



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)

Financial Adviser



SinoPac Securities (Asia) Limited

REVISED CAPS FOR EXISTING CONTINUING CONNECTED TRANSACTIONS

Reference is made to the March Announcement in which the Company announced that (i) the Group had been selling the Products to the Wistron Group on an on-going basis; and (ii) the Group and Wistron (for itself and on behalf of the other members of the Wistron Group) entered into the Master Sales Agreement. The Continuing Connected Transactions and the related caps were approved by way of a written approval from a closely allied group of Shareholders holding more than 50% of the issued share capital of the Company. Further details of the Continuing Connected Transactions were disclosed in the April Circular.

For the period from 27 March 2006 to 31 August 2006, the aggregate value of the Continuing Connected Transactions reached approximately HK\$316 million, representing 54% of the approved Cap for the period from 27 March 2006 to 31 December 2006. In such regard and also taken into account of the recent estimation of the demand for the Products by the Wistron Group, the Directors note that the demand of the Products by the Wistron Group have been growing in a fast pace and the aggregate values of the Continuing Connected Transactions are expected to exceed the Approved Caps. The Company proposes to revise the annual caps for the Continuing Connected Transactions to cater for the increasing demand of the Products by the Wistron Group. As at the date of this announcement, the Approved Cap for the period from 27 March 2006 to 31 December 2006 has not been exceeded.

As the applicable percentage ratios for the Revised Caps are expected to exceed 2.5% of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules (other than the profits test ratio) and the annual consideration of the Continuing Connected Transactions is expected to be more than HK\$10 million, the Continuing Connected Transactions with the Revised Caps constitute non-exempt continuing connected transactions of the Company under Rule 14A.35 of the Listing Rules and are subject to the disclosure and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

An Independent Board Committee will be formed to advise the Independent Shareholders in connection with the Revised Caps. A circular including, among other information, (i) a letter from the Board containing further information on the Revised Caps; (ii) a letter from an independent financial adviser containing its advice in connection with the Revised Caps and the Continuing Connected Transactions as contemplated under the Master Sales Agreement to the Independent Board Committee and independent Shareholders; (iii) recommendations of the Independent Board Committee to the independent Shareholders; and (iv) if applicable, a notice convening the EGM, will be despatched to the Shareholders as soon as practicable.

BACKGROUND

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.

As stated in the March Announcement, the Group had been selling the Products to the Wistron Group on an on-going basis, and the Group and Wistron (for itself and on behalf of the other members of the Wistron Group) had entered into the Master Sales Agreement in respect of such sales. Wistron and other members of the Wistron Group are principally engaged in the design and manufacturing of products of information and communication technology and the provision of related services.

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 member of the Group) and Wistron (for itself and on behalf of the other members of the Wistron Group) on 27 March 2006, pursuant to which the Group agreed to sell the Products to Wistron or other members of the Wistron Group at prices to be determined from time to time by the Group and Wistron (for itself and on behalf of the other members of the Wistron 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 Parties. The payment term for the sales of the Products to the Wistron Group is subject to the individual sales orders agreed between the relevant member of Wistron Group and the Group. During the period from 27 March 2006 up to the date of this announcement, payments for the Products sold to the Wistron Group have generally been made in arrears after delivery of the Products. The Master Sales Agreement is for a period from 27 March 2006 to 31 December 2008 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 Wistron and are fair and reasonable so far as the Group and the Shareholders are concerned.

CONTINUING CONNECTED TRANSACTIONS

As Wistron is a substantial shareholder of one of the Company's subsidiaries and therefore a connected person of the Company under the Listing Rules, the sales of the Products to the Wistron Group pursuant to the Master Sales Agreement constitute continuing connected transactions and therefore were subject to the disclosure, reporting and independent shareholders' approval requirements under chapter 14A of the Listing Rules. The Continuing Connected Transactions and the Approved Caps were approved by way of a written approval from a closely allied group of the Shareholders holding more than 50% of the issued share capital of the Company. Further details of the Continuing Connected Transactions were disclosed in the April Circular.

For the period from 27 March 2006 to 31 August 2006, the aggregate value of the Continuing Connected Transactions reached approximately HK\$316 million, representing 54% of the Approved Cap for the period from 27 March 2006 to 31 December 2006. In such regard and also taken into account of the recent estimation of the demand for the Products by the Wistron Group, the Directors note that the demand of the Products by the Wistron Group have been growing in a fast pace and the aggregate values of the Continuing Connected Transactions are expected to exceed the Approved Caps. The Company proposes to revise the annual caps for the Continuing Connected Transactions to cater for the increasing demand of the Products by the Wistron Group. As at the date of this announcement, the Approved Cap for the period from 27 March 2006 to 31 December 2006 has not been exceeded.

The Approved Caps and the Revised Caps are set out below:

	27 March 2006 to 31 December 2006	Year ending 31 December 2007	Year ending 31 December 2008
	HK\$ million	HK\$ million	HK\$ million
Approved Caps	585	780	1,170
Revised Caps	780	1,170	1,404

The Revised Caps for the period from 27 March 2006 to 31 December 2006 and each of the two years ending 31 December 2008 represent an average of approximately 34% increase from the Approved Caps and were determined by the Company with reference to the following factors.

- (i) the historical sales to Wistron Group in the previous financial years;
- (ii) the unaudited figures for the sales of the Products to Wistron Group for the period from 27 March 2006 to 31 August 2006 of approximately HK\$316 million;
- (iii) seasonal factors affecting the demands of the Product from the Wistron Group;
- (iv) the most up-to-date estimation for the demand of Products by Wistron Group in the future; and
- (v) the latest research reports for the expected growth trend of the notebook computer industry.

If the aggregate annual value of the Continuing Connected Transactions exceeds the Revised Caps, the Company will further comply with all relevant requirements of Chapter 14A of the Listing Rules.

REASONS FOR THE TRANSACTIONS AND THE MASTER SALES AGREEMENT

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 and the Master Sales Agreement for the further enhancement of the Group's sales portfolio.

The Directors (including the independent non-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 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.

LISTING RULES IMPLICATION AND SHAREHOLDERS' WRITTEN APPROVAL

Since the Revised Caps for the consideration receivable by the Group under the Master Sales Agreement will be HK\$780 million, HK\$1,170 million and HK\$1,404 million for the period from 27 March 2006 to 31 December 2006 and each of the two years ending 2007 and 2008, respectively, which will result in the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules (other than the profits test ratio) exceeding 2.5% and the annual consideration exceeding HK\$10 million, the Continuing Connected Transactions 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.

Under 14A.43 of the Listing Rules, independent Shareholders' approval for the Revised Caps may be obtained by written Shareholders' approval in lieu of convening a general meeting if (i) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Revised Caps; and (ii) written approval has been obtained from one or a closely allied group of independent Shareholders who in aggregate hold more than 50% in nominal value of the issued share capital of the Company giving the right to attend and vote at the general meeting to approve the transactions.

So far as the Directors are aware after making reasonable enquires, none of the Shareholders as at the date hereof has interest in the Continuing Connected Transactions or the Master Sales Agreement and none of them would be required to abstain from voting if the Company were to convene a general meeting for the approval of the Revised Caps in respect of the Continuing Connected Transactions.

The Directors consider that each of Southern Asia and Extrawell, which beneficially owns approximately 39.59% and 18.23% of the issued share capital of the Company as at the date hereof, respectively, can be regarded as a "closely-allied group of Shareholders" under Rule 14A.45 of the Listing Rules on the following basis:

- 1. they are co-founders of the Group;
- 2. they have been the substantial shareholders of members of the Group since the establishment of the Group in 2000;
- 3. they have played the management and decision-making roles in the Group's business since the commencement of business of the Group; and
- 4. they have exercised their respective voting powers as shareholders of the members of the Group in the same manner in passing any shareholders' resolution of the relevant Group members.

Southern Asia and Extrawell, which together beneficially own approximately 57.82% of the issued capital of the Company as at the date hereof, have given their written approvals for the Revised Caps.

The Company has applied to the Stock Exchange for a waiver from strict compliance of the requirement for holding a general meeting to seek independent Shareholders' approval in respect of the Revised Caps pursuant to Rule 14A.43 of the Listing Rules on the basis that no Shareholder is required to abstain from voting if the Company was to convene a general meeting for the approval of the Revised Caps and written approval from a closely allied group of Shareholders holding more than 50% of the issued share capital of the Company giving the right to attend and vote at such general meeting has been obtained.

Should the Company fail to obtain the waiver from the Stock Exchange from strict compliance of the requirement for holding a general meeting to seek independent Shareholders' approval in respect of the Revised Caps, or such waiver shall not be granted by the Stock Exchange, an EGM will be held for the independent Shareholders to consider and, if thought fit, approve the Revised Caps and the notice of EGM will be included in the circular to be despatched to the Shareholders as soon as practicable.

A circular containing, among other information, (i) a letter from the Board containing further information on the Revised Caps; (ii) a letter from an independent financial adviser containing its advice in connection with the Revised Caps and the Continuing Connected Transactions as contemplated under the Master Sales Agreement to the Independent Board Committee and independent Shareholders; (iii) recommendations of the Independent Board Committee to the independent Shareholders; and (iv) if applicable, a notice convening the EGM, will be despatched to the Shareholders as soon as practicable.

As at the date hereof, the Board comprises of:

Executive Directors	:	Mr. Cheng Li-Yu, Mr. Cheng Li-Yen, Mr. Hsieh Wan-Fu, Mr. Huang Kuo-Kuang, Mr. Lo Jung-Te and Mr. Tsui Yung Kwok
Independent Non-executive Directors	:	Mr. Tsai Wen-Yu, Mr. Yip Wai Ming and Mr. Yu Chwo-Ming

DEFINITIONS

“Approved Caps”	the annual caps for the Continuing Connected Transactions for the period from 27 March 2006 to 31 December 2006 and each of the two years ending 31 December 2008, as stated in the March Announcement and the April Circular and previously approved by the independent Shareholders
“April Circular”	the circular of the Company dated 18 April 2006 in relation to the Master Sales Agreement
“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
“Continuing Connected Transactions”	the sales of the Products by the Group to Wistron and the other members of the Wistron Group, details of which are set out in the section headed “Continuing Connected Transactions” of this announcement
“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, approving by the independent Shareholders of the Revised Caps
“Extrawell”	Extrawell Developments Limited, a company incorporated in Samoa on 25 October 2000, being one of the substantial Shareholders with shareholding interest of approximately 18.23% of the issued share capital of the Company
“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
“Independent Third Party(ies)”	independent third party or parties and its/their ultimate beneficial owner(s) who is/are independent to the Company and is/are not the connected persons (as defined under the Listing Rules) of the Company
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“March Announcement”	the announcement of the Company dated 27 March 2006 in relation to the Master Sales Agreement
“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
“Revised Caps”	the monetary amounts of HK\$780 million, HK\$1,170 million and HK\$1,404 million, being the revised caps for the period from 27 March 2006 to 31 December 2006 and each of the two years ending 31 December 2008, respectively, in respect of the Continuing Connected Transactions
“Shareholders”	shareholders of the Company
“Southern Asia”	Southern Asia Management Limited, a company incorporated in Samoa on 8 August 2000, being one of the substantial Shareholders with shareholding interest of approximately 39.59% of the issued share capital 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 70%-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, 28 September 2006

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