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## **JU TENG INTERNATIONAL HOLDINGS LIMITED**

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

(Stock Code: 3336)

### **REVISION OF ANNUAL CAPS UNDER MASTER SALES AGREEMENT**

Reference is made to the announcement of the Company dated 2 February 2009. Pursuant to the Master Sales Agreement, the Group has been selling the Products to the Compal Group on an on-going basis, and the continuing connected transactions under the Master Sales Agreement and the Approved Caps had been approved by the Shareholders at an extraordinary general meeting held on 26 February 2009.

Taken into the accounts of the sales by the Group of the Products to the Compal Group during the first six months ended 30 June 2009 and the recent estimation of the demand for the Products by the Compal Group, the Directors note that the demand of the Products by Compal Group has been growing in a fast pace and the aggregate values of the continuing connected transactions are expected to exceed the Approved Caps. In such regards, the Company proposes to revise the annual caps for the continuing connected transactions under the Master Sales Agreement to cater for the recent increasing demand of the Products by the Compal Group for each of the three years ending 31 December 2011.

As the applicable percentage ratios for the Revised Caps for each of the three years ending 31 December 2011 are expected to exceed 2.5% and the annual consideration receivable from the Compal Group in respect of the continuing connected transactions is expected to exceed HK\$10 million, the continuing connected transactions under the Master Sales Agreement with the Revised Caps constitute non-exempt continuing connected transactions of the Company under Rule 14A.35 of the Listing Rules and such transactions and the Revised 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, (i) a letter from the Board containing further information on the continuing connected transactions under the Master Sales Agreement with the Revised Caps; (ii) a letter from an independent financial adviser containing its advice in connection with the continuing connected transactions under the Master Sales Agreement with the Revised 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.

## **BACKGROUND**

Reference is made to the announcement of the Company dated 2 February 2009. Pursuant to the Master Sales Agreement, the Group has been selling the Products to the Compal Group on an on-going basis, and the continuing connected transactions under the Master Sales Agreement and the Approved Caps had been approved by the Shareholders at an extraordinary general meeting held on 26 February 2009.

For the six months ended 30 June 2009, the sales by the Group to the Compal Group amounted to approximately HK\$929 million. As at the date of this announcement, the Approved Cap for the year ending 31 December 2009 has not been exceeded.

## **PRINCIPAL TERMS OF THE MASTER SALES AGREEMENT**

The Master Sales Agreement was entered into between Giant Glory (for itself and on behalf of the other members of the Group) and Compal and three of its subsidiaries (for themselves and on behalf of the other members of the Compal Group) on 1 January 2009, pursuant to which 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 normal and usual commercial terms. 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.

## **PROPOSAL TO REVISE THE ANNUAL CAPS**

Taken into the accounts of the sales by the Group of the Products to the Compal Group during the first six months ended 30 June 2009 and the recent estimation of the demand for the Products by the Compal Group, the Directors note that the demand of the Products by Compal Group has been growing in a fast pace and the aggregate values of the continuing connected transactions are expected to exceed the Approved Caps. In such regards, the Company proposes to revise the annual caps for the continuing connected transactions under the Master Sales Agreement to cater for the recent increasing demand of the Products by the Compal Group for each of the three years ending 31 December 2011.

## PROPOSED NEW ANNUAL CAPS

The Approved Caps and the Revised Caps for the continuing connected transactions under the Master Sales Agreement for the three years ending 31 December 2011 are set out below:

	<b>31 December 2009</b>	<b>Year ending 31 December 2010</b>	<b>31 December 2011</b>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Approved Caps	1,498 million	2,168 million	2,824 million
Revised Caps	2,800 million	3,500 million	4,400 million

The Revised Caps were determined by the Company with reference to the following factors:

1. the historical sales of the Products to Compal and other members of the Compal Group;
2. the sales of the Products to the Compal Group amounted to approximately HK\$929 million for the six months ended 30 June 2009;
3. the most up-to-date estimation for the demand of Products from the Compal Group for the second half of 2009; and
4. expected business growth of Compal Group in the coming two years after taking into consideration of the growth of worldwide notebook computer industry and additional purchase orders to the Compal Group from its customers.

If the aggregate annual value of the continuing connected transactions under the Master Sales Agreement exceeds the Revised Caps, the Company will further comply with all relevant requirements of Chapter 14A of the Listing Rules.

## REASONS FOR THE CONTINUING CONNECTED TRANSACTIONS

Compal is a listed company in Taiwan. 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.

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 single-lens reflex cameras and LCD televisions.

Having regard to the expected growth in demand for notebook computers, the Directors consider that the Group will benefit from the continuing connected transactions under the Master Sales Agreement for the further enhancement of the Group's client portfolio.

The executive Directors are of the view that the Revised Caps are fair and reasonable, and that the terms of the continuing connected transactions under the Master Sales Agreement 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 as a whole.

## **REQUIREMENTS UNDER THE LISTING RULES**

As the Compal Group is a substantial shareholder of Wah Yuen Technology Holding Limited, a 53.4%-owned indirect subsidiary of the Company, holding 31.5% of its issued share capital, Compal is a connected person of the Company, the sales under the Master Sales Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios for the Revised Caps for each of the three years ending 31 December 2011 are expected to exceed 2.5% and the annual consideration receivable from the Compal Group in respect of the continuing connected transactions is expected to exceed HK\$10 million, the continuing connected transactions under the Master Sales Agreement with the Revised Caps constitute non-exempt continuing connected transactions of the Company under Rule 14A.35 of the Listing Rules and such transactions and the Revised 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 on the Revised Caps in respect of the continuing connected transactions under the Master Sales Agreement. Compal and its associates, and any connected persons of the Company 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 Revised Caps in respect of the continuing connected transactions under the Master Sales Agreement.

The Company will establish the Independent Board Committee to advise the Independent Shareholders as to whether the Revised Caps in respect of the continuing connected transactions under the Master Sales Agreement are fair and reasonable, whether the continuing connected transactions under the Master Sales Agreement 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 as the independent financial adviser to advise the Independent Board Committee and the independent Shareholders as to whether the Revised Caps in respect of the continuing connected transactions under the Master Sales Agreement are fair and reasonable, whether the continuing connected transactions under the Master Sales Agreement 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 Master Sales Agreement with the Revised Caps; (ii) a letter from an independent financial adviser containing its advice in connection with the continuing connected transactions under the Master Sales Agreement with the Revised 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

“Approved Caps”	the annual caps for the continuing connected transactions under the Master Sales Agreement for the three years ending 31 December 2011, as stated in the announcement of the Company dated 2 February 2009 and the circular of the Company dated 10 February 2009 and previously approved by the independent Shareholders
“Board”	the 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 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 Revised 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 Master Sales Agreement, established to advise the Independent Shareholders in respect of the Revised Caps for the continuing connected transactions under the Master Sales Agreement

“Listing Rules”	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
“Revised Caps”	the monetary amounts of HK\$2,800 million, HK\$3,500 million and HK\$4,400 million, being the revised caps for each of the three years ending 31 December 2011 respectively in respect of the continuing connected transactions under the Master Sales Agreement
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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, 1 September 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.*