

**JU TENG INTERNATIONAL HOLDINGS LTD:
THE COMPANY HAS ITS PROBLEMS, BUT IT, STILL, LOOKS GOOD**

With borrowings of about \$HK1.12 billion, as at August 31, 2005, equivalent to about 72 percent of the Turnover of the Company for the 2004 Financial Year, ended December 31, and with a forecast Net Profit for the Current Financial Year, representing a drop of about 25 percent, Year-On-Year, Ju Teng International Holdings Ltd (巨騰國際控股有限公司) (Code: 3336, Main Board, The Stock Exchange of Hongkong Ltd) pitched its Initial Public Offering (IPO).

It was hardly surprising that investors of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), on October 25, 2005, were not very enthusiastic over the flotation.

The Company pitched an International Offering of 260 million New Shares at an Offer Price of between a low of \$HK1.24 per Share and a high of \$HK1.57 per Share.

The Offer Price was, eventually, fixed at \$HK1.40 per Share and, today, the price on The Stock Exchange of Hongkong Ltd is about \$HK1.69 per Share.

On November 2, 2005, Management of Ju Tent International announced that, of the HKSAR Public Offer tranche of 26 million, New Shares, investors of the territory had only applied for 4,844,000 Shares, representing about 18.63 percent of the total number of Shares, having been Offered at the time of the float.

As for the International Placing Shares, one was told that they had been over-subscribed.

The Business of Ju Teng International Holdings Ltd

The principal business of Ju Teng International is the manufacture and sales of notebook computer casings, according to Page 69 of the Company's International Placing and Hongkong Public Offer Prospectus.

The second paragraph at Page 69 states, inter alia:

'Our products are semi-finished consumer goods and are principally delivered to our customers' production plants in the PRC for further processing before marketing and sale to ultimate end users. Our customers include Arima (Arima Computer Corporation, whose shares are listed on The Taiwan Stock Exchange Corporation), Asus (ASUSTeK Computer Incorporated, whose shares are listed on The Taiwan Stock Exchange Corporation), Compal (Compal Electronics Incorporated, whose shares are listed on The Taiwan Stock Exchange Corporation), FIC (FIC Global Incorporated, whose shares are listed on The Taiwan Stock Exchange Corporation), Wistron (Wistron Corporation, whose shares are listed on The Taiwan Stock Exchange Corporation) and Quanta (Quanta Computer Incorporated, whose shares are listed on The Taiwan Stock Exchange Corporation), all of which are OEM (Original Equipment Manufacturing) and ODM (Original Design Manufacturing) electronic consumer product manufacturers of leading international brands. Approximately 64.49%, 68.72%, 87.86%, 83.87% and 91.57% of the Group's turnover were recognised as income derived from our PRC customers for each of the three years ended 31st December, 2004 and the six months ended 30th June, 2004 and 30th June, 2005 respectively ... '.

From the above, it is clear that Ju Teng International is solely dependent on its PRC customers.

And, still on the subject of dependency, at Page 90 of the Prospectus, it is stated that the Company's 5 most-important customers accounted for 94.84 percent, 86.68 percent, 91.64 percent, 90.83 percent and 87.73 percent of the Turnover for the 3 Financial Years, ended December 31, 2004, and for the 6 months, ended June 30, 2004, and June 30, 2005.

Therefore, just 5 customers is, in fact, the major customer base of Ju Teng International; and, the loss of any one of these customers would, no doubt, have an immediate and dramatic impact on the Bottom Line of Ju Teng International.

This Company was founded in 2000 with the establishment of Giant Glory International Ltd (大煜國際有限公司) in Samoa and Everyday Computer Components (Suzhou) Company Ltd (大昶電腦配件(蘇州)有限公司) ... [CLICK TO ORDER FULL ARTICLE](#)

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