitute non-exempt continuing connected transactions of the Company under Chapter 14A of the Listing Rules and such transactions are subject to the disclosure, reporting, announcement 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 New Master Sales Agreement and the expected annual caps. Wistron and its associates, and any Shareholders who are materially interested in the continuing connected transactions under the New 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 New Master Sales Agreement. The Company will ensure that the aggregate consideration for the sale of the Products from 1 January 2009 to the date of EGM will be less than 2.5% of all applicable percentage ratios.

The Company will establish the Independent Board Committee to advise the independent Shareholders as to whether the continuing connected transactions under the New Master Sales Agreement and the expected annual caps are fair and reasonable, whether the continuing connected transactions under the New Master Sales Agreement and the expected annual caps are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the shareholders of the Company as a whole, and to advise the independent Shareholders on how to vote at the EGM, after taking into account the recommendations of the independent financial adviser. An independent financial adviser will be appointed to advise the Independent Board Committee and the independent Shareholders as to whether the continuing connected transactions under the New Master Sales Agreement and the expected annual caps are fair and reasonable, whether the terms of the continuing connected transactions under the New Master Sales Agreement and the expected annual caps are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the shareholders of the Company as a whole, and to advise the independent Shareholders on how to vote at the EGM.

## **GENERAL**

A circular including, among other information, (i) a letter from the Board containing further information on the continuing connected transactions under the New Master Sales Agreement with the expected annual caps; (ii) a letter from an independent financial adviser containing its advice in connection with the continuing connected transactions under the New Master Sales Agreement with the expected annual caps to the Independent Board Committee and independent Shareholders; (iii) recommendations of the Independent Board Committee to the independent Shareholders; and (iv) a notice convening the EGM, will be despatched to the Shareholders as soon as practicable.

## **DEFINITIONS**

“Board”	the board of Directors
“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
“Director(s)”	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, approval by the independent Shareholders of the New Master Sales Agreement and the related annual caps
“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 Board Committee”	a board of committee, comprising the independent non-executive Directors who are not interested in the transactions contemplated under the New Master Sales Agreement, established to advise the independent Shareholders in respect of the continuing connected transactions under the New Master Sales Agreement and the related annual caps
“Independent Third Party(ies)”	third party or parties and who and whose ultimate beneficial owner(s) are independent of the Group and connected persons (as defined under the Listing Rules) of the Group
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange

“New Master Sales Agreement”	the master sales agreement signed on 23 January 2009 (dated as of 31 December 2008) and entered into between Giant Glory (for itself and on behalf of other members of the Group) and Wistron (for itself and on behalf of other members of the Wistron Group) in relation to the sales of the Products by the Group to the Wistron Group for the term commencing from 1 January 2009 and ending 31 December 2011
“Previous Master Sales Agreement”	the master sales agreement dated 27 March 2006 and entered into between Giant Glory (for itself and on behalf of other members of the Group) and Wistron (for itself and on behalf of other members of the Wistron Group) in relation to the sales of the Products by the Group to the Wistron 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
“Wistron”	Wistron Corporation, a company incorporated in Taiwan and a substantial shareholder of Mindforce Holdings Limited, a 71%-owned indirect subsidiary of the Company
“Wistron Group”	collectively, Wistron and its subsidiaries from time to time
“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.*