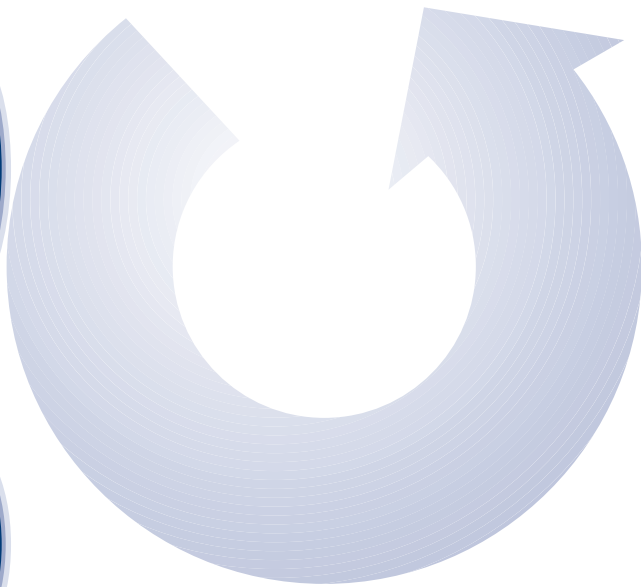


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KEY HIGHLIGHTS

- Record sales of HK\$124 million and profit from operations increased by 81.7% to HK\$13 million for the second quarter of 2005.
- Interim dividend of 2 HK cents per share.

1. Summarised Statement of Income

(In thousands of HK Dollars, except as otherwise stated)

	Quarterly Results			6 months Results		
	2Q2005	2Q2004	YoY(%)	1H2005	1H2004	YoY(%)
Sales (Turnover)	124,366	99,566	24.9	221,545	186,861	18.6
Gross Profit	26,233	19,140	37.1	43,424	35,235	23.2
% of sales	21.1%	19.2%		19.6%	18.9%	
Profit from Operations	13,358	7,352	81.7	20,790	14,658	41.8
% of sales	10.7%	7.4%		9.4%	7.8%	
Per share (diluted) (HK cent)	1.75	0.96	81.7	2.72	1.92	41.8
Net Profit	12,269	7,153	71.5	19,078	14,307	33.3
% of sales	9.9%	7.2%		8.6%	7.7%	
Basic earnings per share						
(HK cent)	1.61	(0.61) ^(a)		2.50	1.42 ^(a)	
Diluted earnings per share						
(HK cent)	1.61	N/A ^(b)		2.50	N/A ^(b)	
Weighted average number of shares ('000)						
Basic	763,535	352,544		763,535	352,544	
Diluted	763,535	763,535		763,535	763,535	

Notes:

- (a) The basic earnings per share is affected by the approval and payment of 2003 final dividends on preference shares in the sum of HK\$9.3 million in April 2004.
- (b) As the full conversion of the convertible preference shares outstanding during the six months ended 30 June 2004 would result in an increase in earnings per share for the period ended 30 June 2004, no diluted earnings per share had been presented.

2. Quarterly Sales Breakdown

(In thousands of HK Dollars, except percentages)

Quarter	2005	2004	YoY(%)	YoY(%)
			(Quarterly)	(Quarterly accumulated)
1st Quarter	97,179	87,295	11.3	11.3
2nd Quarter	124,366	99,566	24.9	18.6
3rd Quarter	—	109,063	—	—
4th Quarter	—	88,406	—	—
Total	<u>221,545</u>	<u>384,330</u>	<u>—</u>	<u>—</u>

3. Key Highlights of Financial Position

(In thousands of HK Dollars, except percentages)

	(unaudited)	<i>(unaudited)</i>	<i>(audited)</i>
	As at	As at	As at
	30 June	30 June	31 December
	2005	2004	2004
Cash on Hand	26,550	49,625	22,180
Cash/Current Liabilities	0.20	0.45	0.22
Current Ratio	1.32	1.66	1.39
Total Assets/Total Liabilities	1.91	1.92	1.95
Debtors Turnover Day ^(a)	86	79	67
Inventory Turnover Day ^(b)	39	51	42
Creditors Turnover Day ^(c)	67	74	61

Notes:

- (a) The calculation of debtors turnover days is based on the amount of trade debtors as at the relevant period end divided by sales of the same period and multiplied by 365 days and the number of months in that period over 12.
- (b) The calculation of inventory turnover days is based on the amount of inventories as at the relevant period end divided by cost of sales of the same period and multiplied by 365 days and the number of months in that period over 12.
- (c) The calculation of creditors turnover days is based on the amount of trade creditors as at the relevant period end divided by cost of sales of the same period and multiplied by 365 days and the number of months in that period over 12.

UNAUDITED INTERIM RESULTS

The board (the "Board") of directors (the "Directors") of J.I.C. Technology Company Limited (the "Company") is pleased to announce the unaudited condensed consolidated financial statements of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2005.

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

For the three months and six months ended 30 June 2005

(In thousands of HK Dollars, except as otherwise stated)

	Notes	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
		2005	2004	2005	2004
Turnover	3	124,366	99,566	221,545	186,861
Cost of sales		(98,133)	(80,426)	(178,121)	(151,626)
Gross profit		26,233	19,140	43,424	35,235
Other operating income		—	—	1,106	—
Selling and distribution costs		(2,101)	(1,777)	(4,019)	(2,753)
Administrative expenses		(8,608)	(8,169)	(15,646)	(14,479)
Research and development expenses		(2,166)	(1,842)	(4,075)	(3,345)
Profit from operations	4	13,358	7,352	20,790	14,658
Bank interest income		67	28	103	42
Interest on bank borrowings wholly repayable within five years		(793)	(227)	(1,431)	(393)
Profit before taxation		12,632	7,153	19,462	14,307
Taxation	5	(363)	—	(384)	—
Net profit for the period attributable to equity holders of the Company		12,269	7,153	19,078	14,307
Dividends	6	—	17,069	—	17,069
Earnings per share (HK cents)	7				
Basic		1.61	(0.61)	2.50	1.42
Diluted*		1.61	N/A	2.50	N/A

* As the full conversion of the convertible preference shares outstanding during the six months ended 30 June 2004 would result in an increase in earnings per share for the period ended 30 June 2004, no diluted earnings per share had been presented. There were no potential ordinary shares during the six months ended 30 June 2005.

CONSOLIDATED BALANCE SHEET

As at 30 June 2005

(In thousands of HK Dollars, except as otherwise stated)

	Notes	Unaudited 30 June 2005	Audited 31 December 2004
Non-current assets			
Property, plant and equipment	8	129,831	89,409
Machinery under installation and deposits paid for acquisition of property, plant and equipment		12,725	44,675
Club membership		381	381
		142,937	134,465
Current assets			
Inventories		38,475	36,153
Trade and other receivables	9	106,265	76,626
Amount due from a fellow subsidiary		1,873	883
Taxation recoverable		4,772	4,720
Bank balances and cash		26,550	22,180
		177,935	140,562
Current liabilities			
Trade and other payables	10	76,762	60,829
Bills payable		—	6,417
Taxation payable		3,084	1,336
Bank borrowings — due within one year	11	54,651	32,226
		134,497	100,808
Net current assets		43,438	39,754
Total assets less current liabilities		186,375	174,219
Non-current liabilities			
Bank borrowings — due after one year	11	33,345	40,267
		153,030	133,952
Capital and reserves			
Share capital	12	7,635	7,635
Reserves		145,395	126,317
		153,030	133,952

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2005

	Share capital			Reserves				Total share capital and reserves	
	Ordinary	Preference	Total	Ordinary	Goodwill	Special	Accumu- lated		
				share premium					reserve
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
						(Note)			
At 1 January 2004 (audited)	3,526	4,233	7,759	51	(8,351)	(6,774)	146,539	131,465	139,224
Net profit for the period	–	–	–	–	–	–	14,307	14,307	14,307
Dividends paid	–	–	–	–	–	–	(17,069)	(17,069)	(17,069)
At 30 June 2004 (unaudited)	3,526	4,233	7,759	51	(8,351)	(6,774)	143,777	128,703	136,462
Conversion of preference shares									
to ordinary shares	4,109	(4,233)	(124)	124	–	–	–	124	–
Net profit for the period	–	–	–	–	–	–	9,128	9,128	9,128
Dividends paid	–	–	–	–	–	–	(11,638)	(11,638)	(11,638)
At 31 December 2004 (audited)	7,635	–	7,635	175	(8,351)	(6,774)	141,267	126,317	133,952
Net profit for the period	–	–	–	–	–	–	19,078	19,078	19,078
At 30 June 2005 (unaudited)	7,635	–	7,635	175	(8,351)	(6,774)	160,345	145,395	153,030

Note: The special reserve of the Group represents the difference between the nominal value of the shares of the subsidiaries acquired and the nominal value of the shares issued by the Company in consideration therefore.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

For the six months ended 30 June 2005

(In thousands of HK Dollars, except as otherwise stated)

	Unaudited	
	Six months ended	
	30 June	
	2005	2004
Net cash from operating activities	11,114	140
Net cash used in investing activities	(20,815)	(15,309)
Net cash from financing activities	14,071	24,124
	<u> </u>	<u> </u>
Net increase in cash and cash equivalents	4,370	8,955
Cash and cash equivalents at beginning of the period	22,180	40,670
	<u> </u>	<u> </u>
Cash and cash equivalents at end of the period, representing bank balances and cash	26,550	49,625
	<u> </u>	<u> </u>



2005

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the three and six months ended 30 June 2005

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 of the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and with Hong Kong Accounting Standard ("HKAS") 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared under the historical cost convention.

The accounting policies adopted in the condensed financial statements are consistent with those followed in the preparation of the Group's financial statements for the year ended 31 December 2004, except as described below.

In the current interim period, the Group has adopted, for the first time, a number of new and revised applicable HKASs, Hong Kong Financial Reporting Standards ("HKFRSs") and Interpretations (hereinafter collectively referred to as "new HKFRSs") issued by the HKICPA, which are effective for accounting periods beginning on or after 1 January 2005.

The adoption of these new HKFRSs has resulted in changes to the Group's accounting policies in the following areas. However, the adoption of these new HKFRSs has had no material effect on how the results of operations and financial position of the Group are prepared and presented for the current and prior periods. Accordingly, no prior period adjustment has been required.

Business combinations

In accordance with the relevant transitional provisions in HKFRS 3, *Business Combinations*, goodwill previously recognised in equity continues to be held in reserve and will be transferred to accumulated profits at the time when the business to which the goodwill related is disposed of or when a cash-generating unit to which the goodwill relates become impaired. Goodwill will be tested for impairment annually, unless an event occurs during the period which requires the goodwill to be tested more frequently.

Financial Instruments

In the current period, the Group has applied HKAS 32 *Financial Instruments: Disclosure and Presentation* and HKAS 39 *Financial Instruments: Recognition and Measurement*. HKAS 32 requires retrospective application. HKAS 39, which is effective for annual periods beginning on or after 1 January 2005, generally does not permit to recognise, derecognise or measure financial assets and liabilities on a retrospective basis. The principal effects resulting from the implementation of HKAS 32 and HKAS 39 are summarised below:

Financial assets and financial liabilities other than debt and equity securities

Financial assets

Financial assets included trade and other receivables, amount due from a fellow subsidiary and bank balances and cash. Trade and other receivables, and amount due from a fellow subsidiary are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired.

Financial liabilities

Financial liabilities included trade and other payables, bills payable and bank borrowings, which are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

The Group has not early applied the following new HKFRSs that have been issued but are not yet effective. The Group has commenced considering the potential impact of these new HKFRSs but is not yet in a position to determine whether these new HKFRSs would have a significant impact on how its result of operations and financial position are prepared and presented. These new HKFRSs may result in changes in the future as to how the results and financial position are prepared and presented.

HKAS 19 (Amendment)	Employee Benefits-Actuarial Gains and Losses, Group Plans and Disclosures
HKFRS 6	Exploration for and Evaluation of Mineral Resources
HKFRS-Int 4	Determining Whether an Arrangement contains a Lease
HKFRS-Int 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds

3. SEGMENT INFORMATION

Geographical segments

The Group's primary format for reporting segment information is geographic segments. The Group reports its primary segment information based on the initial destination of shipment of its products, principally Hong Kong and the People's Republic of China (the "PRC"). The Group's subsidiary in the PRC remains as an export based enterprise in the PRC.

The following table provides an analysis of the Group's sales by geographical market:

Three months ended 30 June 2005 (unaudited)

	Hong Kong HK\$'000	The PRC HK\$'000	Japan HK\$'000	Others HK\$'000	Consolidated HK\$'000
External turnover	<u>51,966</u>	<u>70,640</u>	<u>582</u>	<u>1,178</u>	<u>124,366</u>
Segment result	<u>10,245</u>	<u>2,407</u>	<u>252</u>	<u>454</u>	<u>13,358</u>
Bank interest income					67
Interest on bank borrowings wholly repayable within five years					<u>(793)</u>
Profit before taxation					12,632
Taxation					<u>(363)</u>
Net profit for the period					<u>12,269</u>

Three months ended 30 June 2004 (*unaudited*)

	Hong Kong HK\$'000	The PRC HK\$'000	Japan HK\$'000	Others HK\$'000	Consolidated HK\$'000
External turnover	<u>12,741</u>	<u>84,565</u>	<u>765</u>	<u>1,495</u>	<u>99,566</u>
Segment result	<u>1,932</u>	<u>4,728</u>	<u>390</u>	<u>302</u>	7,352
Bank interest income					28
Interest on bank borrowings wholly repayable within five years					<u>(227)</u>
Net profit for the period					<u>7,153</u>

Six months ended 30 June 2005 (*unaudited*)

	Hong Kong HK\$'000	The PRC HK\$'000	Japan HK\$'000	Others HK\$'000	Consolidated HK\$'000
External turnover	<u>81,328</u>	<u>136,953</u>	<u>1,453</u>	<u>1,811</u>	<u>221,545</u>
Segment result	<u>14,430</u>	<u>5,053</u>	<u>614</u>	<u>693</u>	20,790
Bank interest income					103
Interest on bank borrowings wholly repayable within five years					<u>(1,431)</u>
Profit before taxation					19,462
Taxation					<u>(384)</u>
Net profit for the period					<u>19,078</u>

Six months ended 30 June 2004 (*unaudited*)

	Hong Kong HK\$'000	The PRC HK\$'000	Japan HK\$'000	Others HK\$'000	Consolidated HK\$'000
External turnover	<u>24,769</u>	<u>157,546</u>	<u>1,611</u>	<u>2,935</u>	<u>186,861</u>
Segment result	<u>3,931</u>	<u>9,814</u>	<u>363</u>	<u>550</u>	14,658
Bank interest income					42
Interest on bank borrowings wholly repayable within five years					<u>(393)</u>
Net profit for the period					<u>14,307</u>

4. PROFIT FROM OPERATIONS

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
Profit from operations has been arrived at after charging:				
Allowance for bad and doubtful debts, net	204	20	99	—
Allowance for inventories, net	1,925	651	1,563	—
Depreciation of property, plant and equipment	6,401	4,642	11,922	9,063
Loss on disposal of property, plant and equipment	522	5	524	6
and after crediting:				
Write back of allowance for bad and doubtful debts, net	—	—	—	592
Write back of allowance for inventories, net	—	—	—	578

5. TAXATION

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
PRC income tax				
Current year	139	—	160	—
Under provision in prior years	224	—	224	—
	363	—	384	—

For the six months ended 30 June 2005 and 30 June 2004, no provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements as the Group did not have any significant assessable profit arising in Hong Kong for both periods.

PRC income tax is calculated at the applicable rates relevant to the PRC subsidiary. Pursuant to the relevant laws and regulations in the PRC, a foreign investment enterprise ("FIE") whose foreign investor directly reinvests by way of capital injection its share of profits obtained from that FIE in establishing or expanding an export-oriented or technologically advanced enterprise in the PRC for a minimum period of five years may obtain a substantial refund of taxes already paid on those profits. The Group's PRC subsidiary qualified for such tax refunds as a result of the Group's reinvestment of its profit earned in previous years. As a result, the Group recorded tax expense net of the benefit related to the refunds. Tax that would otherwise have been payable without the above tax refund concession amounts to approximately HK\$1,295,000 for the six months ended 30 June 2005 (1.1.2004 to 30.6.2004: HK\$1,635,000).

J.I.C. (Macao Commercial Offshore) Company Limited, a wholly owned subsidiary of the Company, is exempted from Macao Complementary Tax in accordance with the Macao Decree Law.

6. DIVIDENDS

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2005	2004	2005	2004
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Final dividends paid for 2003:				
– HK\$0.022 per ordinary share	–	7,756	–	7,756
– HK\$0.022 per preference share	–	9,313	–	9,313
	<u>–</u>	<u>17,069</u>	<u>–</u>	<u>17,069</u>

The Board has determined that an interim dividend of HK\$0.02 per ordinary share for the six months ended 30 June 2005 (1 January 2004 to 30 June 2004: HK\$0.015) should be paid to shareholders of the Company whose names appear on the Register of Members of the Company on 17 August 2005.

The interim dividend will be paid on or around 30 August 2005.

7. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
Net profit for the period	12,269	7,153	19,078	14,307
Dividends on preference shares	–	(9,313)	–	(9,313)
Earnings for the purposes of basic and diluted earnings per share	12,269	(2,160)	19,078	4,994

Number of shares

Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	763,534,755	352,544,465	763,534,755	352,544,465
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Note: As the full conversion of the convertible preference shares outstanding during the six months ended 30 June 2004 would result in an increase in earnings per share for the period ended 30 June 2004, no diluted earnings per share had been presented.

No diluted earnings per share has been presented as there were no potential ordinary shares during the six months ended 30 June 2005.

8. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired property, plant and equipment amounting to approximately HK\$20,918,000. In addition, the Group had written off certain of its property, plant and equipment with a net book value of approximately HK\$524,000, resulting in a loss of approximately HK\$524,000.

9. TRADE AND OTHER RECEIVABLES

The Group's policy is to allow credit periods ranging from 30 days to 90 days (31 December 2004: 30 days to 90 days) to its trade customers.

The following is an aged analysis of trade receivables at the balance sheet dates, prepared on the basis of sales invoice date:

	30 June 2005 HK\$'000	31 December 2004 HK\$'000
Trade receivables:		
0 – 30 days	46,860	32,326
31 – 60 days	35,065	25,147
61 – 90 days	17,587	10,876
Over 90 days	4,413	2,795
	103,925	71,144
Other receivables	2,340	5,482
	106,265	76,626

10. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables at the balance sheet dates, prepared on the basis of supplier invoice date:

	30 June 2005 HK\$'000	31 December 2004 HK\$'000
Trade payables:		
0 – 30 days	38,509	30,636
31 – 60 days	17,036	11,043
61 – 90 days	7,472	8,908
Over 90 days	2,726	1,138
	65,743	51,725
Other payables	11,019	9,104
	76,762	60,829

11. BANK BORROWINGS

	30 June 2005 HK\$'000	31 December 2004 HK\$'000
Bank borrowings comprise:		
Bank loans	57,330	62,692
Trust receipt loans	30,666	9,801
	<u>87,996</u>	<u>72,493</u>
The bank borrowings are repayable as follows:		
On demand or within one year	54,651	32,226
In the second year	15,210	18,037
In the third to fifth year inclusive	18,135	22,230
	<u>87,996</u>	<u>72,493</u>
Less: Amounts due for settlement within one year (shown under current liabilities)	<u>(54,651)</u>	<u>(32,226)</u>
Amounts due for settlement after one year	<u>33,345</u>	<u>40,267</u>

During the period, the Group repaid bank loans of approximately HK\$11,602,000 and raised new bank loans of approximately HK\$6,240,000.

12 SHARE CAPITAL

	Number of shares	Amount HK\$'000
Authorised:		
At 1 January 2005 and at 30 June 2005		
– Ordinary shares of HK\$0.01 each	2,000,000,000	20,000
– Non-redeemable convertible preference shares of HK\$0.01 each	<u>600,000,000</u>	<u>6,000</u>
	<u><u>2,600,000,000</u></u>	<u><u>26,000</u></u>
Issued and fully paid:		
At 1 January 2005 and at 30 June 2005		
– Ordinary shares of HK\$0.01 each	<u>763,534,755</u>	<u>7,635</u>

13. CAPITAL COMMITMENTS

	30 June 2005 HK\$'000	31 December 2004 HK\$'000
Capital expenditure in respect of acquisition of property, plant and equipment:		
– Contracted for but not provided in the financial statements	<u>2,775</u>	9,236
– Authorised but not contracted for	<u>9,009</u>	<u>8,908</u>
	<u><u>11,784</u></u>	<u><u>18,144</u></u>

14. RELATED PARTY TRANSACTIONS

During the period, the Group entered into transactions with the following fellow subsidiaries owned by Nam Tai Electronics, Inc., the Group's ultimate holding company:

Name of related party	Nature of transactions	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
		2005	2004	2005	2004
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Namtai Electronic (Shenzhen) Co., Ltd.	Sales of finished goods by the Group	1,866	1,082	3,314	1,908
Nam Tai Group Management Limited	Service fees paid by the Group	720	1,530	1,440	2,850
Zastron Electronic (Shenzhen) Co. Ltd.	Sales of raw materials by the Group	—	9,649	—	25,511
	Purchase of processed goods by the Group	—	13,342	—	34,264
Directors	Remuneration	1,172	1,084	2,221	1,777

During the period ended 30 June 2005, the Group had entered into an agreement with a director of the Company to sell to the director, without recourse, trade receivables of the Group amounting to approximately HK\$849,000 for a cash consideration of the same amount.

As at 31 December 2004, two directors of the Company have guaranteed repayment of certain trade receivables of the Group amounting to approximately HK\$423,000 at nil consideration.

15. COMPARATIVE FIGURES

Comparative figures in other operating income and administrative expenses have been reclassified to conform with the current period's presentation. These reclassifications had no effect on the net income or financial position for any period presented.



2005

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK\$0.02 per ordinary share (1 January 2004 to 30 June 2004: HK\$0.015) for the six months ended 30 June 2005 to be payable to shareholders whose names appear on the Register of Members of the Company on 17 August 2005.

The interim dividend will be paid on or around 30 August 2005.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 16 August 2005 to 17 August 2005, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the aforementioned interim dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrars, Computershare Hong Kong Investor Services Limited, 46th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on 15 August 2005.

MANAGEMENT DISCUSSION & ANALYSIS

Business Review

The Company is pleased to announce a record-breaking sale of approximately HK\$124 million for the second quarter of 2005, which made up a respectable growth of about 25% when compared with that of the same period last year. Similar to that of the first quarter, the growth came from the Liquid Crystal Display (“LCD”) module sector. The growth in sales which offsets the manufacturing overheads results in a remarkable improvement in gross profit by about 37%. Consequently, the profit from operations and net profit also rose by 82% and 72% respectively in the second quarter.

The strong performance in the second quarter substantiates the confident growing trend in the first six months of 2005, yielding an encouraging year on year growth in sales and net profit of 19% and 33% respectively. The trend of growth in the LCD module business is consistent. This business in this period takes up about 41% of the total sales, and is an increase of about 54% when compared with the same period last year.

The Company has relocated to the new manufacturing site for about 6 months. Although it was expected that higher operation expenditure would be incurred, the combination of better manufacturing environment and upgraded equipment has proven to be successful in providing improved manufacturing yield and production efficiency. The volume of production has grown by about 25% since January 2005, and the Company is now producing approximately 10 million LCD panels a month.

Future Outlook

The Company's current portfolio of clientele consists of predominantly Japanese and Hong Kong companies. In order to establish further growth in the future, the Company aims to widen the customer base. In doing so, the Company continues to develop value added products for customers, and at the same time recognises the importance of developing good manufacturing techniques and flexible production lines. Backed by the larger manufacturing capacity at the new factory, the Company can offer customers with a wider range and bigger volume of LCD products of higher quality. Some of key product sectors that will be focused in the future are internet protocol (IP) phones, industrial instruments and automotives. These represent markets that are demanding fully custom designed and high performance LCD products.

The Company believes in developing an organisation which ensures customer focus and satisfaction. With strong teams of resources that have already been serving the customers, the Company is able to improve development cycle time and reduce failure risk of the products supplied to the market. The Company has also embarked on preparing for compliance with ISO-14001 which will take place in the fourth quarter of 2005. The focus on environment, health and safety will help the Company in taking one more important step towards becoming a preferred global supplier.

The Company is able to establish a confident partnership with customers, and has already won several new customers over the first half of 2005. It is anticipated that these new businesses will make valuable contributions towards the future growth of the Company.

Lastly, on the note of the recent 2% currency appreciation of Renminbi (RMB), there shall be no big immediate impact on the Company because the Company has little asset or liability exposure in that currency. It is expected in the medium term that the manufacturing overheads would increase accordingly.

Liquidity, Financial Resources and Financial Ratios

The Group had, as at 30 June 2005, cash per share of 3.48 HK cents (June 2004: 14.08 HK cents) and net asset per share of 20.04 HK cents (June 2004: 38.71 HK cents), based on 763,534,755 (June 2004: 352,544,465) issued ordinary shares.

The Group had, as at 30 June 2005, a cash to current liabilities ratio of 0.20 (June 2004: 0.45), a current ratio of 1.32 (June 2004: 1.66) and a total assets to total liabilities ratio of 1.91 (June 2004: 1.92), and approximately HK\$26.5 million (June 2004: HK\$49.6 million) of bank balances and cash.

As at 30 June 2005, the Company had issued corporate guarantees amounting to approximately HK\$39 million (June 2004: HK\$129.7 million) to certain banks in respect of banking facilities granted to its subsidiaries. The extent of banking facilities utilised by the Group amounted to approximately HK\$88.0 million (June 2004: HK\$75.5 million). The rise in the extent of facilities utilised was attributable to funding of capital expenditure for the plant relocation at the end of last year and the plant expansion early this year.

The facilities are in either US Dollars or Japanese Yen, of which 62%, 17% and 21% are repayable on demand or within one year, in the second year and in the third to fifth years inclusive respectively. All of the facilities are on floating interest rates.

The Company's gearing ratio, which was calculated on the basis of total bank borrowings to the shareholders' equity, was 0.58 (June 2004: 0.55).

During the six months ended 30 June 2005, the Group has spent a total of approximately HK\$20.9 million on capital assets for purchase of new manufacturing facilities and equipment, financial sources of which came from facilities granted by the banks.

The Group recorded a debtors turnover days of approximately 86 days for the six months ended 30 June 2005 (31 December 2004: 67 days) based on the amount of trade debtors as at the relevant period end divided by sales of the same period and multiplied by 365 days and the number of months in that period over 12.

The Group recorded an inventory turnover days of approximately 39 days for the six months ended 30 June 2005 (31 December 2004: 42 days) based on the amount of inventories as at the relevant period end divided by cost of sales of the same period and multiplied by 365 days and the number of months in that period over 12.

The Group recorded a creditors turnover days of approximately 67 days for the six months ended 30 June 2005 (31 December 2004: 61 days) based on the amount of trade creditors as at the relevant period end divided by cost of sales of the same period and multiplied by 365 days and the number of months in that period over 12.

Foreign Exchange Exposure

Since the Group usually conducts its business transactions in Hong Kong dollars and United States dollars, and over 90% of the Company's cash is in either Hong Kong dollars or United States dollars, the exposure to exchange rate fluctuation is minimal and there is no hedging requirement. The recent 2% appreciation of Renminbi will not give a material impact to the Group because its assets and liabilities denominated in that currency are not significant. It is however expected that the manufacturing overheads in the PRC operation would increase accordingly in the medium term.



2005

Employees and Remuneration Policy

As at 30 June 2005, the Company had a total of 2,217 dynamic and talented employees, among which 17 were marketing staff and 61 were research and development staff. All staff were dedicated to maintaining and advancing the quality and reliability of our operations. Total staff costs for the six months ended 30 June 2005 were approximately HK\$28.88 million.

The Group's emolument policy, including both salaries and bonuses, are in line with the local practices where the Company and its subsidiaries operate. In addition to receiving salaries and bonuses, employees are also entitled to other benefits, including medical subsidies and participation in retirement schemes. The Group follows a policy of encouraging its subsidiaries to send their staff to attend training classes or seminars that are directly or indirectly related to the Group's business. Furthermore, the emolument policy of the Group is reviewed regularly, making reference to legal framework, market condition and performance of the Group and individual staff.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares during the six months ended 30 June 2005.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2005, the interests or short positions of the Directors and chief executives in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO") (Cap. 571 of the Laws of Hong Kong)) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Listing Rules, were as follows:

(I) Long position in the shares of the Company

As at 30 June 2005, none of the Directors held any shares in the issued share capital of the Company.

(II) Long position in the shares of Associated Corporation

(A) As at 30 June 2005, the Directors who held common shares in Nam Tai Electronics, Inc. (NTE Inc.)^(a) are as follows:

Name of Director	Personal Interests	Corporate Interests	Capacity	Number of common shares held	Percentage of the issued share capital of the associated corporation
Li Shi Yuen Joseph ^(b)	78,870	2,935,087	Beneficial Owner	3,013,957	7.05%
CHUI Kam Wai ^(b)	45,870	2,935,087	Beneficial Owner	2,980,957	6.97%
KOO Ming Kown ^(c)	6,445,786	—	Beneficial Owner	6,445,786	15.08%
Tadao MURAKAMI ^(d)	1,849,225	—	Beneficial Owner	1,849,225	4.33%
WONG Toe Yeung ^(e)	—	1,000,000	Beneficial Owner	1,000,000	2.34%
LEUNG Wai Hung	10,600	—	Beneficial Owner	10,600	0.02%

(B) As at 30 June 2005, the Directors who held share options granted by NTE Inc. are as follows:

Name of Director	Capacity	Number of share options held	Number of underlying share
Li Shi Yuen Joseph	Beneficial Owner	80,000	80,000
KOO Ming Kown	Beneficial Owner	545,000	545,000
Tadao MURAKAMI ^(d)	Beneficial Owner	545,000	545,000

Notes:

- a. NTE Inc. holds 71.63% shareholding of the Company as at 30 June 2005.
- b. Mr. LI Shi Yuen Joseph ("Mr. Li") and Mr. CHUI Kam Wai ("Mr. Chui") are the beneficial owners of the entire issued share capital of Li & Chui Holdings (B.V.I.) Limited ("Li and Chui"). Each of them holds 50% interest in Li & Chui. As at 30 June 2005, Li & Chui holds 2,935,087 common shares of NTE Inc. and Mr. Li and Mr. Chui are deemed to be interested in the same number of shares held by Li & Chui by virtue of the SFO.
- c. As at 30 June 2005, 5,445,786 common shares in NTE Inc. are owned by Mr. KOO Ming Kown and Ms. CHO Sui Sin (spouse of Mr. KOO Ming Kown) jointly.
- d. Mr. Tadao MURAKAMI ceased to be a Director with effect from 5 July 2005.
- e. Mr. WONG Toe Yeung ("Mr. Wong") is the beneficial owner of the entire issued share capital of Top Scale Company Limited ("Top Scale"). As at 30 June 2005, Mr. Wong holds 100% interest in Top Scale and Top Scale holds 1,000,000 common shares of NTE Inc.

Subsequent to the period end, Mr. Wong sold 360,000 and 250,000 common shares respectively of NTE Inc. in July 2005.

Save as disclosed above, no Directors nor chief executive have any interests or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which were taken or deemed to be have under such provisions), or which were recorded in the register required to be kept by the Company under section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Listing Rules.

DIRECTORS' BENEFITS FROM RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the sections "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures" above and "Share Option Scheme" below, at no time during the six months ended 30 June 2005 was the Company, its holding company or its subsidiaries a party to any arrangements which enabled the Directors (including their spouses or children under 18 years of age), to acquire benefits by means of acquisition of shares in or debenture of the Company or any other body corporate.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

So far as is known to any Director or chief executive of the Company, as at 30 June 2005, shareholders who had interests or short positions in the shares or underlying shares of the Company which would have to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO (including interests or short positions which were taken or deemed to be have under such provisions), or which were recorded in the register of interests required to be kept by the Company under Section 336 of the SFO were as follows:

Long position of the substantial shareholder in the shares of the Company

Name of substantial shareholder	Capacity	Number of ordinary shares held	Percentage of shareholding
NTE Inc.	Beneficial owner	546,890,978	71.63%

Save as disclosed above, the Company has not been notified by any person (other than the Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would have to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO (including interests or short positions which were taken or deemed to be have under such provisions), or which were recorded in the register of interests required to be kept by the Company under Section 336 of the SFO.

SHARE OPTION SCHEME

In April 2002, a share option scheme (the "Scheme") was approved under which the Directors may, at their discretion, invite full time employees including Executive Directors to take up options to subscribe for shares of the Company subject to the terms and conditions stipulated therein.

No option has been granted by the Company under the Scheme since its adoption.

CORPORATE GOVERNANCE

The Group continues to achieve high standards of corporate governance which it believes is crucial to the development of the Group and to safeguard the interests of the Company's shareholders.

Subsequent to the period end, Mr. Tadao Murakami resigned as a Director due to health reasons. Despite Mr. Murakami's resignation, the remaining Non-executive Directors continue to constitute the majority of the Board to ensure objectivity and impartiality in the management of the Group. The Board is responsible for the overall management of the Group's business but the day-to-day management is delegated to the three Executive Directors, Mr. Seitaro Furukawa, Mr. Chui Kam Wai and Mr. Yeoh Teck Hooi. Mr. Furukawa as Chairman heads the Board and is responsible for the overall operations of the Group. Mr. Chui as Chief Executive Officer is responsible for the marketing functions of the Group. Mr. Yeoh as Chief Financial Officer advises on financial matters of the Group. Their roles are clearly segregated.

The Board has adopted the terms of the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") as set out in Appendix 10 of the Listing Rules and the Code of Best Practice (the "Code") as set out in Appendix 14 of the Listing Rules (effective prior to 1 January 2005). Upon the coming into force of the Code on Corporate Governance Practices (the "Corporate Governance Code") on 1 January 2005, the Company has further enhanced its corporate governance. In this respect, as a subsidiary of NTE Inc., a New York Stock Exchange listed company, the Company shall comply with the stringent requirements under the Sarbanes-Oxley Act (the "Act"). The Act focuses mainly on the effectiveness of internal control and essentially requires the management to annually state its responsibilities in establishing and maintaining an adequate internal control structure and procedure for financial reporting; and to conduct an assessment of the effectiveness of a company's internal controls and procedures for financial reporting, followed by an attestation of management's assertions by its external auditors. To this end, the Company has set up a task force which follows the methodology and time schedule of NTE Inc. to ensure that the internal control requirements under the Act can be fully complied with accordingly. Besides, the Company has decided to engage its external auditors to review its financial statements on a quarterly basis in year 2005.

None of the Directors is aware of any information that would reasonably indicate that the Company or any of its directors is not or was not in compliance with the Model Code or the Code for any part of the period ended 30 June 2005. In the opinion of the Board, the Company has also fully complied with the code provisions of the Corporate Governance Code during the interim period.

In compliance with the code provisions of the Corporate Governance Code, the Company has set up an Audit Committee and a Remuneration Committee under the Board of Directors. The Board considers the determination of the appointment and removal of Directors to be the Board's collective decision and thus does not intend to adopt the recommended best practice of the Corporate Governance Code to set up a Nomination Committee.

ADVANCE TO AN ENTITY

Pursuant to Rule 13.13 of the Listing Rules, an announcement was made on 24 May 2005 to disclose details of trade receivables due from Uniden Hong Kong Limited to the Group (the "Trade Receivables") in the sum of approximately HK\$39.29 million, representing 14.3% of the consolidated total assets of the Group as at 31 December 2004 (the "Total Assets"). As at 30 June 2005, the circumstances giving rise to such disclosure obligation continue to exist and pursuant to the continuing disclosure obligation under Rule 13.20 of the Listing Rules, the Company reports that the Trade Receivables as at 30 June 2005 was approximately HK\$32.62 million, representing 11.6% of the Total Assets.

AUDIT COMMITTEE

The Audit Committee comprises three Independent Non-executive Directors, Mr. Cham Yau Nam, Mr. Leung Wai Hung and Mr. Cheng Chi Heng. Mr. Cham is the chairman of the Committee. The Committee has adopted terms of reference which are in line with the Code and the Corporate Governance Code. The Group's unaudited financial statements for the six months ended 30 June 2005 have been reviewed by the Audit Committee, who is of the opinion that such statements comply with the applicable accounting standards and legal requirements, and that adequate disclosures have been made.

REMUNERATION COMMITTEE

The Remuneration Committee comprises three Independent Non-executive Directors, Mr. Cham Yau Nam, Mr. Leung Wai Hung and Mr. Cheng Chi Heng. Mr. Cham is the chairman of the Committee. The Committee has adopted terms of reference which are in line with the Corporate Governance Code.

MEMBERS OF THE BOARD

As at the date of this Report, the Board comprises:

Executive Directors:

Mr. Seitaro FURUKAWA
 Mr. CHUI Kam Wai
 Mr. YEOH Teck Hooi

Non-executive Directors:

Mr. Li Shi Yuen Joseph
 Mr. KOO Ming Kown
 Mr. WONG Toe Yeung

Independent Non-executive Directors:

Mr. CHAM Yau Nam
 Mr. LEUNG Wai Hung
 Mr. CHENG Chi Heng

By Order of the Board

J.I.C. Technology Company Limited
Seitaro FURUKAWA

Chairman

Hong Kong, 1 August 2005