



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)

CONTINUING CONNECTED TRANSACTIONS
PROVISION OF TECHNOLOGICAL SUPPORT

The Group sought technological support from each of San Li, Sunrise and Ta Yu Metallic, being associates of certain existing or former Directors, for the product research and development of the Group before Listing. For each of the three financial years ended 31 December 2005, (i) the amount of fees and expenses attributable to the technological support provided by Sunrise was approximately HK\$2,025,000, HK\$4,297,000 and HK\$4,895,000, respectively; (ii) the amount of fees and expenses attributable to the technological support provided by Ta Yu Metallic was approximately HK\$2,496,000, HK\$2,839,000 and HK\$2,928,000, respectively; and (iii) the amount of fees and expenses attributable to the technological support provided by San Li was approximately HK\$3,745,000, HK\$5,469,000 and HK\$7,122,000, respectively.

For the reasons as set out in the section headed “Reasons for the Continuing Connected Transactions, the Master Agreements and the Supplemental Agreements” below and in view of the fast growing development of the Group and the increasing demand from customers for new products developed by the Group, the Company proposes to seek additional technological support from each of San Li, Sunrise and Ta Yu Metallic again after Listing for enhancing the Group’s existing research and development capability in order to meet the customers’ need. Thus the Group entered into the Master Agreements on 13 November 2006 and the Supplemental Agreement on 22 December 2006 with each of San Li, Sunrise and Ta Yu Metallic for the provision of technological support to the Group for a period from 13 November 2006 to 31 December 2007.

The terms of the Master Agreements and the Supplemental Agreements were arrived at after arm’s length negotiation between the Group and each of San Li, Sunrise and Ta Yu Metallic. The Directors (including the independent non-executive Directors) are of the view that the terms of the Continuing Connected Transactions under the Master Agreements (as supplemented by the respective Supplemental Agreements) are on normal commercial terms, in the ordinary and usual course of business of the Group, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Since each of San Li, Sunrise and Ta Yu Metallic is an associate of certain existing or former Directors and therefore a connected person of the Company under the Listing Rules, the provisions of technological supports to the Group by each of San Li, Sunrise and Ta Yu Metallic under the Master Agreements (as supplemented by the respective Supplemental Agreements) constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. As the respective Annual Caps for the Continuing Connected Transactions with San Li and Sunrise (on an aggregated basis) and Ta Yu Metallic for each of the period from 13 November 2006 to 31 December 2006 and the financial year ending 31 December 2007 is expected to exceed HK\$1 million but less than HK\$10 million and the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules (other than the profits test ratio) is expected to exceed 0.1% but less than 2.5%, the Continuing Connected Transactions under the Master Agreements (as supplemented by the respective Supplemental Agreements) and the respective Annual Caps are thus subject to the reporting and announcement requirements as set out in Rules 14A.45 to 14A.47 of the Listing Rules but are exempt from independent Shareholders’ approval requirements pursuant to Rule 14A.34 of the Listing Rules.

BACKGROUND

The Group sought technological support from each of San Li, Sunrise and Ta Yu Metallic for the product research and development of the Group before Listing. For each of the three financial years ended 31 December 2005, (i) the amount of fees and expenses attributable to the technological support provided by Sunrise was approximately HK\$2,025,000, HK\$4,297,000 and HK\$4,895,000, respectively; (ii) the amount of fees and expenses attributable to the technological support provided by Ta Yu Metallic was approximately HK\$2,496,000, HK\$2,839,000 and HK\$2,928,000, respectively; and (iii) the amount of fees and expenses attributable to the technological support provided by San Li was approximately HK\$3,745,000, HK\$5,469,000 and HK\$7,122,000, respectively.

The historical fees payable by the Group for the pre-Listing technological support were determined with reference to the Group’s production schedule, the extent of usage of the technologies provided by each of San Li, Sunrise and Ta Yu Metallic and the sales quantities of the relevant products.

No royalty fees for the intellectual property rights of the production technologies and moulds then researched, developed or produced by San Li, Sunrise and Ta Yu Metallic had been separately charged and they were included as part of the fees paid by the Group as mentioned above for the right to use such intellectual property. Pursuant to the past relevant technological support agreements entered into between the Group and the parties which procured the provision of technological support to the Group by San Li, Sunrise and Ta Yu Metallic, the intellectual property rights of the production technologies and moulds were owned by the procuring parties.

The technological supports to the Group that were provided by San Li, Sunrise and Ta Yu Metallic before the Listing including development and installation of production moulds, troubleshooting, production planning, assistance in the understanding with the methodologies of new development technologies and on-site supports. The principal technologies developed by each of San Li, Sunrise and Ta Yu Metallic before Listing included but not limited to (i) high brightness colour painting technology provided by San Li; (ii) double shot (dual colour) injection technology provided by Sunrise; and (iii) the technology for the integration of aluminum alloy with plastic provided by Ta Yu Metallic.

During the period from 3 November 2005 (being the date of the Listing) to 12 November 2006 (being the date prior to the date of the Master Agreements), as continuing supports from some of the existing and former Directors, they had procured, on an irregular and ad hoc basis, each of San Li, Sunrise and Ta Yu Metallic to provide technological supports to the Group. As such supports had been provided by each of San Li, Sunrise and Ta Yu Metallic as the continued and voluntary supports from these existing and former Directors on the Group’s operations on an ad hoc and irregular basis as and when the Group was in need, and were mainly consultancy and on-site technical assistance and supports without involving substantial works (such as mould productions or research and developments) on the part of any of San Li, Sunrise and Ta Yu Metallic, no consideration was required to be paid by the Group for such technological support provided by them under these transactions and no written agreements had been entered during the said period. The Directors (including the independent non-executive Directors) consider that, given the respective expertise of each of San Li, Sunrise and Ta Yu Metallic in the dust free spray-painting, plastic injection moulding and metal tooling and stamping in relation to electronic consumer product casings, the provision of technological supports by each of San Li, Sunrise and Ta Yu Metallic to the Group since the Listing was in the interest of the Company and the Shareholders as a whole.

For the reasons as set out in the section headed “Reasons for the Continuing Connected Transactions, the Master Agreements and the Supplemental Agreements” below and in view of the fast growing development of the Group and the increasing demand from customers for new products developed by the Group, the Company proposes to seek additional technological support from each of San Li, Sunrise and Ta Yu Metallic for enhancing the Group’s existing research and development capability in order to meet the customers’ need. Thus the Group entered into the Master Agreements on 13 November 2006 and the Supplemental Agreements on 22 December 2006 with each of San Li, Sunrise and Ta Yu Metallic for the provision of technological support to the Group for a period from 13 November 2006 to 31 December 2007.

THE MASTER AGREEMENTS AND THE SUPPLEMENTAL AGREEMENTS

Master Agreement and Supplemental Agreement with San Li:

Date : 13 November 2006 for the Master Agreement and 22 December 2006 for the Supplemental Agreement
Parties : Giant Glory (for itself and on behalf of the other members of the Group), as user
San Li, as technology provider

Master Agreement and Supplemental Agreement with Sunrise:

Date : 13 November 2006 for the Master Agreement and 22 December 2006 for the Supplemental Agreement
Parties : Giant Glory (for itself and on behalf of the other members of the Group), as user
Sunrise, as technology provider

Master Agreement and Supplemental Agreement with Ta Yu Metallic:

Date : 13 November 2006 for the Master Agreement and 22 December 2006 for the Supplemental Agreement
Parties : Giant Glory (for itself and on behalf of the other members of the Group), as user
Ta Yu Metallic, as technology provider

Pursuant to the respective Master Agreements (as supplemented by the respective Supplemental Agreements) entered into between the Group and each of San Li, Sunrise and Ta Yu Metallic, (i) San Li agreed to provide (or procure the provision of) technological support and know-how in relation to dust-free spray painting to the Group; (ii) Sunrise agreed to provide (or procure the provision of) technological support and know-how in relation to plastic injection moulding to the Group; and (iii) Ta Yu Metallic agreed to provide (or procure the provision of) technological support and know-how in relation to metal tooling and stamping to the Group. Each of the Master Agreement (as supplemented by the respective Supplemental Agreements) is for a period from 13 November 2006 to 31 December 2007 unless terminated earlier according to the terms and conditions of the Master Agreements (as supplemented by the respective Supplemental Agreements).

Pursuant to the respective terms of the Master Agreements (as supplemented by the respective Supplemental Agreements), the intellectual property rights in respect of the production technologies and moulds from time to time researched, developed or produced by each of San Li, Sunrise and Ta Yu Metallic (or the Designated Person(s)) shall belong to the Group. The Group will pay to each of San Li, Sunrise and Ta Yu Metallic (or the Designated Person(s)) a monthly royalty and service fee within 180 days after the end of the relevant month during the term of the respective Master Agreements (as supplemented by the respective Supplemental Agreements) for the provision of technological support by each of San Li, Sunrise and Ta Yu Metallic pursuant to the respective Master Agreements (as supplemented by the respective Supplemental Agreements) as follows:

	The monthly royalty and service fee payable to San Li HK\$	Sunrise HK\$	Ta Yu Metallic HK\$
For the period from 13 November 2006 to 31 December 2006	535,080	267,540	267,540
For the financial year ending 31 December 2007	535,080	267,540	267,540

Under the respective Master Agreements (as supplemented by the respective Supplemental Agreements), in addition to the monthly royalty and service fee payable to each of San Li, Sunrise and Ta Yu Metallic (or the Designated Person(s)), the Group has also agreed to reimburse each of San Li, Sunrise and Ta Yu Metallic (or the Designated Person(s)) for any out-of-pocket expenses to be from time to time incurred by it in relation to the provision of technological support which include traveling and accommodation expenses in respect of the technicians and/or engineers to be seconded to the People’s Republic of China by each of San Li, Sunrise and Ta Yu Metallic (or the Designated Person(s)) for the provision of the relevant technological support to the Group. The Directors expect that out-of-pocket expenses payable by the Group to each of San Li, Sunrise and Ta Yu Metallic pursuant to the Master Agreements will not be more than approximately US\$7,000 (equivalent to approximately HK\$60,000) per month. The monthly royalty and service fee payable by the Group under the Master Agreements (as supplemented by the respective Supplemental Agreements) to each of San Li, Sunrise and Ta Yu Metallic is determined after arm’s length negotiation among the relevant parties and with reference to (i) the historical amount of fees and expenses paid by the Group attributable to the technological support provided by each of San Li, Sunrise and Ta Yu Metallic before Listing which was determined with reference to the Group’s production schedule, the extent of usage of the technologies provided by each of San Li, Sunrise and Ta Yu Metallic and the sales quantities of the relevant products. The Group used the fees actually paid to them for the year ended 31 December 2005 as a reference to the expected usage of their support during the term of the Master Agreements (as supplemented); (ii) the Directors’ estimation on the trend of the design and/or materials used in the manufacturing of notebook computer casings in the future and the sales growth of the Group after taking into account the expected increase in global demand for notebook computers; and (iii) the basis and the historical royalty fees and service fees in relation to the provision of technological support paid to the Independent Third Parties. The royalty fee element of the fees payable by the Group is given in consideration of each of San Li, Sunrise and Ta Yu Metallic agreeing to vest the ownership of intellectual property rights (which include but not limited to registrable patents, non-registrable know-how, copyrights, techniques and skills) derived from the research and development and the technological support from time to time developed by each of San Li, Sunrise and Ta Yu Metallic during the term of the Master Agreements (as supplemented by the respective Supplemental Agreements).

The respective terms of the Master Agreements and the Supplemental Agreements, including the amount of the monthly royalty and service fee payable by the Group thereunder, were arrived at after arm’s length negotiation between the Group and each of San Li, Sunrise and Ta Yu Metallic. The Directors, including the independent non-executive Directors, consider that the terms of the respective Master Agreements and the Supplemental Agreements are fair and reasonable. The Directors are of the view that the terms of the Master Agreements and the Supplemental Agreements are on normal commercial terms, in the interest of the Company and its Shareholders as a whole, and no less favourable to the Group than those under the other technological assistance agreements entered into between the Group and other Independent Third Parties.

For the purpose of simplifying the administration of the transactions, no separate fees had been designated and charged as “royalty fee” in respect of the use of the intellectual property rights of the production technologies and moulds researched, developed or produced by San Li, Sunrise and Ta Yu Metallic prior to the Listing. The Directors believe that the respective monthly royalty and service fees payable by the Group under the Master Agreements (as supplemented by the respective Supplemental Agreements) are in line with the gross amounts paid by the Group to each of San Li, Sunrise and Ta Yu Metallic prior to Listing. The Group has entered into similar transaction with Independent Third Party for the provision of technological support under which the Group is required to pay royalty fees.

ANNUAL CAPS

The respective Annual Caps for the Continuing Connected Transactions with each of San Li, Sunrise and Ta Yu Metallic, including the estimated out-of-pocket expenses payable by the Group to San Li, Sunrise and Ta Yu Metallic pursuant to the respective Master Agreements (as supplemented by the respective Supplemental Agreements), are expected to be as follows:

	For the period from 13 November 2006 to 31 December 2006 Amount of the Annual Cap HK\$	For the financial year ending 31 December 2007 Amount of the Annual Cap HK\$
San Li	1,185,600	7,113,600
Sunrise	639,600	3,837,600
Ta Yu Metallic	639,000	3,837,600

The respective Annual Caps for the Continuing Connected Transactions with each of San Li, Sunrise and Ta Yu Metallic were concluded by reference to the amount of monthly royalty and service fee payable by the Group for the period from 13 November 2006 to 31 December 2006 and the financial year ending 31 December 2007 under the respective Master Agreement (as supplemented by the respective Supplemental Agreements) to each of San Li, Sunrise and Ta Yu Metallic.

If the aggregate annual amount of fees payable under the Continuing Connected Transactions to each of San Li, Sunrise and Ta Yu Metallic shall exceed the respective Annual Caps, the Company will further comply with all relevant requirements of Chapter 14A of the Listing Rules.

REASONS FOR THE CONTINUING CONNECTED TRANSACTIONS, THE MASTER AGREEMENTS AND THE SUPPLEMENTAL AGREEMENTS

In view of the full capacity of the research and development of the Group resulting from the fast growing development of the Group and the increasing demand from customers for new products, the Company proposes to seek additional technological support from each of San Li, Sunrise and Ta Yu Metallic.

Since each of San Li, Sunrise and Ta Yu Metallic has more than 10 years of experience and technology know-how in dust free spray-painting, plastic injection moulding and metal tooling and stamping respectively, and has their own research and development department with skillful engineers responsible for exploring new and advanced products and/or adding value on the existing products, the Directors consider that it is reasonable and beneficial for the Group to seek technological support from each of San Li, Sunrise and Ta Yu Metallic in order to meet the customers’ need.

The purpose of the Master Agreements (as supplemented by the respective Supplemental Agreements) is to ensure that each of San Li, Sunrise and Ta Yu Metallic will be contractually bound to provide technological supports (including research and development of technologies and production moulds on project-by-project basis and ad hoc consultancy and technical supports), and to set the maximum expenses to be incurred by the Group in obtaining such services and to ensure the entitlement to the ownership of intellectual properties rights in respect thereof from time to time during the terms of the Master Agreements (as supplemented by the respective Supplemental Agreements).

The Directors consider that the Group will benefit from the technological supports provided by each of San Li, Sunrise and Ta Yu Metallic for developing new products.

The Directors (including the independent non-executive Directors) are of the view that the respective Annual Caps are fair and reasonable, and that the terms of the Continuing Connected Transactions under the Master Agreements and the Supplemental Agreements are on normal commercial terms, in the ordinary and usual course of business of the Group, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION

Since each of San Li, Sunrise and Ta Yu Metallic is an associate of certain existing and former Directors and thereby a connected person of the Company under the Listing Rules, the signing of the Master Agreements and the Supplemental Agreements with each of San Li, Sunrise and Ta Yu Metallic for the provision of technological support on the Group’s research and development constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. As the respective Annual Caps for the Continuing Connected Transactions with San Li and Sunrise (on an aggregated basis) and Ta Yu Metallic for each of the period from 13 November 2006 to 31 December 2006 and the financial year ending 31 December 2007 is expected to exceed HK\$1 million but less than HK\$10 million and the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules (other than the profits test ratio) is expected to exceed 0.1% but less than 2.5%, the Continuing Connected Transactions under the Master Agreements and the Supplemental Agreements and the respective Annual Caps are thus subject to the reporting and announcement requirements as set out in Rules 14A.45 to 14A.47 of the Listing Rules but are exempt from independent Shareholders’ approval requirements pursuant to Rule 14A.34 of the Listing Rules.

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 liquid crystal display personal computers, liquid crystal display televisions, digital cameras and game consoles.

San Li is principally engaged in dust fee spray-painting of electronic consumer product casings in Taiwan.

Sunrise is principally engaged in plastic injection moulding of electronic consumer product casings in Taiwan.

Ta Yu Metallic is principally engaged in metal tooling and stamping of electronic consumer product casings in Taiwan.

DEFINITIONS

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

“Annual Caps”	the respective annual caps of the royalty fees and the monthly services fee (including the estimated out-of-pocket expenses pursuant to the Master Agreements (as supplemented by the respective Supplemental Agreements)) payable by the Group for the Continuing Connected Transactions with each of San Li, Sunrise and Ta Yu Metallic for each of the period from 13 November 2006 to 31 December 2006 and the financial year ending 31 December 2007
“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”	provision of technological support by each of San Li, Sunrise and Ta Yu Metallic pursuant to the Master Agreements (as supplemented by the respective Supplemental Agreements), details of which are set out in the section headed “Continuing Connected Transactions” of this announcement
“Designated Person(s)”	qualified person(s) which may from time to time be designated and procured by San Li, Sunrise or Ta Yu Metallic for the provision of technological support to the Group pursuant to the Master Agreements (as supplemented by the respective Supplemental Agreements)
“Director(s)”	director(s) 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 Third Party(ies)”	independent third party or parties and its/their ultimate beneficial owner(s) who is/are independent of the Company and connected persons (as defined under the Listing Rules) of the Company
“Listing”	the listing of the shares of the Company on the Stock Exchange on 3 November 2005
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Master Agreements”	the three master agreements all dated 13 November 2006 and entered into between the Group and each of San Li, Sunrise and Ta Yu Metallic in relation to the provision of technological support to the Group
“San Li”	三立有限公司 (transliterated as San Li Company Limited), a company incorporated in Taiwan and is owned as to 44.2% by Mr. Cheng Li Yu, an executive Director, 25.8% by Mr. Cheng Li-Yen, an executive Director and the remaining 30% by their respective family members
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sunrise”	朝昶塑膠有限公司 (transliterated as Sunrise Plastic Injection Company Limited), a company incorporated in Taiwan and is owned as to approximately 43.33% by Mr. Cheng Li-Yen, an executive Director, approximately 6.67% by his family members and the remaining 50% by two Independent Third Parties
“Supplemental Agreements”	the three supplemental agreements all dated 22 December 2006 and entered into between the Group and each of San Li, Sunrise and Ta Yu Metallic to supplement certain provisions of the respective Master Agreements
“Ta Yu Metallic”	大煜金屬鐵工廠有限公司 (transliterated as Ta Yu Metallic Company Limited), a company incorporated in Taiwan and is owned as to 30% by Mr. Horng Tsai-Chin, a former non-executive Director who resigned on 18 September 2006, approximately 63.33% by his family members and approximately 6.67% by an Independent Third Party
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region of the People’s Republic of China
“%”	per cent.

Hong Kong, 22 December 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.

By order of the Board
Ju Teng International Holdings Limited
Tsui Yung Kwok
Company Secretary