

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this composite offer document or the offer contained herein, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in J.I.C. Technology Company Limited, you should at once hand this composite offer document and the accompanying form of acceptance and transfer to the purchaser or transferee or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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Nam Tai Electronics, Inc.

(Incorporated in the British Virgin Islands with limited liability)



J.I.C. Technology Company Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0987)

**COMPOSITE OFFER DOCUMENT RELATING TO
PROPOSED PRIVATIZATION OF
J.I.C. TECHNOLOGY COMPANY LIMITED
BY WAY OF A VOLUNTARY CONDITIONAL GENERAL CASH OFFER
BY YU MING INVESTMENT MANAGEMENT LIMITED ON BEHALF OF
NAM TAI ELECTRONICS, INC.
FOR ALL THE ISSUED SHARE CAPITAL IN
J.I.C. TECHNOLOGY COMPANY LIMITED
(OTHER THAN THOSE JIC SHARES ALREADY OWNED BY
NAM TAI ELECTRONICS, INC. AND PARTIES ACTING IN CONCERT WITH IT)**

Financial adviser to Nam Tai Electronics, Inc.



YU MING INVESTMENT MANAGEMENT LIMITED
禹銘投資管理有限公司

**Independent financial adviser to the independent board committee of
J.I.C. Technology Company Limited**



ASIAN CAPITAL
(CORPORATE FINANCE) LIMITED

卓亞(企業融資)有限公司

A letter from Yu Ming Investment Management Limited containing, among others, details of the terms of the Offer is set out on pages 5 to 11 of this composite offer document. A letter from the board of directors of J.I.C. Technology Company Limited is set out on pages 12 to 15 of this composite offer document.

A letter from the independent board committee of J.I.C. Technology Company Limited to the shareholders (other than Nam Tai Electronics, Inc. and parties acting in concert with it) of J.I.C. Technology Company Limited is set out on pages 16 to 17 of this composite offer document. A letter from Asian Capital (Corporate Finance) Limited containing its opinion and advice to the independent board committee of J.I.C. Technology Company Limited is set out on pages 18 to 31 of this composite offer document.

The procedure for acceptance and settlement of the Offer is set out in Appendix II of this composite offer document and in the accompanying form of acceptance and transfer. Acceptances of the Offer must be received by Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong by no later than 4:00 p.m. on 5th December, 2005, or such later time as Nam Tai Electronics, Inc. may determine and announce.

11th November, 2005

SUMMARY

The following is a summary of the selected sections of this composite offer document. Terms in capital letters have meanings ascribed to them in the section headed "Definitions". You are advised to read the summary in conjunction with the full text of this composite offer document.

Letter from Yu Ming

- Offer is at HK\$0.55 per Affected JIC Share.
- The Offer is conditional upon NTE receiving acceptance and/or purchasing not less than 90.0% Affected JIC Shares from Disinterested Shareholders.
- The offer price per Affected JIC Share is at approximately 35.8% premium over the closing price per JIC Share immediately before the Announcement Date.
- Liquidity of JIC Shares had been low before the Announcement Date.
- The Offer is a unique opportunity to liquidate your holding in JIC Shares.
- Pursuant to Rule 31.1 of the Takeovers Code, NTE may not make another privatization offer within 12 months after the Offer lapses.
- You should accept the Offer.
- For further clarification on the Offer, please contact Mr. Warren Lee or Ms. Lysanda Lam of Yu Ming at 2804-6188.

Letter from the JIC Board

Sales for the three months ended 30th September, 2005 and for the nine months ended 30th September, 2005 increased by approximately 16.4% and 17.8% over the corresponding periods last year respectively.

Recommend you to read the recommendation of the Independent Board Committee.

Letter from the Independent Board Committee

Endorse the view of Asian Capital, the independent financial adviser to the Independent Board Committee, and recommend you to accept the Offer.

Letter from Asian Capital

Recommend you to accept the Offer.

SUMMARY

Acceptance Procedure

If you hold JIC Shares through a CCASS participant (including a stock broker/custodian) and intend to accept the Offer:

- Call your CCASS participant (including a stock broker/custodian) immediately to tell him your intention.
- Ask your CCASS participant (including a stock broker/custodian) for a form designated by him to confirm your intention in writing immediately.

If you hold JIC Shares as a registered shareholder and intend to accept the Offer:

- Fill in the accompanying form of acceptance and transfer and return it to the Registrar immediately.

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DEFINITIONS

In this composite offer document, unless the context otherwise requires, the following expressions have the following meanings:

“Accepting Disinterested Shareholders”	Disinterested Shareholders who accept the Offer
“acting in concert”	shall have the meaning set out in the Takeovers Code
“Affected JIC Shares”	JIC Shares other than those owned by NTE or parties acting in concert with it as at the date of posting of this composite offer document
“Announcement Date”	23rd October, 2005, being the date of the joint announcement of NTE and JIC in respect of the Offer
“Asian Capital”	Asian Capital (Corporate Finance) Limited, a licensed corporation eligible to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, and the independent financial adviser to the Independent Board Committee
“business day”	any day on which the Stock Exchange is open for transaction of business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Closing Date”	5th December, 2005 or such later date as may be extended by NTE in accordance with the Takeovers Code
“Companies Law”	the Companies Law (2004 Revision) of the Cayman Islands
“Disinterested Shareholders”	JIC Shareholders other than NTE and parties acting in concert with it
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any delegate of the Executive Director

DEFINITIONS

“Independent Board Committee”	a committee of the JIC Board comprising Mr. Cham Yau Nam, Mr. Leung Wai Hung and Mr. Cheng Chi Heng, all being independent non-executive directors of JIC, constituted to advise the Disinterested Shareholders in respect of the Offer
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“JIC”	J.I.C. Technology Company Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the main board of the Stock Exchange with a designated stock code of 987
“JIC Board”	board of JIC Directors
“JIC Directors”	directors of JIC
“JIC Group”	JIC and its subsidiaries
“JIC Shares”	ordinary share(s) of HK\$0.01 each in the issued share capital of JIC
“JIC Shareholders”	holders of JIC Shares
“Latest Practicable Date”	9th November, 2005, being the latest practicable date prior to the printing of this composite offer document for ascertaining certain information referred in this composite offer document
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“NTE”	Nam Tai Electronics, Inc., a company incorporated in the British Virgin Islands with limited liability and the shares of which are listed on the New York Stock Exchange
“NTE Directors”	directors of NTE
“Offer”	the voluntary conditional general cash offer for all the issued JIC Shares other than those owned by NTE and parties acting in concert with it as at the date of posting of this composite offer document made by Yu Ming on behalf of NTE at HK\$0.55 per Affected JIC Share

DEFINITIONS

“PRC”	the People’s Republic of China
“Registrar”	Computershare Hong Kong Investor Services Limited, the Hong Kong branch share registrar and transfer office of JIC, with its address at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong
“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Code on Takeovers and Mergers
“Yu Ming”	Yu Ming Investment Management Limited, a deemed licensed corporation eligible to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, and the financial adviser to NTE
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“MOP”	Macau Pataca, the lawful currency of the Macau Special Administrative Region of the PRC
“US\$”	United States dollars, the lawful currency of the United States (an exchange rate of which US\$1.00 = HK\$7.75 is used in this composite offer document, which is applicable to all sections except “Appendix I - Financial information regarding JIC”)

EXPECTED TIMETABLE

Commencement date of the Offer and posting date Monday, 14th November, 2005

Latest time and date for acceptance of the Offer 4:00 p.m. on Monday,
5th December, 2005

Closing date of the Offer (*Note 1*) Monday, 5th December, 2005

Announcement in respect of the closing of the Offer
and acceptances under the Offer Tuesday, 6th December, 2005

Latest date for posting of remittances for the amounts
due under the Offer in respect of valid acceptances
(assuming the Offer becomes unconditional on
Monday, 5th December, 2005) (*Note 2*) Thursday, 15th December, 2005

Notes:

1. The Offer will be closed on Monday, 5th December, 2005 unless NTE extends the Offer in accordance with the Takeovers Code. Acceptances tendered after 4:00 p.m. on Monday, 5th December, 2005 will only be valid if the Offer is extended. If NTE decides to extend the Offer, at least 14 days' notice in writing will be given before the Offer is closed.

If the Offer becomes unconditional, NTE intends to exercise any compulsory acquisition rights to which it is entitled under Rule 2.11 of the Takeovers Code and Section 88 of the Companies Law to acquire the remaining Affected JIC Shares not tendered under the Offer. Pursuant to Rule 15.6 of the Takeovers Code, as NTE has stated its intention to exercise the power of compulsory acquisition, the Offer may not remain open for acceptance for more than four months from the date of posting of this composite offer document, that is Monday, 13th March, 2006, unless NTE has by that time become entitled to exercise the power of compulsory acquisition available to it under the Companies law.

2. Remittances in respect of the consideration payable for the Affected JIC Shares tendered under the Offer will be posted to the Accepting Disinterested Shareholders as soon as practicable, but in any event within 10 days of the later of the date on which the Offer becomes unconditional and the date of receipt of duly completed form of acceptance and transfer from the Accepting Disinterested Shareholder.
3. Acceptance of the Offer shall be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.
4. All references to date and time contained in this composite offer document refer to Hong Kong date and time.

LETTER FROM YU MING



YU MING INVESTMENT MANAGEMENT LIMITED
禹銘投資管理有限公司

11th November, 2005

To the Disinterested Shareholders,

Dear Sir or Madam,

**PROPOSED PRIVATIZATION OF
J.I.C. TECHNOLOGY COMPANY LIMITED
BY WAY OF A VOLUNTARY CONDITIONAL GENERAL CASH OFFER
BY YU MING INVESTMENT MANAGEMENT LIMITED ON BEHALF OF
NAM TAI ELECTRONICS, INC.
FOR ALL THE ISSUED SHARE CAPITAL IN
J.I.C. TECHNOLOGY COMPANY LIMITED
(OTHER THAN THOSE JIC SHARES ALREADY OWNED BY
NAM TAI ELECTRONICS, INC. AND PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

On 23rd October, 2005, NTE and JIC jointly announced NTE's intention to make a voluntary conditional general cash offer for all the issued share capital in JIC (other than those JIC Shares already owned by NTE and parties acting in concert with it) with an ultimate aim to privatize JIC by way of the Offer.

This letter sets out the detailed terms of the Offer, together with the information on NTE and NTE's intention regarding the JIC Group. Further details of the Offer are also set out in Appendix II to this composite offer document and in the accompanying form of acceptance and transfer. Your attention is also drawn to the letter from the JIC Board, the letter from the Independent Board Committee, the letter from Asian Capital contained in this composite offer document.

THE OFFER

We are making the Offer for and on behalf of NTE, subject to the terms and conditions set out in this composite offer document (including, without limitation, those in Appendix II to this composite offer document) and in the accompanying form of acceptance and transfer, to acquire all the Affected JIC Shares on the following basis:

For each Affected JIC ShareHK\$0.55 payable in cash

LETTER FROM YU MING

The offer price represents:

- (i) a premium of approximately 35.8% over the closing price of HK\$0.405 per JIC Share as quoted on the Stock Exchange on 18th October, 2005 (being the last trading day prior to the commencement of the offer period);
- (ii) a premium of approximately 34.1% over the average closing price of HK\$0.41 per JIC Share for the 10 trading days up to and including 18th October, 2005;
- (iii) a premium of approximately 22.2% over the average closing price of HK\$0.45 per JIC Share for the 30 trading days up to and including 18th October, 2005;
- (iv) a premium of approximately 12.2% over the closing price of HK\$ 0.49 per JIC Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (v) a premium of approximately 175.0% to the unaudited consolidated net asset value per JIC Share of approximately HK\$0.20 as at 30th June, 2005.

The Offer is conditional upon NTE having received acceptances and/or purchased totalling at least 90.0% of the Affected JIC Shares. After the Offer becomes unconditional, NTE intends to exercise any compulsory acquisition rights to which it is entitled under Rule 2.11 of the Takeovers Code and Section 88 of the Companies Law to acquire the remaining Affected JIC Shares not tendered under the Offer, and following which, NTE intends to withdraw the listing of JIC from the Stock Exchange.

NTE will not revise the offer price for the Affected JIC Shares, and the above offer price is final.

CONSIDERATION

As disclosed in the letter from the JIC Board contained in this composite offer document, as at the Latest Practicable Date, JIC had 763,534,755 JIC Shares in issue, and save for 763,534,755 JIC Shares in issue, JIC has no other class of securities in issue. Neither NTE nor any party acting in concert with it had dealt in the JIC Shares during the six months prior to the Announcement Date, or owned any JIC Shares save for 546,890,978 JIC Shares (which represent approximately 71.6% of the issued share capital of JIC) owned by NTE as at the Latest Practicable Date.

Based on the above and on the basis that NTE will not acquire any JIC Shares from the Latest Practicable Date up to the date of posting of this composite offer document, the numbers of Affected JIC Shares are 216,643,777 (which represents approximately 28.4% of the issued share capital of JIC). Based on 216,643,777 Affected JIC Shares, the total consideration for the Offer amounts to approximately HK\$119.20 million.

The Offer is being financed by internal resources of NTE. Yu Ming is satisfied that NTE has sufficient financial resources to implement the Offer in full. No payment of interest on, repayment of or security for any liability (contingent or otherwise) will depend to any significant extent on the business of JIC.

LETTER FROM YU MING

INFORMATION ON NTE

As the controlling shareholder of JIC, NTE is an electronics manufacturing and design services provider with a worldwide coverage of customers. Listed on the New York Stock Exchange, NTE had a market capitalization of approximately US\$931.50 million (equivalent to approximately HK\$7,219.13 million) as at the Latest Practicable Date.

Net profit of NTE for the financial years ended 31st December, 2004 and 31st December, 2003 were approximately US\$66.89 million (equivalent to approximately HK\$518.34 million) and approximately US\$43.80 million (equivalent to approximately HK\$339.47 million) respectively. The unaudited net asset value of NTE was approximately US\$290.91 million (equivalent to approximately HK\$2,254.56 million) as at 30th June, 2005 (all figures prepared in accordance with generally accepted accounting principles in the United States).

According to the register of members of NTE, no person was interested in 30.0% or more of the issued share capital of NTE as at the Latest Practicable Date. As at the Latest Practicable Date, the non-executive directors of NTE were Mr. Koo Ming Kown, Mr. Stephen Seung and Mr. Peter R. Kellogg and the independent non-executive directors of NTE were Mr. Charles Chu, Dr. Wing Yan (William) Lo and Mr. Mark Waslen.

EFFECT OF ACCEPTING THE OFFER

By accepting the Offer, the JIC Shareholders will sell their JIC Shares and all rights attaching to them as at the Announcement Date, including the right to receive all dividends and other distributions, if any, declared, made or paid by JIC on or after the Announcement Date.

STAMP DUTY

Seller's ad valorem stamp duty for the JIC Shares registered with the Hong Kong branch share register arising in connection with acceptances of the Offer will be payable by each JIC Shareholder at the rate of HK\$1.00 for every HK\$1,000.00 or part thereof of the consideration payable by NTE for such JIC Shareholder's JIC Shares and will be deducted from the cash amount due to such JIC Shareholder under the Offer and paid by NTE.

INTENTION OF NTE

NTE intends to withdraw the listing of JIC Shares on the Stock Exchange subsequent to the Offer becoming unconditional and NTE exercising any compulsory acquisition right to which it is entitled under Rule 2.11 of the Takeovers Code and Section 88 of the Companies Law to acquire the remaining Affected JIC Shares not tendered under the Offer, but has no intention to change the current business or management (including the continued employment of all employees) of or introduce any major changes to the business of the JIC Group (including any redeployment of fixed assets) whether NTE succeeds in privatizing JIC or not.

LETTER FROM YU MING

If the Offer does not become unconditional and lapses or for whatever reason, NTE fails to exercise the compulsory acquisition rights, NTE reserves the right to consider to dispose of its interests in JIC by way of private placement instead of on the market, at a suitable time and at an acceptable share price taking into account the cash requirement of NTE and the interests of the shareholders of NTE and JIC. As at the Latest Practicable Date, NTE has not determined its strategy in respect of its holding in JIC if it fails to privatize JIC.

REASONS FOR NTE TO PRIVATIZE JIC

As far as the financial benefits for NTE are concerned, given the disparity in the price-earnings ratio of NTE (at 15.9x, based on the closing price of the shares of NTE as at the Announcement Date and the audited net profit of NTE for the twelve months ended 31st December, 2004) and JIC (at 13.2x, based on the closing price of the JIC Shares on the Announcement Date, and the audited net profit of JIC for the twelve months ended 31st December, 2004), the privatization of JIC would increase earnings per share of NTE and potentially mitigate any negative impact on the value of the shares of NTE. An increase in earnings per JIC Share would decrease the price-earnings ratio of JIC and further widen the disparity. In this respect, though NTE is confident about the future prospect of JIC, it is regretful that JIC is not able to generate good return on investment to some of its shareholders which defeats the main purpose of maintaining JIC as a listed company to contribute profitable return to its shareholders.

Generally, the Hong Kong financial market is not very receptive to disposals of shares by a controlling shareholder on the market and views such move very negatively. This would undermine NTE's ability to deal in JIC Shares on the market.

BENEFITS OF THE OFFER FOR THE DISINTERESTED SHAREHOLDERS

The Offer gives the JIC Shareholders an opportunity to realize their investments in JIC at a price above the current market price, which regrettably may still be lower than the investment cost of some of the JIC Shareholders.

The average daily trading value of the JIC Shares are HK\$65,210.07 and HK\$200,814.37 for the 30-day period and 180-day period (all up to 18th October, 2005, the last trading before the Announcement Date) respectively, and the number of JIC Shares traded during the same periods represent approximately 0.02% and 0.04% of the issued share capital of JIC respectively. In this regard, the Offer provides liquidity for the JIC Shareholders who wish to dispose of their JIC Shares.

Pursuant to Note 3 to Rules 31.1 and 31.2 of the Takeovers Code, if the Offer lapses, NTE will normally be precluded from purchasing any shares in JIC within 12 months after the Offer lapses if such purchases would result in the discontinuation of the listing of JIC Shares on the Stock Exchange, unless previously approved by JIC Shareholders in accordance with the Listing Rules. Therefore, the Offer is unique and NTE will not make another general offer for the JIC Shares at least within the twelve months after its closing.

LETTER FROM YU MING

In view of the 35.8% premium of the offer price per Affected JIC Share over the closing price per JIC Share immediately prior to the Announcement Date and the factors mentioned in this paragraph, we recommend that the Disinterested Shareholders should accept the Offer.

PROCEDURES FOR ACCEPTANCES

To accept the Offer, the Accepting Disinterested Shareholders should complete the accompanying form of acceptance and transfer for the JIC Shares in accordance with the instructions printed thereon, which form part of the terms and conditions of the Offer in respect of the JIC Shares. The completed form of acceptance and transfer for the JIC Shares should then be forwarded, together with the relevant JIC Share certificate(s) and/or transfer receipt(s) and/or any document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for not less than the number of the JIC Share tendered under the Offer, by post or by hand, to the Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong in an envelope marked "JIC Offer" as soon as possible but in any event not later than 4:00 p.m. on 5th December, 2005, or such later time as NTE may determine and announce in accordance with the Takeovers Code. No acknowledgement of receipt of any form of acceptance and transfer, share certificate(s), transfer receipt(s) or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

Your attention is drawn to the sections headed "Further procedures for acceptance of the Offer for JIC Shareholders holding JIC Shares through a CCASS participant" and "Further procedures for acceptance of the offer for registered JIC Shareholders" as set out in Appendix II to this composite offer document and in accompanying form of acceptance and transfer.

SETTLEMENT OF THE OFFER

Subject to the Offer becoming unconditional and provided that the relevant form of acceptance and transfer for the Affected JIC Shares together with the relevant JIC Share certificate(s) and/or transfer receipt(s) and/or any document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are valid, complete and in good order and have been received by the Registrar by no later than 4:00 p.m. on 5th December, 2005, or such later time as NTE may determine and announce in accordance with the Takeovers Code, a cheque for the amount due to each of the Accepting Disinterested Shareholders in respect of the Affected JIC Shares tendered under the Offer, less seller's ad valorem stamp duty payable by them, will be despatched to the Accepting Disinterested Shareholders by ordinary post at their own risk within 10 days of the later of the date on which the Offer becomes or is declared unconditional and the date of receipt of duly completed form of acceptance and transfer from the Accepting Disinterested Shareholders.

The consideration to which any Accepting Disinterested Shareholder is entitled under the Offer will be paid by NTE in full in accordance with the terms of the Offer set out in this composite offer document (including the appendices) and the accompanying form of acceptance and transfer without regard to any other lien, right of set-off, counterclaim or other analogous right to which NTE may otherwise be, or claim to be, entitled against such Accepting Disinterested Shareholder.

LETTER FROM YU MING

RETURN OF JIC SHARE CERTIFICATES IF THE OFFER LAPSES

If the Offer lapses, NTE will, as soon as possible but in any event within 10 days thereof, despatch the JIC Share certificates lodged with the form of acceptance and transfer to the Accepting Disinterested Shareholders who accept the Offer by ordinary post at their own risk, or make such JIC Share certificates available for collection.

NOMINEE REGISTRATION AND DESPATCH OF PAYMENT

To ensure equality of treatment of all JIC Shareholders, those registered JIC Shareholders who hold the JIC Shares as nominee for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for the beneficial owner of the JIC Shares, whose investments are registered in nominee names, to accept the Offer, it is essential that they provide instructions to their nominees of their intentions with regard to the Offer.

All documents and remittances will be sent to the Disinterested Shareholders through ordinary post at their own risk. These documents and remittances will be sent to them at their respective addresses as they appear in the register of members of JIC, or, in case of joint Disinterested Shareholders, to the Disinterested Shareholders whose names appear first in the said register of members, unless otherwise specified in the relevant forms of acceptance and transfer for the Affected JIC Shares completed and returned by the Accepting Disinterested Shareholders. None of NTE, the parties acting in concert with NTE, Yu Ming, JIC, the Registrar or any of their respective directors, officers, associates, agents or any other person involved in the Offer will be responsible for any loss or delay in transmission of such documents and remittances or any other liabilities that may arise as a result thereof.

Taxation

Disinterested Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting the Offer in respect of their JIC Shares. None of NTE, the parties acting in concert with NTE, Yu Ming, JIC, the Registrar or any of their respective directors, officers, associates, agents or any other person involved in the Offer will be responsible for any taxation effects on any persons as a result of their acceptance of the Offer.

LETTER FROM YU MING

GENERAL

Disinterested Shareholders are advised to read carefully the letter from the JIC Board, the letter from the Independent Board Committee and the letter from Asian Capital to the Independent Board Committee as contained in this composite offer document before deciding whether or not to accept the Offer.

Your attention is also drawn to the further terms of the Offer and the additional information set out in the appendices to this composite offer document.

If you need further clarification on the Offer, please contact Mr. Warren Lee or Ms. Lysanda Lam of Yu Ming at 2804-6188 during normal office hours on any weekday (public holiday excepted).

Yours faithfully,
For and on behalf of
YU MING INVESTMENT MANAGEMENT LIMITED
Lee Wa Lun, Warren
Director

LETTER FROM THE JIC BOARD



J.I.C. Technology Company Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0987)

Executive Directors:

Seitaro Furukawa (*Chairman*)
Chui Kam Wai (*Chief Executive Officer*)
Yeoh Teck Hooi (*Chief Financial Officer*)

Non-Executive Directors:

Li Shi Yuen, Joseph
Koo Ming Kown

Independent Non-Executive Directors:

Cham Yau Nam
Leung Wai Hung
Cheng Chi Heng

Registered Office:

Century Yard, Cricket Square
Hutchins Drive
P.O. Box 2681GT
George Town
Grand Cayman
British West Indies

Hong Kong Office:

Suites 1506-1508, 15th Floor
One Exchange Square
8 Connaught Place
Central
Hong Kong

11th November, 2005

To the Disinterested Shareholders,

Dear Sir or Madam,

**PROPOSED PRIVATIZATION OF
J.I.C. TECHNOLOGY COMPANY LIMITED
BY WAY OF A VOLUNTARY CONDITIONAL GENERAL CASH OFFER
BY YU MING INVESTMENT MANAGEMENT LIMITED ON BEHALF OF
NAM TAI ELECTRONICS, INC.
FOR ALL THE ISSUED SHARE CAPITAL IN
J.I.C. TECHNOLOGY COMPANY LIMITED
(OTHER THAN THOSE JIC SHARES ALREADY OWNED BY
NAM TAI ELECTRONICS, INC. AND PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

Reference is made to the announcement issued jointly by JIC and NTE dated 23rd October, 2005, in which the JIC Board had been informed that a proposed privatization of JIC by way of a voluntary conditional general cash offer by Yu Ming, on behalf of NTE, to acquire all the issued share capital in JIC (other than those JIC Shares already owned by NTE and parties acting in concert with it). The listing status of JIC will therefore be withdrawn.

LETTER FROM THE JIC BOARD

The purpose of this composite offer document is to provide you with, among other matters, information relating to JIC, the terms of the Offer as well as setting out the letter from the Independent Board Committee containing its recommendation and advice to the Disinterested Shareholders and the letter from Asian Capital containing its advice to the Independent Board Committee in respect of the Offer.

THE OFFER

The Offer is made by Yu Ming on behalf of NTE, which is subject to the terms and conditions set out in this composite offer document (including, without limitation, those in Appendix II to this composite offer document) and in the accompanying form of acceptance and transfer, on the following basis:

For each Affected JIC ShareHK\$0.55 payable in cash

The offer price represents:

- (i) a premium of approximately 35.8% over the closing price of HK\$0.405 per JIC Share as quoted on the Stock Exchange on 18th October, 2005 (being the last trading day prior to the suspension of trading in the JIC Shares);
- (ii) a premium of approximately 34.1% over the average closing price of HK\$0.41 per JIC Share for the 10 trading days up to and including 18th October, 2005;
- (iii) a premium of approximately 22.2% over the average closing price of HK\$0.45 per JIC Share for the 30 trading days up to and including 18th October, 2005;
- (iv) a premium of approximately 12.2% over the closing price of HK\$0.49 per JIC Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (v) a premium of approximately 175.0% to the unaudited consolidated net asset value per JIC Share of approximately HK\$0.20 as at 30th June, 2005.

As at the Latest Practicable Date, there were no outstanding options, convertibles, warrants and rights to subscribe for JIC Shares.

The Offer is conditional upon NTE having received acceptances and/or purchased totalling at least 90.0% of the Affected JIC Shares. After the Offer becomes unconditional, NTE intends to exercise any compulsory acquisition rights to which it is entitled under Rule 2.11 of the Takeovers Code and Section 88 of the Companies Law to acquire the remaining Affected JIC Shares not tendered under the Offer, and following which, NTE intends to withdraw the listing of JIC from the Stock Exchange.

NTE will not revise the offer price for the Affected JIC Shares, and the above offer price is final.

LETTER FROM THE JIC BOARD

SHAREHOLDING

Based on the register of members of JIC as at the Latest Practicable Date, the shareholding of JIC is as follows:–

	Number of JIC Shares owned	% of the total issued share capital
NTE	546,890,978	71.6
Disinterested Shareholders	<u>216,643,777</u>	<u>28.4</u>
Total	<u><u>763,534,755</u></u>	<u><u>100.0</u></u>

As at the Latest Practicable Date, JIC had 763,534,755 JIC Shares in issue, and save for 763,534,755 JIC Shares in issue, JIC has no other class of securities in issue.

THE THIRD QUARTER RESULTS

Sales for the nine months ended 30th September, 2005 increased by approximately 17.8% over the corresponding period last year.

As stated in JIC's 2005 interim report and third quarter results announcement dated 31st October, 2005, the JIC Group had won several new customers, which will make contributions to the future growth and performance of the JIC Group.

Despite the new contracts, the growth rates in sales and net profit for the three months ended 30th September, 2005 were 16.4% and 10.2% respectively (as compared with the corresponding previous period), which had slowed down from 18.6% and 33.3% respectively for the six months ended 30th June, 2005. The management of the JIC Group will continue to make its best endeavours to continue to improve sales and gross profit. It is hoped that smooth sample qualifications and pilot runs from new products developed for applications in car audio and internet protocol phones will lead to opportunities for new business in the near future.

COMPOSITION OF THE INDEPENDENT BOARD COMMITTEE

Pursuant to Rule 2.8 of the Takeovers Code, the independent board committee of JIC shall comprise all non-executive directors of JIC who have no direct or indirect interest in the Offer (other than as a shareholder of JIC). Mr. Koo Ming Kown, a non-executive director of JIC, holds approximately 13.1% of the issued share capital of NTE. Mr. Li Shi Yuen, Joseph, another non-executive director of JIC holding approximately 7.0% of the issued share capital of NTE as at the Latest Practicable Date, is the chief executive officer, president and chief financial officer of NTE. Given their interest in or relationship with NTE, they are not considered sufficiently independent to advise the Disinterested Shareholders in respect of the Offer.

LETTER FROM THE JIC BOARD

Mr. Cham Yau Nam, Mr. Leung Wai Hung and Mr. Cheng Chi Heng, being all the independent non-executive directors of JIC, have been appointed as members of the Independent Board Committee for consideration of and making of recommendations to the Disinterested Shareholders in respect of the terms of the Offer. Asian Capital has been appointed as the independent financial adviser to advise the Independent Board Committee on the fairness and reasonableness of the terms of the Offer.

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out in this composite offer document which contains its recommendation to the Disinterested Shareholders in respect of the Offer and the letter from Asian Capital which contains its advice to the Independent Board Committee in respect of the fairness and reasonableness of the Offer, and the principal factors and reasons it has considered before arriving at its advice to the Independent Board Committee. You are also advised to read this composite offer document and the accompanying form of acceptance and transfer for the Affected JIC Shares in respect of the acceptance and settlement procedures of the Offer.

Yours faithfully,
For and on behalf of the Board of
J.I.C. TECHNOLOGY COMPANY LIMITED
Seitaro Furukawa
Chairman



J.I.C. Technology Company Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0987)

11th November, 2005

To the Disinterested Shareholders,

Dear Sir or Madam,

**PROPOSED PRIVATIZATION OF
J.I.C. TECHNOLOGY COMPANY LIMITED
BY WAY OF A VOLUNTARY CONDITIONAL GENERAL CASH OFFER
BY YU MING INVESTMENT MANAGEMENT LIMITED ON BEHALF OF
NAM TAI ELECTRONICS, INC.
FOR ALL THE ISSUED SHARE CAPITAL IN
J.I.C. TECHNOLOGY COMPANY LIMITED
(OTHER THAN THOSE JIC SHARES ALREADY OWNED BY
NAM TAI ELECTRONICS, INC. AND PARTIES ACTING IN CONCERT WITH IT)**

We have been appointed by the JIC Board to form the Independent Board Committee to consider the terms of the Offer and to make recommendations to the Disinterested Shareholders in connection with the Offer, details of which are set out in the Letter from the JIC Board in the composite offer document dated 11th November, 2005 (the "Offer Document") of which this letter forms part. The terms used in this letter shall have the same meanings as defined in the Offer Document unless the context otherwise requires.

We have considered whether the Offer is fair and reasonable so far as the Disinterested Shareholders are concerned. Asian Capital has been appointed as the independent financial adviser to advise us in respect of the above.

We wish to draw your attention to the Letter from Yu Ming and the Letter from Asian Capital as set out in the Offer Document. Having considered the principal factors and reasons considered by, and the advice of Asian Capital as set out in its letter of advice, in particular,

- The Offer price represents a significant premium to the net asset value of JIC and is within a reasonable zone compared to other privatizations recently.
- The Offer price reflects a reasonable price earnings multiple compared to other industrial stocks of a similar industry.
- Liquidity of the JIC Shares has been low; the Offer provides an opportunity for the Disinterested Shareholders to exit their investments in the JIC Shares, if they so wish.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

- The industry and JIC's prospects appear to be positive.
- Stated intention of NTE concerning possible future disposal of JIC Shares should the privatization fail.

and based on the current Hong Kong stock market environment, on balance, we consider that the terms of the Offer are fair and reasonable so far as the Disinterested Shareholders are concerned. Accordingly, we recommend the Disinterested Shareholders to accept the Offer.

Yours faithfully,
INDEPENDENT BOARD COMMITTEE
J.I.C. TECHNOLOGY COMPANY LIMITED

Cham Yau Nam

Leung Wai Hung

Cheng Chi Heng

LETTER FROM ASIAN CAPITAL



ASIAN CAPITAL

(CORPORATE FINANCE) LIMITED

11th November, 2005

To the Independent Board Committee
J.I.C. Technology Company Limited
1506-08, 15th Floor
One Exchange Square
8 Connaught Place Central
Hong Kong

Dear Sirs,

**PROPOSED PRIVATIZATION OF
J.I.C. TECHNOLOGY COMPANY LIMITED
BY WAY OF A VOLUNTARY CONDITIONAL GENERAL CASH OFFER
BY YU MING INVESTMENT MANAGEMENT LIMITED ON BEHALF OF
NAM TAI ELECTRONICS, INC.
FOR ALL THE ISSUED SHARE CAPITAL IN
J.I.C. TECHNOLOGY COMPANY LIMITED
(OTHER THAN THOSE JIC SHARES ALREADY OWNED BY
NAM TAI ELECTRONICS, INC. AND PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

We have been appointed as the independent financial adviser to the Independent Board Committee in relation to the Offer referred to in the announcement of J.I.C. Technology Company Limited dated 23rd October, 2005. Information about the Offer and details of the term of the Offer are contained in the Letter from the JIC Board and Letter from Yu Ming respectively set out on pages 12 to 15 and pages 5 to 11 of the composite offer document to the JIC Shareholders dated 11th November, 2005 (the "Document"), of which this letter forms part. Capitalized terms used in this letter shall have the same meanings as defined in the Document unless the context otherwise requires.

Suite 1006, Bank of America Tower
12 Harcourt Road, Central, Hong Kong
Tel (852) 2869-8861 Fax (852) 2869-9660
www.asiancapital.com.hk

Shanghai Representative Office
Suite 1504, Tomson Commercial Building,
No. 710 Dongfang Road, Pudong, Shanghai 200122, P.R.C.
Tel (8621) 6876-3248 Fax (8621) 6876-3249

香港中環夏愨道十二號美國銀行中心1006室
電話(852) 2869-8861 傳真(852) 2869-9660

上海代表處
中國上海市浦東新區東方路710號湯臣金融大廈1504室 郵編200122
電話(8621) 6876-3248 傳真(8621) 6876-3249

卓亞(企業融資)有限公司

LETTER FROM ASIAN CAPITAL

Pursuant to Rule 2.8 of the Takeovers Code, the independent board committee of JIC shall comprise all non-executive directors of JIC who have no direct or indirect interest in the Offer (other than as a shareholder of JIC). Mr. Koo Ming Kown, a non-executive director of JIC, holds approximately 13.1% of the issued share capital of NTE. Mr. Li Shi Yuen, Joseph, another non-executive director of JIC holding approximately 7.0% of the issued share capital of NTE as at the Latest Practicable Date, is the chief executive officer, president and chief financial officer of NTE. Given their interest in or relationship with NTE, they are not considered sufficiently independent to advise the Disinterested Shareholders in respect of the Offer.

An Independent Board Committee consisting of all independent non-executive directors of JIC, being Mr. Cham Yau Nam, Mr. Leung Wai Hung and Mr. Cheng Chi Heng, has been formed to make recommendations to the Disinterested Shareholders in respect of the terms of the Offer.

We are appointed as the independent financial adviser to advise the Independent Board Committee as to whether the Offer is, or is not, fair and reasonable, as far as the Disinterested Shareholders are concerned.

Asian Capital is independent from, and is not associated with, NTE, JIC or their respective substantial shareholders or any party acting, or presumed to be acting, in concert with any of them. Accordingly, Asian Capital is considered eligible to give independent advice on the Offer. Apart from normal professional fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the NTE or JIC or their respective substantial shareholders or any party acting, or presumed to be acting, in concert with any of them.

In putting forth our recommendation, we have relied on the statements, information, assessments, opinions and representations contained or referred to in the Document and the information and representations as provided to us by the management and the JIC Board and other professionals. We have assumed that all such statements, information, assessments, opinions, reports and representations contained or referred to in the Document or otherwise provided by the management and the JIC Board, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so at the date of dispatch of the Document. We consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion and recommendation. We have no reason to suspect that any material facts or information have been withheld, nor are we aware of any facts or circumstances which would render the information provided and the representations and assessments made to us to be untrue, inaccurate or misleading. We have not, however, carried out an independent verification of the information provided by the management and the JIC Board, nor have we conducted an independent investigation into the business and affairs of the JIC Group.

In assessing the terms of the Offer, we have not considered the tax effects, or the implications thereof, of the Offer on the Disinterested Shareholders. Accordingly, Disinterested Shareholders, whether in Hong Kong or otherwise subject to taxation in any jurisdictions are recommended to consult their professional advisors if they are in any doubt as to the tax implications of accepting the Offer.

LETTER FROM ASIAN CAPITAL

BACKGROUND

On 23rd October, 2005, NTE and JIC jointly announced NTE's intention to make a voluntary conditional general cash offer for all the issued share capital in JIC (other than those JIC Shares already owned by NTE and parties acting in concert with it) with an ultimate aim to privatize JIC by way of the Offer.

The Offer is conditional upon NTE having received acceptances and/or purchased totalling at least 90.0% of the Affected JIC Shares. After the Offer has become unconditional, NTE intends to exercise any compulsory acquisition rights to which it is entitled under Rule 2.11 of the Takeovers Code and Section 88 of the Companies Law to acquire the remaining Affected JIC Shares not tendered under the Offer, and following which, NTE intends to withdraw the listing of JIC from the Stock Exchange.

NTE has stated that it will not revise the offer price for the Affected JIC Shares, and the above offer price is final.

The Offer

Yu Ming is making the Offer for and on behalf of NTE, subject to the terms and conditions set out in the Document (including, without limitation, those in Appendix II to the Document) and in the accompanying form of acceptance and transfer, to acquire all the Affected JIC Shares on the following basis:

For each Affected JIC ShareHK\$0.55 payable in cash

The offer price represents:

- (i) a premium of approximately 35.8% over the closing price of HK\$0.405 per JIC Share as quoted on the Stock Exchange on 18th October, 2005 (being the last trading day prior to the suspension of trading in the JIC Shares on the occasion of the Offer);
- (ii) a premium of approximately 34.1% over the average closing price of HK\$0.41 per JIC Share for the 10 trading days up to and including 18th October, 2005;
- (iii) a premium of approximately 22.2% over the average closing price of HK\$0.45 per JIC Share for the 30 trading days up to and including 18th October, 2005;
- (iv) a premium of approximately 3.8% over the three-month average (ended on 18th October, 2005) closing price of approximately HK\$0.53 per JIC Share;
- (v) a discount of approximately 9.8% over the six-month average (ended on 18th October, 2005) closing price of approximately HK\$0.61 per JIC Share;

LETTER FROM ASIAN CAPITAL

- (vi) a premium of approximately 12.2% over the closing price of HK\$0.49 per JIC Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (vii) a premium of approximately 175.0% to the unaudited consolidated net asset value per JIC Share of approximately HK\$0.20 as at 30th June, 2005.

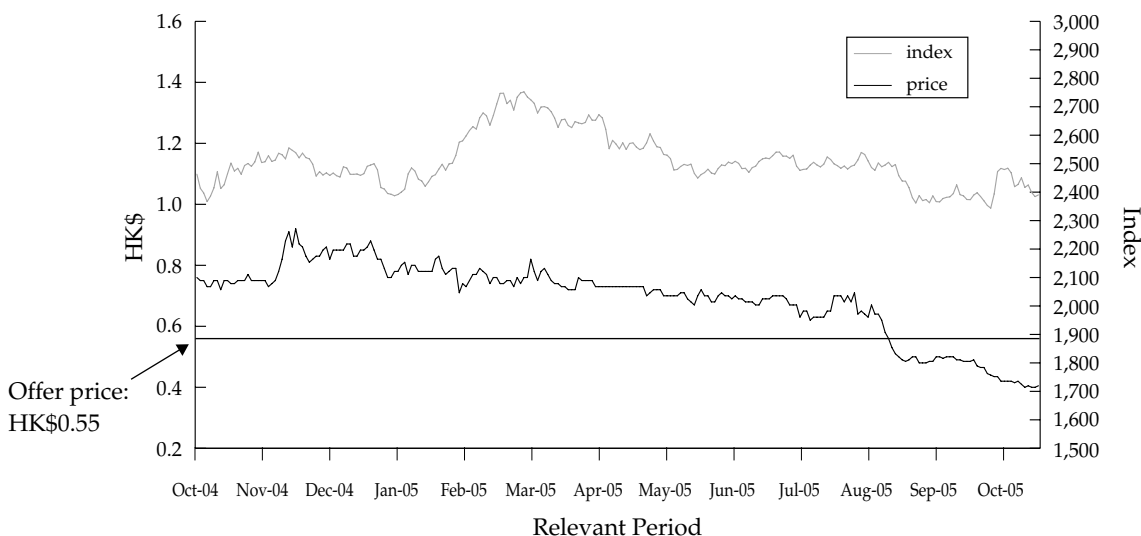
As at the Latest Practicable Date, there were no outstanding options, convertibles, warrants and rights to subscribe for JIC Shares.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion, advice and recommendation, we have taken into consideration an array of principal factors and reasons set out below:

Historical share price performance

Daily closing trading price of JIC Shares Vs. Hang Seng Composite Index – Industrial Goods over the Relevant Period



Source: Stock Exchange and HSI Services Ltd

We have reviewed the share price movement over the 12-month period prior to and including the last trading day before the Announcement Date (the "Relevant Period"). The JIC Shares traded in the range of HK\$0.40 and HK\$0.97. There was a considerable increase in the price toward the end of November 2004 upon JIC announcing on 25th November, 2004 that an investment fund had acquired 28,000,000 JIC Shares from NTE. On 29th December, 2004, JIC announced that NTE had further disposed of 100,000,000 JIC Shares on the open market whilst converted 323,320,000 JIC preference shares into 313,902,912 JIC Shares. For the most part of 2005, the JIC Share prices assumed a downward trend, decreasing from HK\$0.85 on 3rd January, 2005 (being the first trading day in 2005) to HK\$0.405 on 18th October, 2005, the last trading day before the Announcement Date. We consider one possible reason for this decline is the negative market sentiment against industrial stocks due to concerns over rising commodity prices, labor costs, interest rates, and appreciation of Renminbi ("RMB") which were all perceived to have negative impact

LETTER FROM ASIAN CAPITAL

on PRC based manufacturers. These sentiments are at least reflected in the decline of the Hang Seng Composite Index – industrial goods sub-index since March 2005. We notice that prior to August 2005, the JIC Share price had traded above the Offer price. We are however unable to identify any particular reasons for the subsequent fall in the JIC Share price. From the point of view of the historical share price alone, we consider the Offer price unattractive to the Disinterested Shareholders. However, it is uncertain whether or not, and when, the market would alter its present bearish view on the valuation of industrial stocks and the JIC Shares. Hence it is possible that the JIC Share price, barring circumstances that we are unable to foresee at this moment, could continue to trade below the Offer price for an extended period of time.

Liquidity of the JIC Shares

We set out below some trading statistics in the Relevant Period to assess the historical liquidity of the JIC Shares.

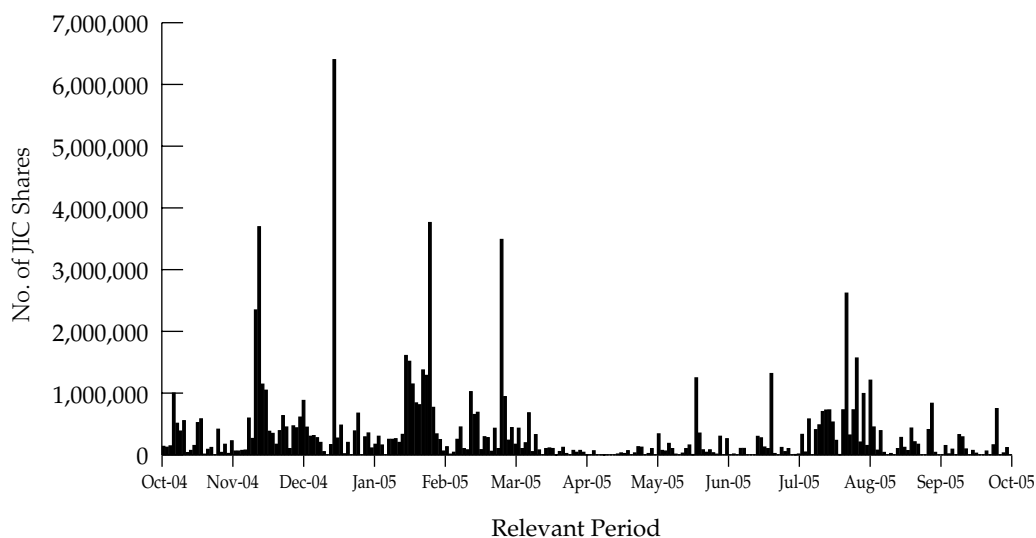
	Average daily trading volume ¹ <i>(No. of JIC Shares)</i>	As % of the issued JIC Shares ²	As % of free float ³
2004			
October (from 19th October, 2004)	352,194	0.05%	0.16%
November	556,730	0.07%	0.26%
December	655,339	0.09%	0.30%
2005			
January	456,404	0.06%	0.21%
February	680,399	0.09%	0.31%
March	485,524	0.06%	0.22%
April	56,352	0.01%	0.03%
May	86,235	0.01%	0.04%
June	181,464	0.02%	0.08%
July	291,857	0.04%	0.13%
August	575,598	0.08%	0.27%
September	220,964	0.03%	0.10%
October (up to 18th October, 2005)	190,085	0.02%	0.09%

Source: Stock Exchange

1. Average daily trading volume excludes the disposal of JIC Shares made by NTE on 25th November, 2004 and 29th December, 2004 totalling 128,000,000 JIC Shares.
2. Based on 763,534,755 JIC Shares in issue as at the Latest Practicable Date.
3. Free float represents 216,643,777 JIC Shares held by Disinterested Shareholders as at the Latest Practicable Date.

LETTER FROM ASIAN CAPITAL

Daily trading volume of JIC Shares over the Relevant Period



Source: Stock Exchange

Note: Trading volume excludes the disposals made by NTE in November and December 2004.

As can be seen from the above, excluding the two disposals by NTE in November and December 2004, the JIC Shares have been thinly traded on the Stock Exchange with an average daily trading volume of approximately 368,396 JIC Shares in the Relevant Period, representing approximately 0.05% of the existing issued share capital and 0.2% of the free float.

In view of the low level of liquidity of the JIC Shares during the Relevant Period, Disinterested Shareholders may find it difficult to dispose of the JIC Shares without exerting downward pressure on the share price. The Offer provides an opportunity for the Disinterested Shareholders to liquidate their shareholdings in JIC at the Offer price if sufficient number of Disinterested Shareholders have accepted the Offer. Therefore, we consider that the Offer is in the interest of the Disinterested Shareholders as an opportunity is available to them to divest their entire shareholding in JIC at a price that is at a premium to the current market price. This is particularly true for the Disinterested Shareholders who have sizable blocks, as their disposal will inevitably drive the share price down, and perhaps even significantly, in such a thinly traded counter.

Business of the JIC Group

The JIC Group is principally engaged in the design and manufacture of liquid crystal display ("LCD") products. In the past, the JIC Group was also engaged in the manufacture and sale of transformers which was disposed of in June 2003.

Currently the JIC Group produces mainly super twisted nematic ("STN") LCD panels and modules which are key components used in electronics products such as cordless phones, consumer electronics, watches, etc. Most of the customers are Japanese and Hong Kong companies in the consumer electronics industry. The JIC Group has 3 STN LCD

LETTER FROM ASIAN CAPITAL

panel production lines in its Shenzhen manufacturing facilities and has a total capacity of approximately 150,000 pairs of 14" x 16" mother glass a month. The JIC Group is ISO-9001 certified and is in the process of obtaining ISO-14001 compliance certification.

Recent financial performance of the JIC Group

We have reviewed the recent financial performance of the JIC Group, from the financial year ended 31st December, 2002 up to 30th September, 2005.

	for the year ended 31st December,				for the nine months ended 30th September,			
	2002	2003	Change	2004	Change	2004	2005	Change
	HK\$'000	HK\$'000	in %	HK\$'000	in %	HK\$'000	HK\$'000	in %
Turnover								
LCD	186,815	273,534	46.4%	384,330	40.5%	295,924	348,535	17.8%
Transformer	88,663	51,943	(41.4%)	-		-	-	
Total	275,478	325,477	18.1%	384,330	18.1%	295,924	348,535	17.8%
Net profit	11,295	37,012 ⁽¹⁾	227.7%	23,435	(36.7%)	26,160	32,142	22.9%
Diluted earnings per JIC Share	1.5 cents	4.8 cents	220.0%	2.2 cents ⁽²⁾	(54.2%)	2.98 cents ^(2,3)	4.21 cents	41.3%
Dividend per JIC Share	1.0 cents	4.2 cents	320.0%	1.5 cents	(64.3%)	1.5 cents	2.0 cents	33.3%

Notes:

- (1) includes HK\$17.6 million gain from disposal of transformer manufacture business.
- (2) affected by the payment of 2003 final dividends and 2004 interim dividends on preference shares in the sum of HK\$9.31 million in April 2004 and HK\$6.35 million in August 2004 respectively.
- (3) represents the basic earnings per JIC Share as the conversion of JIC's outstanding preference shares would result in an increase in earnings per JIC Share for the period.

	Operating Margin Breakdown									
	for the year ended 31st December,				for the six months ended 30th June,					
	2002	Profit margin	2003	Profit margin	2004	Profit margin	2004	Profit margin	2005	Profit margin
HK\$'000		HK\$'000		HK\$'000		HK\$'000		HK\$'000		
LCD	8,643	4.6%	20,007	7.3%	25,045	6.5%	14,658	7.8%	20,790	9.4%
Transformer	3,802	4.3%	275	0.5%	-		-		-	
Total	12,445		20,282		25,045		14,658		20,790	

Source: JIC's annual and interim reports and quarterly results announcements.

Both the turnover and the recurring profit of the JIC Group have shown growth over the past three financial years and the nine months ended 30th September, 2005. We note that in 2003, the JIC Group disposed of its transformer manufacture business, resulting

LETTER FROM ASIAN CAPITAL

in a one-time gain of approximately HK\$17.6 million, and has since focused on the manufacture of LCD panels and related products. Operating margin from the LCD manufacture business has been on the rise, despite a reduction in the fourth quarter of 2004 due to costs associated with the relocation of production facilities. The new manufacturing facilities which commenced operation in 2005, nevertheless, have brought about improved production efficiency. This we understand has contributed to the increase in operating margin for 2005 as reflected in the financial results for the 6 months ended 30th June, 2005.

Financial position of the JIC Group

We set out below a summary of the rearranged balance sheet of the JIC Group as at 30th June, 2005 and as at 31st December, 2004 as disclosed in the latest interim report for the period ended 30th June, 2005 and the 2004 annual report.

	As at		As at	
	30th June, 2005		31st December, 2004	
	(unaudited)		(audited)	
	HK\$'000	%	HK\$'000	%
Property, plant and equipment	129,831	40.4%	89,409	32.5%
Machinery under installation and deposits paid for the acquisition of property, plant and equipment	12,725	4.0%	44,675	16.2%
Inventories	38,475	12.0%	36,153	13.1%
Trade and other receivables	106,265	33.1%	76,626	27.9%
Cash and cash equivalents	26,550	8.3%	22,180	8.1%
Others	7,026	2.2%	5,984	2.2%
	<u>320,872</u>	<u>100.0%</u>	<u>275,027</u>	<u>100.0%</u>
Total assets				
Trade and other payables	76,762		60,829	
Taxation and bills payable	3,084		7,753	
Short term bank borrowings	54,651		32,226	
Long term bank borrowings	33,345		40,267	
	<u>167,842</u>		<u>141,075</u>	
Total liabilities				
Net assets	<u>153,030</u>		<u>133,952</u>	

The JIC Group's major assets are its manufacturing facilities, trade receivables and inventories, about half of which is financed by banks and trade creditors. The increase in the book values of property, plant and equipment in 2005 was mainly due to the installation of new machinery and manufacturing facilities. As at 30th June, 2005, the JIC Group had a current ratio (calculated as total current assets/total current liabilities) of 1.32 and a debt/equity ratio (calculated as total bank debts/shareholders' equity) of 0.58, both we considered to be at acceptable level for an industrial company.

LETTER FROM ASIAN CAPITAL

Prospects of the JIC Group

Going forward, the management of JIC will continue to make their best endeavours to continue to develop new customers, especially in the South East Asian, European and North American regions and to expand their capacity in the value-added LCD module business, which they began in-house production since the second quarter of 2004. It is anticipated that these new customers will make valuable contribution towards the future growth of JIC. LCD module business accounts for about 41% of the sales for the nine months ended 30th September, 2005 and such percentage is expected to increase in the near future.

Backed by the larger manufacturing capacity of the new factory, JIC 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 phones, industrial instruments and automotives. These represent markets that are demanding fully custom designed and high performance LCD products.

However, JIC also envisages that they will face great pressure because of keen competition from industry peers and rising production costs as a result of appreciation of RMB, increasing fuel price, labour costs and interest rate.

Peer comparables

We have identified a number of listed companies in Hong Kong and Taiwan which are primarily engaged in the business of producing LCD panels (the "Comparables"). Disinterested Shareholders should note that some of the Comparables are also engaged in other businesses and the reliability of comparisons is therefore restricted.

Name of company	Year-end date of latest published annual report	Turnover based on latest published annual report <i>HK\$ million</i>	Closing price as at the Latest Practicable Date <i>HK\$</i>	Market capitalisation as at the Latest Practicable Date <i>HK\$ million</i>	Net asset value per share based on latest published annual report/ interim report <i>HK\$</i>	Premium/ (Discount) of closing price as at the Latest Practicable Date over/to the net asset value per share	Basic earnings per share based on latest published annual report <i>HK\$</i>	Price-earnings multiple as at the Latest Practicable Date
Listed on the Stock Exchange								
Truly International Holdings Ltd.	31-Dec-2004	3,407	8.65	3,963	3.6*	140.3%	1.180	7.3
Yeebo (International Holdings) Ltd.	31-Mar-2005	387	0.62	647	0.56*	10.7%	0.185	3.4
Varitronix International Ltd.	31-Dec-2004	2,006	4.825	1,550	5.0*	(3.5%)	0.620	7.8
Listed on overseas stock exchange								
Wintek Corporation	31-Dec-2004	6,044	10.4	9,446	5.62	85.1%	1.46	7.1
JIC	31-Dec-2004	384	0.55 (Offer price)	374	0.20*	175.0%	0.022	25.0

* Based on the unaudited net asset value as shown in the respective interim reports.

Note: In the table above, the conversion of Taiwan dollars ("TWD") into HK\$ is based on the exchange rate of TWD1 = HK\$0.2305.

LETTER FROM ASIAN CAPITAL

Disinterested Shareholders should note that except Yeebo (International Holdings) Ltd. (“Yeebo”), three out of the four Comparables are substantially larger than JIC in all parameters such as market capitalization, turnover, earnings, and net asset value. Yeebo is a company with a similar size to JIC, which is trading at a relatively lower price earnings multiple and smaller premium over the net asset value per share.

We note that all the Comparables, except Varitronix International Ltd., are traded at a premium over their respective net asset value per share, ranging from 10.7% to 140.3%. The Offer price for JIC Shares which represents a premium of 175.0% is the highest among the Comparables. Besides, the historical price earnings multiple of JIC is also the highest among the Comparables.

In view of the above, we consider the Offer price is attractive in terms of both price earnings multiple and premium over net asset value per JIC Share.

Recent privatizations

For additional reference, we have selected a number of privatization proposals, for cash consideration, put forth either by the company directly or by the controlling shareholder by way of an offer, announced over the Relevant Period and up to the Latest Practicable Date. The selected proposals are either already approved or pending approval/acceptance by the independent shareholders as at the Latest Practicable Date. Although the companies involved are engaged in different businesses from JIC and the privatization may have been carried out for different reasons and under different circumstances, we consider the comparison can still provide some useful benchmark for our analysis.

Date of announcement	Company	Principal activities	Cancellation price HK\$	Premium/(Discount) of cancellation price over/(to)	
				average closing share price for 30 trading days before respective announcement date	underlying net asset value per share*
<i>Approved cases</i>					
4 Nov 2004	The Kwong Sang Hong International Limited	Property development, sales of properties, property leasing, manufacturing of and trading in cosmetic products	1.25	36.2%	(31.7%)
29 Dec 2004	Sinopec Beijing Yanhua Petrochemical Company Limited	Production and sale of petrochemical products	3.8	23.9%	108.8%

LETTER FROM ASIAN CAPITAL

Date of announcement	Company	Principal activities	Cancellation price HK\$	Premium/ (discount) of cancellation price over/(to)	underlying net asset value per share*
				average closing share price for 30 trading days before respective announcement dates	
3 May 2005	Hutchison Global Communications Holdings Limited	Telecommunications services	0.65	43.3%	1,797.8%
19 May 2005	Henderson China Holdings Limited	Property development and investment, sales of properties, project management, finance and investment holding	8.00	64.3%	(36.1%)
16 Aug 2005	Henderson Cyber Limited	Internet services, merchandising services, data centre services, intelligent building services and information technology investments	0.42	110.0%	180.0%
JIC			0.55 (Offer price)	22.2%	175.0%
<i>On-going cases</i>					
27 Sept 2005	Sunday Communications Limited	Sales of mobile phones and accessories, mobile services, international telecommunications and other services	0.65	3.2%	177.2%
20 Oct 2005	China Resources Peoples Telephone company Limited	Providing mobile voice and data communications services in Hong Kong	4.55	26.7%	206.0%
28 Oct 2005	Jilin Chemical Industrial Company Limited	Production and sale of petroleum products, petrochemical and organic chemical products and synthetic rubber in the PRC	2.8	17.2%**	97.2%**
3 Nov 2005	New World TMT Limited	Telecom, media and technology investment	0.75	70.1%	–
JIC			0.55 (Offer price)	22.2%	175.0%

Notes:

* The related discounts or premiums are calculated based on information as extracted from the respective privatisation documents or announcements of the above privatisation precedents. The underlying net asset values of the above privatisation precedents are based on the relevant unadjusted net asset values or adjusted net asset values, as the case may be.

** Calculated based on offer price of HK\$2.8 per H share. Exchange rate for RMB to HK\$ is based on RMB1.03 = HK\$1.

LETTER FROM ASIAN CAPITAL

We note that the cancellation/offer prices for approved cases range from a discount of 36.1% to a premium of 1,797.8% over the last reported net asset value per share. For on-going cases, the cancellation/offer prices are at a premium of nil to 206.0% over the respective last reported net asset value per share. For JIC's case, the premium of the Offer price of 175.0% over the last reported net asset value per JIC Share falls within the upper-mid range of both lists of comparables.

In addition, the premium of the cancellation/offer prices over the average closing share price for 30 trading days before the respective announcement dates for the approved cases and on-going cases ranging from 3.2% to 110.0%, and we note the premium of 22.2% for the Offer lies within the range of the recent privatizations.

Accordingly, we consider the Offer price, which falls within the reasonable zone, is therefore fair and reasonable so far as the Disinterested Shareholders are concerned.

Reasons for NTE to privatize JIC

As stated in the Letter from Yu Ming, as far as the financial benefits for NTE are concerned, given the disparity of the price-earnings ratio of NTE (at 15.9x, based on the closing price of the shares of NTE as at the Announcement Date and the audited net profit of NTE for the twelve months ended 31st December, 2004) and JIC (at 13.2x, based on the closing price of the JIC Shares as at the Announcement Date and the audited net profit of JIC for the twelve months ended 31st December, 2004), the privatization of JIC should increase the earnings per share of NTE and potentially mitigate any negative impact on the value of the shares of NTE. Whilst this is a strong reason why NTE should attempt to privatize JIC, it is not a factor that should influence the acceptance or otherwise of the Disinterested Shareholders. On the other hand, any enhancement in future profitability of JIC could lead to an increase in JIC's share price, and may even lead to a revaluation of JIC in terms of a higher price earnings multiple. In that respect, if the privatization is successful, Disinterested Shareholders will not be able to enjoy the benefit of such revaluation.

Intention of NTE should it fails to privatize JIC

Disinterested Shareholders should note that the Offer is conditional upon NTE having acquired and/or purchased at least 90.0% of the Affected JIC Shares by the end of the Offer period, failing which the Offer shall lapse. NTE has stated that, in that event, it reserves the right to consider disposing of its interest by way of private placement instead of on the market, at a suitable time and at an acceptable share price taking into account the cash requirement of NTE and the interests of the shareholders of NTE and JIC. As at the Latest Practicable Date, NTE has not determined its strategy in respect of its holding in JIC if it fails to privatize JIC.

NTE has no intention to change the current business or management (including the continued employment of all employees) of or introduce any major changes to the business of the JIC Group (including any redeployment of fixed assets) whether NTE succeeds in privatizing JIC or not.

LETTER FROM ASIAN CAPITAL

In the event of a failed privatization and that JIC remains profitable but unable to attract a higher price earnings multiple than what it is now, or a multiple that is commensurate with that of NTE, we believe NTE, when considering disposing of its JIC shares, will have to weigh it against the potential dilution of earnings to NTE. Generally, the Hong Kong financial market is not very receptive to disposals of shares by a controlling shareholder on the market and views such move rather negatively. On the other hand, should NTE decide to increase its stake by acquiring JIC shares on the open market at a price which NTE considers attractive, it will only have a limited scope to do so given the public float of JIC Shares is approximately 28.4%. Disinterested Shareholders should note that although such purchases by NTE, if taken place, will increase the liquidity of the JIC Shares, once the public float has been reduced to 25%, no further purchase by NTE can take place and the liquidity will be affected. Since these are future possibilities and the future share price may be affected by a number of factors then prevailing, we are unable to determine the possible impact on the share price of JIC Shares. We do accept, however, the possibility for NTE to unload JIC Shares is an uncertainty that may create an overhanging effect on the share price of JIC.

When deciding on whether to accept or reject the Offer, Disinterested Shareholders should take these factors into consideration. For those Disinterested Shareholders who are not confident in the success of the Offer or otherwise uncertain about the future prospect of the JIC Group and/or its share price, they may consider selling their JIC Shares, or part of their holdings, in the open market before the Offer closes, particularly if the market price exceeds the Offer price.

RECOMMENDATION

We draw your attention to the following key factors, which should be read in conjunction with and considered in the context of the full text of this letter in arriving at our advice and recommendation.

- The Offer price represents a significant premium to the net asset value of JIC and is within a reasonable zone compared to other privatizations recently.
- The Offer price reflects a reasonable price earnings multiple compared to other industrial stocks of a similar industry.
- Liquidity of the JIC Shares has been low; the Offer provides an opportunity for the Disinterested Shareholders to exit their investments in the JIC Shares, if they so wish.
- The industry and JIC's prospects appear to be positive.
- Stated intention of NTE concerning possible future disposal of JIC Shares should the privatization fail.

LETTER FROM ASIAN CAPITAL

Accordingly, having considered all the factors as set out above and on balance, we are of the opinion that the terms of the Offer are fair and reasonable so far as JIC and the Disinterested Shareholders are concerned. We therefore advise the Independent Board Committee to advise the Disinterested Shareholders to accept the Offer.

Disinterested Shareholders who are concerned about the possible failure of the Offer and the continued lack of liquidity if the Offer fails should monitor the market closely and seek to dispose of the JIC Shares in the open market before the Offer closes, particularly if the market price exceeds the Offer price.

Disinterested Shareholders who believe JIC will perform better in the future and such performance will reflect on its future share price may wish to hold onto their investment in JIC by not accepting the Offer. However, by so doing, the privatisation may fail and they are reminded that there may be disposals of JIC Shares by NTE which would create a downward pressure on the price of JIC Shares.

Disinterested Shareholders are strongly reminded that the decision to realise or to hold their investments in JIC is subject to individual circumstances and their investment objectives.

Yours faithfully,

For and on behalf of

Asian Capital (Corporate Finance) Limited

Patrick K. C. Yeung
Managing Director

Howard H. W. Chan
Senior Manager

1. THREE-YEAR FINANCIAL SUMMARY

Set out below is a summary of the consolidated profit and loss account of JIC for each of the 3 years ended 31st December, 2004 as extracted from the audited financial statements of JIC for the relevant financial years (the auditors' report in respect of which contain no qualification). Deloitte Touche Tohmatsu were the auditors of JIC for the year ended 31st December, 2003 and 31st December, 2004, Grant Thornton were the auditors of JIC for the year ended 31st December, 2002:

CONSOLIDATED INCOME STATEMENT

		2004	2003	2002
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	3	384,330	325,477	275,478
Cost of sales		<u>(311,431)</u>	<u>(269,056)</u>	<u>(237,701)</u>
Gross profit		72,899	56,421	37,777
Other operating income		–	687	3,043
Selling and distribution costs		(5,925)	(3,008)	(2,638)
Administrative expenses		(31,765)	(29,990)	(21,730)
Research and development expenses		(7,401)	(3,828)	(4,089)
Impairment loss recognised on property, plant and equipment		<u>(2,763)</u>	<u>–</u>	<u>–</u>
Profit from operations	4	25,045	20,282	12,363
Bank interest income		142	46	82
Gain on disposal of other investment		104	–	–
Interest on bank borrowings wholly repayable within five years		(1,335)	(907)	(661)
Profit on disposal of discontinued operations	5	<u>–</u>	<u>17,620</u>	<u>–</u>
Profit before taxation		23,956	37,041	11,784
Taxation	7	<u>(521)</u>	<u>(29)</u>	<u>(489)</u>
Net profit for the year		<u><u>23,435</u></u>	<u><u>37,012</u></u>	<u><u>11,295</u></u>
Dividends paid	8	<u><u>28,707</u></u>	<u><u>15,619</u></u>	<u><u>7,810</u></u>
Earnings per share	9			
Basic		<u><u>2.2 cents</u></u>	<u><u>12.5 cents</u></u>	<u><u>2.9 cents</u></u>
Diluted		<u><u>2.2 cents</u></u>	<u><u>4.8 cents</u></u>	<u><u>1.5 cents</u></u>

The JIC Group did not record any extraordinary/exceptional item and minority interests for each of the three years ended 31st December, 2004.

Dividends per JIC Share of HK\$0.010, HK\$0.042 and HK\$0.015 were declared for the year ended 31st December, 2002, the year ended 31st December, 2003 and the year ended 31st December, 2004 respectively.

2. AUDITED ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER, 2004

Set out below are the audited consolidated balance sheet and balance sheet of JIC as at 31st December, 2003 and 31st December, 2004 and consolidated statement of changes in equity and consolidated cash flow statement of JIC for the two years ended 31st December, 2004 together with the relevant notes as extracted from the annual report of JIC for the year ended 31st December, 2004.

CONSOLIDATED BALANCE SHEET*At 31 December 2004*

	<i>Notes</i>	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment	10	89,409	93,278
Machinery under installation and deposits paid for the acquisition of property, plant and equipment	11	44,675	482
Club membership		381	381
Other investment	13	–	3,000
		<u>134,465</u>	<u>97,141</u>
Current assets			
Inventories	14	36,153	26,899
Trade and other receivables	15	76,626	67,312
Amount due from a fellow subsidiary	16	883	112
Taxation recoverable		4,720	2,182
Bank balances and cash		22,180	40,670
		<u>140,562</u>	<u>137,175</u>
Current liabilities			
Trade and other payables	18	60,829	46,776
Bills payable		6,417	2,703
Amount due to a fellow subsidiary	16	–	9,307
Taxation payable		1,336	2,427
Bank borrowings – due within one year	19	32,226	20,716
		<u>100,808</u>	<u>81,929</u>
Net current assets		<u>39,754</u>	<u>55,246</u>
Total assets less current liabilities		<u>174,219</u>	<u>152,387</u>
Non-current liabilities			
Bank borrowings – due after one year	19	40,267	13,163
		<u>40,267</u>	<u>13,163</u>
		<u>133,952</u>	<u>139,224</u>
Capital and reserves			
Share capital	21	7,635	7,759
Reserves		126,317	131,465
		<u>133,952</u>	<u>139,224</u>

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FINANCIAL INFORMATION REGARDING JIC
BALANCE SHEET
At 31 December 2004

	<i>Notes</i>	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment	10	460	–
Investments in subsidiaries	12	110,355	63,182
Other investment	13	–	3,000
		<u>110,815</u>	<u>66,182</u>
Current assets			
Other receivables		262	173
Amounts due from subsidiaries	17	120	56,653
Bank balance		256	84
		<u>638</u>	<u>56,910</u>
Current liabilities			
Other payables		114	147
Amount due to a subsidiary	17	–	10
		<u>114</u>	<u>157</u>
Net current assets			
		<u>524</u>	<u>56,753</u>
		<u>111,339</u>	<u>122,935</u>
Capital and reserves			
Share capital	21	7,635	7,759
Reserves	22	103,704	115,176
		<u>111,339</u>	<u>122,935</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2004

	Share capital			Reserves				Total	
	Ordinary HK\$'000	Preference HK\$'000	Total HK\$'000	Ordinary share premium HK\$'000	Goodwill reserve HK\$'000	Special reserve HK\$'000 (Note)	Accumulated profits HK\$'000	Total HK\$'000	Share capital and reserves HK\$'000
At 1 January 2003	1,826	5,984	7,810	-	(8,351)	(6,774)	125,146	110,021	117,831
Conversion of preference shares to ordinary shares (Note 21(b))	1,700	(1,751)	(51)	51	-	-	-	51	-
Net profit for the year	-	-	-	-	-	-	37,012	37,012	37,012
Dividends paid (Note 8)	-	-	-	-	-	-	(15,619)	(15,619)	(15,619)
At 31 December 2003 and at 1 January 2004	3,526	4,233	7,759	51	(8,351)	(6,774)	146,539	131,465	139,224
Conversion of preference shares to ordinary shares (Note 21(c))	4,109	(4,233)	(124)	124	-	-	-	124	-
Net profit for the year	-	-	-	-	-	-	23,435	23,435	23,435
Dividends paid (Note 8)	-	-	-	-	-	-	(28,707)	(28,707)	(28,707)
At 31 December 2004	<u>7,635</u>	<u>-</u>	<u>7,635</u>	<u>175</u>	<u>(8,351)</u>	<u>(6,774)</u>	<u>141,267</u>	<u>126,317</u>	<u>133,952</u>

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.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2004

	2004 HK\$'000	2003 HK\$'000
OPERATING ACTIVITIES		
Profit from operations	25,045	20,282
Adjustments for:		
Depreciation of property, plant and equipment	18,448	19,776
Impairment loss recognised on property, plant and equipment	2,763	–
Loss on disposal of property, plant and equipment	25	15
(Recovery of) allowance for doubtful debts, net	(484)	708
Allowance for inventories (written back)	136	(2,053)
	<hr/>	<hr/>
Operating cash flows before movements in working capital	45,933	38,728
Increase in inventories	(9,390)	(2,305)
Increase in trade and other receivables	(8,830)	(3,530)
(Increase) decrease in amount due from a fellow subsidiary	(771)	318
Increase (decrease) in trade and other payables	14,053	(1,473)
Increase (decrease) in bills payable	3,714	(4,532)
(Decrease) increase in amount due to a fellow subsidiary	(9,307)	9,307
	<hr/>	<hr/>
Cash generated from operations	35,402	36,513
Hong Kong Profits Tax paid	(102)	(279)
People's Republic of China (other than Hong Kong, the "PRC ")		
– enterprise income tax paid	(4,238)	(1,739)
– enterprise income tax refunded	190	1,364
	<hr/>	<hr/>
NET CASH FROM OPERATING ACTIVITIES	31,252	35,859
	<hr/>	<hr/>

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FINANCIAL INFORMATION REGARDING JIC

	<i>Note</i>	2004 HK\$'000	2003 HK\$'000
INVESTING ACTIVITIES			
Purchase of machinery under installation and deposits paid for the acquisition of property, plant and equipment		(44,193)	–
Purchase of property, plant and equipment		(17,367)	(3,661)
Proceeds on disposal of other investment		3,104	–
Interest received		142	46
Proceeds on disposal of business	23	–	18,613
Proceeds on disposal of property, plant and equipment		–	65
Acquisition of other investment		–	(3,000)
		<hr/>	<hr/>
NET CASH (USED IN) FROM INVESTING ACTIVITIES		(58,314)	12,063
		<hr/>	<hr/>
FINANCING ACTIVITIES			
Proceeds from bank loans		54,600	–
Dividends paid		(28,707)	(15,619)
Repayment of bank loans		(13,846)	(8,775)
(Decrease) increase in trust receipt loans		(2,140)	4,706
Interest paid		(1,335)	(907)
		<hr/>	<hr/>
NET CASH FROM (USED IN) FINANCING ACTIVITIES		8,572	(20,595)
		<hr/>	<hr/>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(18,490)	27,327
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		40,670	13,343
		<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, representing bank balances and cash		<u>22,180</u>	<u>40,670</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2004

1. GENERAL

The Company is an exempted company incorporated in the Cayman Islands with limited liability. Its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its ultimate holding company is Nam Tai Electronics, Inc. ("Nam Tai"), a company incorporated in the British Virgin Islands with its shares listed on the New York Stock Exchange.

The Company acts as an investment holding company and the activities of its subsidiaries are set out in note 12.

In 2004, the Hong Kong Institute of Certified Public Accountants (the "HKICPA") issued a number of new or revised Hong Kong Accounting Standards ("HKASs") and Hong Kong Financial Reporting Standards ("HKFRSs") (herein collectively referred to as "new HKFRSs") which are effective for accounting periods beginning on or after 1 January 2005. The Group has not early adopted these new HKFRSs in these financial statements.

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

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention as modified for the revaluation of certain investments in securities.

The financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong. The principal accounting policies adopted are set out below:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 December each year.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition.

Goodwill arising on acquisitions prior to 1 January 2001 continues to be held in reserves, and will be charged to the consolidated income statement at the time of disposal of the relevant subsidiary, or at such time as the goodwill is determined to be impaired.

Goodwill arising on acquisitions after 1 January 2001 is capitalised and amortised on a straight line basis over its useful economic life.

Investments in subsidiaries

Investments in subsidiaries are included in the Company's balance sheet at cost less any identified impairment loss.

Revenue recognition

Sales of goods are recognised when goods are delivered and title has passed.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost of items of property, plant and equipment, over their estimated useful lives, using the straight line method, on the following bases:

Leasehold improvements	15%
Plant and machinery	10% – 20%
Furniture, fixtures and equipment	15%
Motor vehicles	20%

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the income statement.

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Development expenditure is recognised only if it is anticipated that the development costs incurred on a clearly-defined project will be recovered through future commercial activity. The resultant asset is amortised on a straight-line basis over its useful life.

Where no clearly-defined project can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Club membership

Club membership is stated at cost less identified impairment losses.

Investments in securities

Investments in securities are recognised on a trade-date basis and are initially measured at cost.

Investments other than held-to-maturity debt securities are classified as investment securities and other investments. Investment securities, which are securities held for an identified long-term strategic purpose, are measured at subsequent reporting dates at cost, as reduced by any impairment loss that is other than temporary.

Other investments are measured at fair value, with unrealised gains and losses included in net profit or loss for the year.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method.

Operating leases

Rentals payable under operating leases are charged to income on a straight line basis over the term of the relevant lease.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes income statement items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Foreign currencies

Transactions in foreign currencies are initially recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are re-translated at the rates prevailing on the balance sheet date. Profits and losses arising on exchange are included in net profit or loss for the year.

On consolidation, the financial statements of subsidiaries which are denominated in foreign currencies other than Hong Kong dollar and which operate outside Hong Kong are translated into Hong Kong dollars using the temporal method. All assets, liabilities, revenue and expense in currencies other than Hong Kong dollar are translated at the exchange rate ruling at the date on which the amounts are recorded. Monetary assets and liabilities are re-translated at the approximate rates ruling on the balance sheet date. Profits and losses arising on exchange are dealt with in the income statement.

Retirement benefit costs

Payments to state managed retirement benefit schemes and the Mandatory Provident Fund Scheme are charged as an expense as they fall due.

3. BUSINESS AND GEOGRAPHICAL SEGMENTS

For the year ended 31 December 2004, the Group is wholly engaged in the manufacturing and distribution of liquid crystal displays ("LCD") products. For the year ended 31 December 2003, the Group was also involved in the manufacturing and distribution of transformers ("Transformers"). The Transformers business was disposed of on 28 June 2003 and discontinued thereafter (note 5).

During the year, the management have reassessed the primary source of the Group's risks and return and redesignated geographical segments as the Group's primary reporting format.

Geographical segments

The Group's LCD business is located in Hong Kong, Macao and the PRC. Turnover of the Group represents the amounts received and receivable for goods sold, net of returns and services rendered by the Group to outside customers. The Group reports its primary segment information based on the destination of shipment of its products, including principally Hong Kong, the PRC and Japan. Segment information about these geographical markets is presented below:

Income Statement

Year ended 31 December 2004

	Hong Kong HK\$'000	The PRC HK\$'000	Japan HK\$'000	Others HK\$'000	Consolidated HK\$'000
External turnover	59,256	313,978	4,322	6,774	384,330
Segment result	10,174	12,947	367	1,557	25,045
Bank interest income					142
Gain on disposal of other investment					104
Finance costs					(1,335)
Profit before taxation					23,956
Taxation					(521)
Net profit for the year					23,435

APPENDIX I
FINANCIAL INFORMATION REGARDING JIC
Balance Sheet
At 31 December 2004

	Hong Kong HK\$'000	The PRC HK\$'000	Japan HK\$'000	Others HK\$'000	Consolidated HK\$'000
ASSETS					
Segment assets	45,469	35,792	684	2,555	84,500
Unallocated corporate assets					190,527
Total assets					<u>275,027</u>
LIABILITIES					
Segment liabilities	-	22,274	-	-	22,274
Unallocated corporate liabilities					118,801
Total liabilities					<u>141,075</u>

Other Information
Year ended 31 December 2004

	Hong Kong HK\$'000	The PRC HK\$'000	Japan HK\$'000	Others HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
Allowance for inventories	17	116	1	2	-	136
Capital additions	-	4,532	-	-	12,835	17,367
Depreciation	-	664	-	-	17,784	18,448
Impairment loss recognised on property, plant and equipment	-	-	-	-	2,763	2,763
Loss on disposal of property, plant and equipment	-	-	-	-	25	25
Net foreign exchange losses	21	111	2	2	-	136

APPENDIX I
FINANCIAL INFORMATION REGARDING JIC
Income Statement
Year ended 31 December 2003

	Hong Kong <i>HK\$'000</i>	The PRC <i>HK\$'000</i>	Japan <i>HK\$'000</i>	Others <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
External turnover	75,989	226,327	15,892	7,269	325,477
Segment result	4,555	14,414	195	1,118	20,282
Bank interest income					46
Finance costs					(907)
Profit on disposal of discontinued operations					17,620
Profit before taxation					37,041
Taxation					(29)
Net profit for the year					37,012

Balance Sheet
At 31 December 2003

	Hong Kong <i>HK\$'000</i>	The PRC <i>HK\$'000</i>	Japan <i>HK\$'000</i>	Others <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
ASSETS					
Segment assets	38,275	31,498	465	762	71,000
Unallocated corporate assets					163,316
Total assets					234,316
LIABILITIES					
Segment liabilities	-	16,509	-	-	16,509
Unallocated corporate liabilities					78,583
Total liabilities					95,092

Other Information
Year ended 31 December 2003

	Hong Kong <i>HK'000</i>	The PRC <i>HK'000</i>	Japan <i>HK'000</i>	Others <i>HK'000</i>	Unallocated <i>HK'000</i>	Consolidated <i>HK'000</i>
Allowance for doubtful debts	-	-	-	-	720	720
Capital additions	-	-	-	-	3,661	3,661
Depreciation	-	-	-	-	19,776	19,776
Loss on disposal of property, plant and equipment	-	-	-	-	15	15

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The following is an analysis of the carrying amount of segment assets and additions to property, plant and equipment, analysed by the geographical area in which the assets are located:

	Carrying amount of segment assets		Additions to property, plant and equipment	
	2004	2003	2004	2003
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	89,078	107,067	56	57
The PRC	181,113	125,067	17,311	3,604
Macao	116	–	–	–
	<u>270,307</u>	<u>232,134</u>	<u>17,367</u>	<u>3,661</u>

4. PROFIT FROM OPERATIONS

	2004 HK\$'000	2003 HK\$'000
Profit from operations has been arrived at after charging (crediting):		
Staff costs, including directors' remunerations	47,205	43,417
Retirement benefit scheme contributions	<u>3,127</u>	<u>1,979</u>
Total staff costs	50,332	45,396
Less: Included in research and development expenses	<u>(2,163)</u>	<u>(1,699)</u>
	<u>48,169</u>	<u>43,697</u>
Allowance for inventories (written back), net	136	(2,053)
Auditors' remuneration	673	585
Depreciation of property, plant and equipment	18,448	19,776
Loss on disposal of property, plant and equipment	25	15
Net foreign exchange losses	136	888
Operating lease rentals in respect of rented premises	5,989	4,128
(Recovery of) allowance for doubtful debts, net	<u>(484)</u>	<u>708</u>

5. PROFIT ON DISPOSAL OF DISCONTINUED OPERATIONS

In June 2003, the Group entered into a sale agreement to dispose of its Transformers business. The disposal was effected in order to dedicate more resources and focus on its LCD business. The disposal was completed on 28 June 2003 when the control of the Group's Transformers business passed to the acquirer.

The details of the results of the Transformers business for the period from 1 January 2003 to 28 June 2003, which have been included in the consolidated financial statements, are as follows:

	<i>HK\$'000</i>
Turnover	51,943
Other operating income	504
Operating costs	(52,172)
	<hr/>
Profit before taxation	275
Taxation	42
	<hr/>
Profit for the year	<u>317</u>

The carrying amounts of the assets and liabilities of the Transformers business at the date of disposal are disclosed in note 23.

For the year ended 31 December 2003, the Transformers business contributed HK\$0.9 million to the Group's net operating cash flows, paid HK\$0.8 million in respect of investing activities and paid HK\$0.1 million in respect of financing activities.

A profit of approximately HK\$17,620,000 arose on the disposal of the Transformers business, being the proceeds of disposal less the carrying amount of the net assets of the Transformers business.

6. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

Particulars of the emoluments of directors and the five highest paid employees are as follows:

(a) Directors' emoluments

The emoluments paid or payable to each of the nine (2003: nine) directors were as follows:

Year ended 31 December 2004

	Seitaro Furukawa	Koo Ming Kown	Tadao Murakami	Li Shi Yuen, Joseph	Chui Kam Wai	Cham Yau Nam	Leung Wai Hung	Cheng Chi Heng	Wong Toe Yeung	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Fee	-	-	-	-	-	120	120	-	120	360
Other emoluments										
Salaries and other benefits	1,514	-	-	1,320	1,234	-	-	-	-	4,068
Performance related incentive bonus	-	-	-	-	522	-	-	-	-	522
Retirement benefit scheme contributions	-	-	-	9	12	-	-	-	-	21
Total emoluments	1,514	-	-	1,329	1,768	120	120	-	120	4,971

Year ended 31 December 2003

	Seitaro Furukawa	Koo Ming Kown	Tadao Murakami	Li Shi Yuen, Joseph	Chui Kam Wai	Cham Yau Nam	Leung Wai Hung	Cheng Chi Heng	Wong Toe Yeung	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Fee	-	-	-	-	-	120	120	-	120	360
Other emoluments										
Salaries and other benefits	1,528	-	-	-	9	-	-	-	-	1,537
Retirement benefit scheme contributions	12	-	-	-	-	-	-	-	-	12
Total emoluments	1,540	-	-	-	9	120	120	-	120	1,909

For the year ended 31 December 2004, one of the independent non-executive directors, Mr. CHENG Chi Heng waived emoluments of HK\$120,000 (2003: HK\$120,000).

(b) Employees' emoluments

During the year, the five highest paid individuals included three directors (2003: one director), details of whose emoluments are set out in note 6(a) above. The emoluments of the remaining two (2003: four) highest paid individuals were as follows:

	2004 HK\$'000	2003 HK\$'000
Salaries and other benefits	1,717	2,424
Retirement benefits scheme contributions	12	48
	<u>1,729</u>	<u>2,472</u>

Their emoluments were within the following bands:

	Number of employees	
	2004	2003
Nil to HK\$1,000,000	1	4
HK\$1,000,001 to HK\$1,500,000	1	–
	<u>1</u>	<u>–</u>

7. TAXATION

	2004 HK\$'000	2003 HK\$'000
Hong Kong Profits Tax		
Current year	–	300
Underprovision in prior years	–	103
PRC income tax		
Current year	347	–
Under (over) provision in prior years	174	(44)
	<u>521</u>	<u>359</u>
Deferred tax (<i>Note 20</i>)		
Current year	–	(85)
Overprovision in prior years	–	(276)
Attributable to change in tax rate	–	31
	<u>–</u>	<u>(330)</u>
	<u>521</u>	<u>29</u>

For the year ended 31 December 2004, no provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Company and its subsidiaries incurred a tax loss for the year.

For the year ended 31 December 2003, Hong Kong Profits Tax is calculated at 17.5% on the estimated assessable profit for that year.

In accordance with the applicable enterprise income tax law of the PRC and the relevant rules promulgated by the Shenzhen municipal government, the Company's PRC subsidiary is subject to a tax rate of 15% on the assessable profit for the year. However, the Company's PRC subsidiary was recognised as a high and new technology enterprise in 2002 and was granted a preferential tax rate of 7.5% from 2002 to 2004. Furthermore, 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 refund of significant amount of taxes already paid on those profits. The Company's PRC subsidiary qualified for such tax refunds as a result of the Group's reinvestment of its profit earned in previous years. At 31 December 2003 and 2004, taxation recoverable under such arrangements were approximately HK\$2,176,000, and HK\$4,633,000, respectively, which are included in taxation recoverable.

The tax charge for the year can be reconciled to the profit per the income statement as follows:

	2004 HK\$'000	2003 HK\$'000
Profit before taxation	<u>23,956</u>	<u>37,041</u>
Tax at Hong Kong Profits Tax rate of 17.5%	4,192	6,482
Tax effect of expenses (income) that are not taxable/deductible for tax purposes	338	(2,871)
Tax effect of tax losses not recognised	1,390	127
Tax effect of PRC income tax refunded	(2,169)	(1,510)
Tax exemptions granted to a PRC subsidiary	(2,520)	(1,510)
Increase in opening deferred tax balances from an increase in the applicable tax rate in Hong Kong	–	31
Underprovision of income tax expense in prior years	174	59
Effect of different tax rates of subsidiaries operating in other jurisdictions	(840)	(503)
Others	<u>(44)</u>	<u>(276)</u>
Tax expense for the year	<u>521</u>	<u>29</u>

8. DIVIDENDS

	2004 HK\$'000	2003 HK\$'000
Interim, paid		
– HK\$0.015 per ordinary share (2003: HK\$0.02 per ordinary share)	5,288	3,651
– HK\$0.015 per preference share (2003: HK\$0.02 per preference share)	<u>6,350</u>	<u>11,968</u>
	11,638	15,619
Final, paid for 2003		
– HK\$0.022 per ordinary share	7,756	–
– HK\$0.022 per preference share	<u>9,313</u>	<u>–</u>
	17,069	–
Dividend paid	<u>28,707</u>	<u>15,619</u>

The directors do not recommend the payment of a final dividend for the year ended 31 December 2004 (2003: HK\$0.022 per share) and propose that the profit for the year be retained.

9. EARNINGS PER SHARE

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

	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Net profit for the year	23,435	37,012
Dividends on preference shares	<u>(15,663)</u>	<u>(11,968)</u>
Earnings for the purposes of basic earnings per share	7,772	25,044
Effect of dilutive potential ordinary shares		
– Dividends on convertible preference shares	<u>–</u>	<u>11,968</u>
Earnings for the purposes of diluted earnings per share	<u><u>7,772</u></u>	<u><u>37,012</u></u>
	Number of shares	
	2004	2003
Weighted average number of ordinary shares for the purposes of basic earnings per share	356,647,176	199,832,136
Effect of dilutive potential ordinary shares		
– Convertible preference shares	<u>–</u>	<u>563,702,620</u>
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<u><u>356,647,176</u></u>	<u><u>763,534,756</u></u>

Note: Assuming the full conversion of the convertible preference shares outstanding during the year ended 31 December 2004 to reflect the effect of all potential dilutive ordinary shares, the adjusted earnings and weighted average number of ordinary shares is approximately HK\$23,435,000 and 763,534,756, respectively, resulting in an increase in earnings per share for the year. Accordingly, no diluted earnings per share has been presented.

10. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements <i>HK\$'000</i>	Plant and machinery <i>HK\$'000</i>	Furniture, fixtures and equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
THE GROUP					
COST					
At 1 January 2004	16,543	122,854	5,393	933	145,723
Additions	676	15,114	1,079	498	17,367
Disposals	–	(9)	(154)	(3)	(166)
At 31 December 2004	<u>17,219</u>	<u>137,959</u>	<u>6,318</u>	<u>1,428</u>	<u>162,924</u>
DEPRECIATION					
At 1 January 2004	7,268	42,131	2,414	632	52,445
Provided for the year	2,270	15,129	862	187	18,448
Impairment loss recognised in the income statement	2,763	–	–	–	2,763
Eliminated on disposals	–	(9)	(131)	(1)	(141)
At 31 December 2004	<u>12,301</u>	<u>57,251</u>	<u>3,145</u>	<u>818</u>	<u>73,515</u>
NET BOOK VALUES					
At 31 December 2004	<u>4,918</u>	<u>80,708</u>	<u>3,173</u>	<u>610</u>	<u>89,409</u>
At 31 December 2003	<u>9,275</u>	<u>80,723</u>	<u>2,979</u>	<u>301</u>	<u>93,278</u>

During the year, the Company has commenced relocating to its new manufacturing facilities. As at 31 December 2004, the directors conducted a review of the Group's property, plant and equipment and determined that certain leasehold improvements would no longer be used upon the completion of relocation in January 2005. Accordingly, an impairment loss of approximately HK\$2,763,000 (2003: Nil) has been recognised in respect of these leasehold improvements.

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	Plant and machinery <i>HK\$'000</i>	Furniture, fixtures and equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
THE COMPANY				
COST				
At 1 January 2004	–	–	–	–
Additions	–	56	–	56
Transfer from a fellow subsidiary	161	188	90	439
	<u>161</u>	<u>188</u>	<u>90</u>	<u>439</u>
At 31 December 2004	<u>161</u>	<u>244</u>	<u>90</u>	<u>495</u>
DEPRECIATION				
At 1 January 2004	–	–	–	–
Provided for the year	7	5	23	35
	<u>7</u>	<u>5</u>	<u>23</u>	<u>35</u>
At 31 December 2004	<u>7</u>	<u>5</u>	<u>23</u>	<u>35</u>
NET BOOK VALUES				
At 31 December 2004	<u>154</u>	<u>239</u>	<u>67</u>	<u>460</u>
At 31 December 2003	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

11. MACHINERY UNDER INSTALLATION AND DEPOSITS PAID FOR THE ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Machinery under installation	39,157	–
Deposit paid for the acquisition of property, plant and equipment	5,518	482
	<u>44,675</u>	<u>482</u>

The machinery under installation will be classified in the relevant category of property, plant and equipment upon completion of the installation and when it becomes fully operational.

12. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2004	2003
	HK\$'000	HK\$'000
Unlisted shares, at cost	214,843	119,576
Less: Dividends distributed from pre-reorganisation reserves of the subsidiaries	(104,488)	(56,394)
	<u>110,355</u>	<u>63,182</u>

Details of the Company's subsidiaries at 31 December 2004 are as follows:

Name of subsidiary	Place of incorporation/ registration and operations	Issued and paid up share capital/ registered capital	Proportion of issued capital/ registered capital held directly by the Company %	Principal activities
J.I.C. Enterprises (Hong Kong) Limited	Hong Kong	HK\$500,000	100	Manufacture and trading of electronic components
J.I.C. (Macao Commercial Offshore) Company Limited	Macao	HK\$97,500	100	Trading of electronic components, and the provision of marketing, management and technical consultancy services
Jetup Electronic (Shenzhen) Co., Limited	PRC (Note)	HK\$105,878,396	100	Manufacture of LCD products

None of the subsidiaries had issued any debt securities at end of the year.

Note: Registered as a wholly owned FIE.

13. OTHER INVESTMENT

	The Group and The Company	
	2004 HK\$'000	2003 HK\$'000
Unlisted equity shares, at fair value	—	3,000

On 20 January 2003, the Company entered into a subscription agreement with iMagic Infomedia Technology Limited (“iMagic”) pursuant to which the Company agreed to subscribe for 60 shares of HK\$1 each in iMagic (the “iMagic Shares”), representing 5.36% of the total issued capital of iMagic, for a cash consideration of HK\$3,000,000. On the same date, the Company also entered into a deed of put option with Mr. Tsang Cheung, a then shareholder and director of iMagic, under which he granted to the Company an option to require him to purchase the iMagic Shares from the Company at a consideration of HK\$3,000,000. The put option was exercisable from 31 December 2004 up to 30 January 2005.

In October 2004, the Company sold the iMagic Shares to a person designated by Mr. Tsang Cheung for a cash consideration of approximately HK\$3,104,000, resulting in a gain on disposal of approximately HK\$104,000.

14. INVENTORIES

	The Group	
	2004 HK\$'000	2003 HK\$'000
At cost		
Raw materials	32,280	19,634
Work in progress	2,696	6,595
Finished goods	1,177	670
	<u>36,153</u>	<u>26,899</u>

15. TRADE AND OTHER RECEIVABLES

The Group’s policy is to allow credit periods ranging from 30 days to 90 days (2003: 60 days to 120 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:

	The Group	
	2004 HK\$'000	2003 HK\$'000
Trade receivables:		
Within 30 days	32,326	27,268
More than 30 days and within 60 days	25,147	27,438
More than 60 days and within 90 days	10,876	6,783
More than 90 days	2,795	3,245
	<u>71,144</u>	<u>64,734</u>
Other receivables	5,482	2,578
	<u>76,626</u>	<u>67,312</u>

16. AMOUNTS DUE FROM (TO) A FELLOW SUBSIDIARY

The balances are unsecured, non-interest bearing and have a credit period of 60 days.

17. AMOUNTS DUE FROM (TO) SUBSIDIARIES

The amounts are unsecured, non-interest bearing and repayable on demand.

18. 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:

	The Group	
	2004	2003
	HK\$'000	HK\$'000
Trade payables:		
Within 30 days	30,636	22,829
More than 30 days and within 60 days	11,043	11,661
More than 60 days and within 90 days	8,908	5,143
More than 90 days	1,138	151
	<u>51,725</u>	<u>39,784</u>
Other payables	9,104	6,992
	<u>60,829</u>	<u>46,776</u>

19. BANK BORROWINGS

	The Group	
	2004	2003
	HK\$'000	HK\$'000
Bank borrowings comprise:		
Bank loans	62,692	21,938
Trust receipt loans	9,801	11,941
	<u>72,493</u>	<u>33,879</u>

The bank borrowings are repayable as follows:

On demand or within one year	32,226	20,716
In the second year	18,037	8,775
In the third to fifth year inclusive	22,230	4,388
	<u>72,493</u>	<u>33,879</u>
Less: Amounts due for settlement within one year (shown under current liabilities)	<u>(32,226)</u>	<u>(20,716)</u>
Amounts due for settlement after one year	<u>40,267</u>	<u>13,163</u>

20. DEFERRED TAX LIABILITIES

The following are the major deferred tax liabilities recognised by the Group and movements thereon during the current and prior reporting periods:

	The Group <i>HK\$'000</i>
At 1 January 2003	330
Credit to income	(361)
Effect of change in tax rate – charge to income statement	31
	<hr/>
At 31 December 2003, 1 January 2004 and at 31 December 2004	<hr/> – <hr/>

At 31 December 2003, the deferred taxation represented the tax effect of temporary differences attributable to the accelerated tax depreciation.

At 31 December 2004, the Group had unused tax losses of approximately HK\$9,292,000 (2003: HK\$916,000) available for offset future profits. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams. The tax losses may be carried forward indefinitely.

The Company had no other significant unprovided deferred taxation for the year or at the balance sheet date.

21. SHARE CAPITAL

	<i>Notes</i>	Ordinary shares of HK\$0.01 each		Non-redeemable convertible preference shares of HK\$0.01 each (a)		Total <i>HK\$'000</i>
		Number of shares	<i>HK\$'000</i>	Number of shares	<i>HK\$'000</i>	
Authorised:						
At 1 January 2003, 31 December 2003 and 31 December 2004		2,000,000,000	20,000	600,000,000	6,000	26,000
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Issued and fully paid:						
At 1 January 2003		182,544,465	1,826	598,420,000	5,984	7,810
Conversion of preference shares to ordinary shares during the year	(b)	170,000,000	1,700	(175,100,000)	(1,751)	(51)
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2003 and 1 January 2004		352,544,465	3,526	423,320,000	4,233	7,759
Conversion of preference shares to ordinary shares during the year	(c)	410,990,290	4,109	(423,320,000)	(4,233)	(124)
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2004		763,534,755	7,635	–	–	7,635
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Notes:

- (a) The preference shares are not redeemable and the holders of which shall not be entitled to vote. At any time after allotment, each holder of the preference shares shall be entitled to convert all or a portion of his preference shares into fully paid ordinary shares at the initial conversion rate of 1 ordinary share for every 1.03 preference shares, provided that for the purposes of ensuring the continued listing of the Company's ordinary shares on the Stock Exchange after the conversion of the preference shares, no holder of preference shares shall be entitled to exercise the conversion rights if, as a result, the Company's ordinary shares issued upon conversion together with any ordinary shares of the Company then in issue would result in the minimum prescribed percentage of the Company's ordinary shares in public hands (as defined in the Rules Governing the Listing of Securities on the Stock Exchange from time to time) not being satisfied. On any payment of dividend or distributions (other than a distribution on winding up), the preference shares shall rank pari passu with the ordinary shares.
- (b) During the year ended 31 December 2003, Nam Tai exercised the conversion right of 175,100,000 preference shares, resulting in the issuance of 170,000,000 ordinary shares in the Company and the creation of ordinary share premium of approximately HK\$51,000. The ordinary shares issued rank pari passu in all respects with the then existing issued ordinary shares in the Company.
- (c) During the year ended 31 December 2004, Nam Tai exercised the conversion right of 423,320,000 preference shares, resulting in the issuance of 410,990,290 ordinary shares in the Company and the creation of ordinary share premium of approximately HK\$124,000. The ordinary shares issued rank pari passu in all respects with the then existing issued ordinary shares in the Company.

22. RESERVES

	Ordinary share premium <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Accumulated profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
THE COMPANY				
At 1 January 2003	–	103,456	7,029	110,485
Conversion of preference shares to ordinary shares (<i>Note 21(b)</i>)	51	–	–	51
Net profit for the year	–	–	20,259	20,259
Dividends paid (<i>Note 8</i>)	–	–	(15,619)	(15,619)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2003 and 1 January 2004	51	103,456	11,669	115,176
Conversion of preference shares to ordinary shares (<i>Note 21(c)</i>)	124	–	–	124
Net profit for the year	–	–	17,111	17,111
Dividends paid (<i>Note 8</i>)	–	–	(28,707)	(28,707)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2004	<u>175</u>	<u>103,456</u>	<u>73</u>	<u>103,704</u>

The contributed surplus of the Company represents the difference between the aggregate net tangible assets of the subsidiaries acquired by the Company pursuant to the group restructuring and the nominal value of the Company's shares issued for the acquisition, less subsequent dividends paid.

In addition to the accumulated profits of the Company, the ordinary share premium and the contributed surplus accounts of the Company are also available for distribution to shareholders provided that the Company will be able to pay its debts as they fall due in the ordinary course of business immediately following the date on which any such distribution is proposed to be paid. Accordingly, the Company's reserves available for distribution to shareholders at 31 December 2004 amounted to approximately HK\$103,704,000 (2003: HK\$115,176,000).

23. DISPOSAL OF BUSINESS

As referred to in note 5, on 28 June 2003 the Group discontinued its Transformers business at the time of the disposal of certain of its subsidiaries.

The net assets of the Transformers business at the date of disposal were as follows:

	28.6.2003 HK\$'000
Net assets disposed of:	
Property, plant and equipment	3,384
Inventories	5,632
Trade and other receivables	18,252
Amount due from the Group	6,390
Amount due from a fellow subsidiary	1,065
Bank balances and cash	308
Trade and other payables	(18,901)
	<u>16,130</u>
Profit on disposal	<u>17,620</u>
Total consideration	<u><u>33,750</u></u>
Satisfied by:	
Cash consideration received	18,921
Assumption of debt of the Group	6,390
Assignment of certain trade receivables and amount due from a fellow subsidiary, and assumption of certain trade and other payables of the Transformers business	8,439
	<u>33,750</u>
Net cash inflow arising on disposal:	
Cash consideration received	18,921
Bank balances and cash disposed of	(308)
	<u><u>18,613</u></u>

24. CONTINGENT LIABILITIES

The Group had no significant contingent liabilities at the balance sheet date.

At 31 December 2004, the Company had issued corporate guarantees amounting to HK\$144,600,000 (2003: HK\$70,100,000) to certain banks in respect of banking facilities granted to its subsidiaries. The extent of such facilities utilised by the subsidiaries amounted to approximately HK\$78,910,000 (2003: HK\$36,582,000).

25. CAPITAL COMMITMENTS

	The Group	
	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Capital expenditure in respect of acquisition of property, plant and equipment:		
Contracted for but not provided in the financial statements	9,236	5,502
Authorised but not contracted for	8,908	–
	<u>18,144</u>	<u>5,502</u>

The Company had no significant capital commitments at the balance sheet date.

26. OPERATING LEASE COMMITMENTS

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises, which fall due as follows:

	The Group	
	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Within one year	10,400	8,955
In the second to fifth year inclusive	36,769	32,235
Over five years	24,794	28,536
	<u>71,963</u>	<u>69,726</u>

Operating lease payments represent rentals payable by the Group for certain of its offices and factory premises. Leases are negotiated for terms ranging from one to eight years. The rentals for the lease of factory premises contain contingent escalation clauses whereby the percentage increase is subject to periodic review and agreement between the Group and the lessor.

At the balance sheet date, the Company had commitments for future minimum lease payments under non-cancellable operating leases amounting to HK\$1,530,000 (2003: HK\$2,200,000) in respect of rented premises and facilities, which fall due within one year.

27. RETIREMENT BENEFIT SCHEMES

The Group operates a Mandatory Provident Fund Scheme established under the Mandatory Provident Fund Ordinance for its qualifying employees. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes at the lower of HK\$1,000 or 5% of the relevant payroll to the scheme, which contributions are matched by employees. No forfeited contributions are available to reduce the contributions payable in the future years.

The employees of the Company's subsidiary in the PRC are members of state-managed retirement benefit schemes operated by the local municipal government. The PRC subsidiary are required to contribute 8% to 9% of the employee payroll to the schemes to fund the retirement benefits to the employees. The only obligation of the Group with respect to the retirement benefit schemes is to make the specified contributions.

The total cost charged to consolidated income statement represents contributions payable to these schemes by the Group at rates specified in the rules of the schemes.

28. SHARE OPTION SCHEMES**(a) Share option schemes adopted by Nam Tai**

In August 1993, the board of directors of Nam Tai approved a stock option plan which authorised the issuance of 900,000 vested options to key employees, consultants or advisors of Nam Tai or any of its subsidiaries for the primary purpose of providing them incentives. After the amendment of the option plan, in April 1999, the maximum number of shares to be issued pursuant to the exercise of options granted was increased to 4,275,000. The option price granted to the eligible participants shall not normally be less than market value of the common shares of Nam Tai at the date of grant. The options granted under this plan vest immediately and generally have a term of three years, but cannot exceed ten years. The options are granted to employees based on past performance and/or expected contribution to Nam Tai.

In May 2001, the board of directors of Nam Tai approved another stock option plan which would grant 15,000 options to each non-employee director of Nam Tai elected at each annual general meeting of shareholders, and might grant options to key employees, consultants or advisors of Nam Tai or any of its subsidiaries to subscribe for its shares in accordance with the terms of this stock option plan. The maximum number of shares to be issued pursuant to the exercise of options granted was 3,000,000 shares. There is no maximum entitlement for each of the key employee under this stock option plan. The option price granted to directors shall be equal to 100% of the market value of the common shares of Nam Tai on the date of grant. The option price granted to other eligible participants other than directors shall not normally be less than market value of the common shares of Nam Tai on the date of grant. The options granted under this plan vest immediately and generally have a term of three years subject to the discretion of the board of directors of Nam Tai to prescribe the time or times which the option may be exercised, but cannot exceed ten years. The options are granted to non-employee directors based on past performance and/or expected contributions to Nam Tai. No consideration is payable on the grant of an option.

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Effective 1 January 2003, Nam Tai suspended issuing options to management and employees except for the independent directors. Rather, the board of directors of Nam Tai approved an incentive bonus program to reward management and employees with a cash bonus in lieu of stock options. During 2004, Nam Tai had decided to resume issuing options to employees in addition to giving cash bonuses.

The following tables disclosed details of the share option schemes of Nam Tai held by employees (including directors) of the Company and movements in such holdings during the year of 2003 and 2004:

Option schemes	Outstanding	Exercised	Outstanding	Granted	Outstanding
	at		at		
	1.1.2003	during	31.12.2003	during	at
		the year	and	the year	31.12.2004
			1.1.2004		
1993	357,000	357,000	-	-	-
2001	315,000	315,000	-	390,000	390,000
	<u>672,000</u>	<u>672,000</u>	<u>-</u>	<u>390,000</u>	<u>390,000</u>

Details of the share option schemes of Nam Tai held by the directors of the Company included in the above table are as follows:

Option schemes	Outstanding	Exercised	Outstanding	Granted	Outstanding
	at		at		
	1.1.2003	during	31.12.2003	during	at
		the year	and	the year	31.12.2004
			1.1.2004		
1993	357,000	357,000	-	-	-
2001	255,000	255,000	-	390,000	390,000
	<u>612,000</u>	<u>612,000</u>	<u>-</u>	<u>390,000</u>	<u>390,000</u>

Details of specific categories of options are as follows:

Option schemes	Date of grant	Exercisable period	Exercise price per share US\$
1993	1 February 2000	31 May 2001 – 31 January 2003	4.625
	16 March 2001	16 March 2001 – 16 March 2004	4.647
	30 April 2002	30 April 2002 – 30 April 2005	6.617
2001	22 June 2001	22 June 2001 – 22 June 2004	4.834
	27 June 2001	27 June 2001 – 22 June 2002	2.334
	30 April 2002	30 April 2002 – 30 April 2005	6.617
	30 July 2004	30 July 2004 – 30 July 2006	19.40

(b) Share option scheme adopted by the Company

On 16 April 2002, a share option scheme (“the Scheme”) was approved by the board of directors and enables the Company to grant options to eligible participants for the purpose of providing incentives and rewards to who contribute to the success of the Group’s operations. Eligible participants of the Scheme include any employee of the Group (including any director of the Company or any of its subsidiaries) and those companies in the equity share capital of which the Company, directly or indirectly, has a 20 percent or greater beneficial interest but excluding Company’s subsidiaries. The Scheme became effective on 4 June 2002, the date on which the Company shares are listed on the Stock Exchange and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The exercise price of the share option is determinable by the board of directors, but shall not be less than the higher of: (i) the closing price of the Company’s shares as stated in the Stock Exchange’s daily quotations sheet on the date of grant of that option, which must be a business day; (ii) the average of the closing prices of the Company’s ordinary shares as stated in the Stock Exchange for the five trading days immediately preceding the date of grant of that option; and (iii) the nominal value of the Company shares.

The maximum number of shares which may be issued on exercise of all options granted under the Scheme (excluding, for this purpose, options which have lapsed in accordance with the terms of the Scheme and any other scheme) shall not exceed 10% of the ordinary share capital of the Company in issue from time to time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the maximum number of shares that may be issued pursuant to the Scheme. Any further grant of share options in excess of this limit is subject to shareholders’ approval in a general meeting.

The offer of a grant of share options shall be deemed to have been accepted when the counterpart of the option agreement is duly signed by the grantee together with a remittance in favour of the Company in the amount specified in the offer, as being the consideration for the grant of the option, is received by the Company at the place specified in the option agreement within 28 days from the date of the offer or such other period as the board of directors may specify in writing. An option may be exercised during the period specified in the terms of grant.

No options have been granted under the Scheme since its adoption.

29. RELATED PARTY TRANSACTIONS

During the year, the Group entered into transactions with the following fellow subsidiaries owned by Nam Tai:

Name of related party	Nature of transactions	2004 HK\$'000	2003 HK\$'000
Nantai Electronic (Shenzhen) Co. Ltd. ("NTSZ")	Sales of finished goods by the Group (Note a)	-	143
	Silk screening services provided by the Group (Note b)	-	2,889
	Sales of finished goods by the Group (Note c)	4,393	-
Nam Tai Group Management Limited ("NTGM")	Service fees paid by the Group (Note d)	5,910	5,280
Zastron Electronic (Shenzhen) Co. Ltd. ("Zastron")	Purchase of processed goods by the Group (Note e)	34,264	39,848
	Sales of raw materials by the Group (Note e)	24,400	35,638
	Silk screening services provided by the Group (Note f)	-	119

In addition, two directors of the Company have guaranteed repayment of certain trade receivables of the Group as at 31 December 2004 amounting to approximately HK\$423,000 (2003: Nil) at nil consideration.

Details of the balances with related parties at the balance sheet date are set out in the consolidated balance sheet on page 33 and note 16.

Notes:

- (a) The transactions were carried out at terms determined and agreed by both parties.
- (b) The Group provides silk screening services to NTSZ by selling electronic components to NTSZ bearing the customers' logo or marks of NTSZ. The transactions were carried out at terms determined and agreed by both parties. Full details of the transaction were disclosed in announcements of the Company dated 24 October 2002 and 17 April 2003.
- (c) On 8 April 2004, the Group entered into a letter purchase agreement on the sale of LCD panels to NTSZ under which NTSZ may place purchase orders with the Group at a price no less favourable than that available to NTSZ from independent third parties. The transactions were conducted in accordance with this agreement. Full details of the transaction were disclosed in an announcement of the Company dated 14 May 2004.
- (d) On 16 April 2002, the Group entered into a business facilities agreement ("BFA") with NTGM for a term of 12 months from 4 June 2002 to 30 May 2003, under which NTGM agreed to provide the Group with (i) office space with a gross area of approximately 4,500 square feet furnished with fittings, decorations, office equipment and furniture, and use of common areas; and (ii) certain office facilities, office services and outgoings, office equipment and utilities. The monthly service charge was HK\$440,000. On 16 April 2003, the BFA was renewed for another 12 months expiring 30 May 2004 on the same terms and conditions.

On 30 April 2004, the Group entered into a new BFA with NTGM for a term of 12 months from 1 April 2004 to 31 March 2005, under which NTGM agreed to provide the Group with (i) office space with a gross area of approximately 7,200 square feet and use of public areas and facilities within the property designated by NTGM from time to time; and (ii) certain office facilities, office services and outgoings, office equipment and utilities at a monthly service charge of HK\$510,000. Further details of the transaction were disclosed in an announcement of the Company dated 3 May 2004.

Subsequent to 31 December 2004, the Company had re-negotiated the terms with NTGM and executed a new business facilities agreement on 26 January 2005 such that the monthly service fee would be reduced from HK\$510,000 to HK\$240,000 and the total gross floor area licensed by NTGM to the Company would decrease from approximately 7,200 square feet to approximately 5,500 square feet. The term of this new agreement would be for a period of three years from 1 January 2005 to 31 December 2007.

- (e) On 10 March 2003, the Group entered into two separate agreements (“Sale/Purchase Agreement”) on the sale of materials comprising LCD, anisotropic conductive films and integrated circuits to Zastron, and the subsequent purchase of the processed products from Zastron. The transactions were carried out in accordance with the Sale/Purchase Agreement. Full details of the transactions were disclosed in announcements of the Company dated 11 March 2003 and 14 August 2003, and contained in the circular issued to the shareholders of the Company dated 5 September 2003.
- (f) The Group provides silk screening services to Zastron by selling electronic components to Zastron bearing the customers’ logo or marks of Zastron. The transactions were carried out at terms determined and agreed by both parties.

30. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year’s presentation. In particular, deposits paid for the acquisition of property, plant and equipment have been reclassified from trade and other receivables, and bills payable have been reclassified from trade and other payables.

3. UNAUDITED ACCOUNTS FOR THE SIX MONTHS ENDED 30TH JUNE, 2005

Set out below are the unaudited consolidated balance sheet of JIC as at 30th June, 2005 and audited consolidated balance sheet as at 31st December, 2004 and unaudited consolidated profit and loss account, consolidated statement of changes in equity and consolidated cash flow statement of JIC for the six months ended 30th June, 2004 and for the six months ended 30th June, 2005 together with the relevant notes as extracted from the interim report of JIC for the six months ended 30th 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		<u>12,269</u>	<u>7,153</u>	<u>19,078</u>	<u>14,307</u>
Dividends	6	<u>–</u>	<u>17,069</u>	<u>–</u>	<u>17,069</u>
Earnings per share (HK cents)	7				
Basic		<u>1.61</u>	<u>(0.61)</u>	<u>2.50</u>	<u>1.42</u>
Diluted*		<u>1.61</u>	<u>N/A</u>	<u>2.50</u>	<u>N/A</u>

The JIC Group did not record any extraordinary/exceptional item and minority interests for the six months ended 30th June, 2004 and for the six months ended 30th June, 2005.

Dividends per share of HK\$0.015 and HK\$0.020 were declared for the six months ended 30th June, 2004 and the six months ended 30th June, 2005 respectively.

* 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
		<u>142,937</u>	<u>134,465</u>
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
		<u>177,935</u>	<u>140,562</u>
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
		<u>134,497</u>	<u>100,808</u>
Net current assets		<u>43,438</u>	<u>39,754</u>
Total assets less current liabilities		<u>186,375</u>	<u>174,219</u>
Non-current liabilities			
Bank borrowings – due after one year	11	33,345	40,267
		<u>153,030</u>	<u>133,952</u>
Capital and reserves			
Share capital	12	7,635	7,635
Reserves		145,395	126,317
		<u>153,030</u>	<u>133,952</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2005

	Share capital			Reserves				Total share capital and reserves	
	Ordinary HK\$'000	Preference HK\$'000	Total HK\$'000	Ordinary share premium HK\$'000	Goodwill reserve HK\$'000	Special reserve HK\$'000 (Note)	Accumulated profits HK\$'000		
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)	<u>7,635</u>	<u>-</u>	<u>7,635</u>	<u>175</u>	<u>(8,351)</u>	<u>(6,774)</u>	<u>160,345</u>	<u>145,395</u>	<u>153,030</u>

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
	<hr/>	<hr/>
Net increase in cash and cash equivalents	4,370	8,955
Cash and cash equivalents at beginning of the period	22,180	40,670
	<hr/>	<hr/>
Cash and cash equivalents at end of the period, representing bank balances and cash	<u>26,550</u>	<u>49,625</u>

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 <i>HK\$'000</i>	The PRC <i>HK\$'000</i>	Japan <i>HK\$'000</i>	Others <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
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>	13,358
Bank interest income					67
Interest on bank borrowings wholly repayable within five years					(793)
Profit before taxation					12,632
Taxation					<u>(363)</u>
Net profit for the period					<u>12,269</u>

APPENDIX I
FINANCIAL INFORMATION REGARDING JIC
Three months ended 30 June 2004 (unaudited)

	Hong Kong <i>HK\$'000</i>	The PRC <i>HK\$'000</i>	Japan <i>HK\$'000</i>	Others <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
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 <i>HK\$'000</i>	The PRC <i>HK\$'000</i>	Japan <i>HK\$'000</i>	Others <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
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 <i>HK\$'000</i>	The PRC <i>HK\$'000</i>	Japan <i>HK\$'000</i>	Others <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
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		Unaudited	
	Three months ended		Six months ended	
	30 June		30 June	
	2005	2004	2005	2004
	HK\$'000	HK\$'000	HK\$'000	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
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

5. TAXATION

	Unaudited		Unaudited	
	Three months ended		Six months ended	
	30 June		30 June	
	2005	2004	2005	2004
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
PRC income tax				
Current year	139	–	160	–
Under provision in prior years	224	–	224	–
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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.

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	31 December 2004
	<i>HK\$'000</i>	<i>HK\$'000</i>
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
	<hr/>	<hr/>
	103,925	71,144
Other receivables	2,340	5,482
	<hr/>	<hr/>
	106,265	76,626
	<hr/> <hr/>	<hr/> <hr/>

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	31 December 2004
	<i>HK\$'000</i>	<i>HK\$'000</i>
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
	<hr/>	<hr/>
	65,743	51,725
Other payables	11,019	9,104
	<hr/>	<hr/>
	76,762	60,829
	<hr/> <hr/>	<hr/> <hr/>

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>
 <i>Less:</i> 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	600,000,000	6,000
	<u>2,600,000,000</u>	<u>26,000</u>
 Issued and fully paid:		
At 1 January 2005 and at 30 June 2005		
– Ordinary shares of HK\$0.01 each	763,534,755	7,635
	<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	2,775	9,236
– Authorised but not contracted for	9,009	8,908
	<u>11,784</u>	<u>18,144</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 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 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.

4. UNAUDITED ACCOUNTS FOR THE NINE MONTHS ENDED 30TH SEPTEMBER, 2005

Set out below are the unaudited consolidated profit and loss account of JIC for the three months and for the nine months ended 30th September, 2004 and for the three months and for the nine months ended 30th September, 2005 as extracted from the third quarter results announcement of JIC for the three months the nine months ended 30th September, 2005.

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

For the three months and nine months ended 30 September 2005

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

	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
	2005	2004	2005	2004
Turnover	126,990	109,063	348,535	295,924
Cost of sales	(98,184)	(84,194)	(276,305)	(235,820)
Gross profit	28,806	24,869	72,230	60,104
Other operating income ^(a)	-	-	1,106	-
Selling and distribution costs	(2,450)	(1,634)	(6,469)	(4,387)
Administrative expenses	(9,982)	(8,664)	(25,628)	(23,143)
Research and development expenses	(2,327)	(2,151)	(6,402)	(5,496)
Profit from operations	14,047	12,420	34,837	27,078
Bank interest income	67	48	170	90
Interest on bank borrowings wholly repayable within five years	(925)	(410)	(2,356)	(803)
Profit before taxation	13,189	12,058	32,651	26,365
Taxation	(125)	(205)	(509)	(205)
Net profit for the period attributable to equity holders of the Company	13,064	11,853	32,142	26,160
Interim Dividends	15,271	11,638	15,271	11,638
Final Dividends (2003)	-	-	-	17,069
Earnings per share				
Basic (HK cent(s))	1.71	1.56 ^(c)	4.21	2.98 ^(d)
Diluted (HK cent(s))	1.71 ^(e)	1.55	4.21 ^(e)	N/A ^(f)

The JIC Group did not record any extraordinary/exceptional item and minority interests for the nine months ended 30th September, 2004 and for the nine months ended 30th September, 2005.

No dividend was declared for the third quarter of 2004 and 2005. Final dividends per share of HK\$0.022 and nil were declared during the six months ended 30th June, 2004 and the six months ended 30th June, 2005 respectively. Interim dividends per share of HK\$0.015 and HK\$0.020 were declared during the nine months ended 30th September, 2004 and the nine months ended 30th September, 2005 respectively.

Note:

- Other operating income of HK\$1.11 million was a one-off settlement for loss of gross profit from an insurance company to the Company regarding a small fire occurred in November 2004.
- Certain comparative figures have been reclassified to conform with the current period's presentation and are in line with the previous year's audited financial statements. These reclassifications had no effect on the net income or financial position for any period presented.

- (c) The basic earnings per share is affected by the approval and payment of 2004 interim dividends on preference shares in the sum of HK\$6.35 million in August 2004.
- (d) The basic earnings per share is affected by the approval and payment of 2003 final dividends and 2004 interim dividends on preference shares in the sum of HK\$9.31 million in April 2004 and HK\$6.35 million in August 2004 respectively.
- (e) All preference shares were converted into ordinary shares before 1st January, 2005. As there are neither outstanding preference shares nor other potential dilutive shares as at 30th September, 2005, the earnings per share is not diluted.
- (f) No diluted earnings per share is presented as the conversion of JIC's outstanding preference shares would result in an increase in earnings per share for the period.

5. INDEBTEDNESS STATEMENT

At the close of business on 30th September, 2005, being the latest practicable date prior to the printing of this circular, the JIC Group had outstanding bank borrowings of approximately HK\$93.4 million representing bank loans and trust receipt loans.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, the JIC Group did not have outstanding at the close of business on 30th September, 2005 any loan, or other similar indebtedness, liabilities under acceptances or acceptable credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities.

6. MATERIAL CHANGE

The JIC Board is not aware of any material change in the financial or trading position or outlook of the JIC Group subsequent to 31st December, 2004, being the date to which the latest audited consolidated financial statements of the JIC Group were made up.

7. REPORT BY AUDITORS

Deloitte.
德勤

德勤·關黃陳方會計師行
香港中環干諾道中111號
永安中心26樓

Deloitte Touche Tohmatsu
26/F Wing On Centre
111 Connaught Road Central
Hong Kong

11th November, 2005

The Board of Directors
J.I.C. Technology Company Limited
Suites 1506-1508, 15/F One Exchange Square
8 Connaught Place
Central, Hong Kong

Dear Sirs,

We have reviewed the accounting policies adopted and calculations made in arriving at the consolidated profit attributable to equity holders of J.I.C. Technology Company Limited (“JIC”) and its subsidiaries (hereinafter collectively referred to as the “JIC Group”) included in the unaudited management accounts for the nine-month period ended 30th September, 2005, for which the directors of JIC are solely responsible, as set out in the circular dated 11th November, 2005 issued by JIC (the “Management Accounts”). Our work has been carried out in accordance with the Auditing Guideline 3.341 “Accountants’ Reports on Profit Forecasts” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). However, it must be emphasized that our procedures did not constitute an audit or review carried out in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA. Consequently, no such assurance can be expressed.

In our opinion the Management Accounts, so far as the accounting policies and calculations are concerned, have been properly compiled on a basis consistent in all material respects with the accounting policies normally adopted by the JIC Group as set out in its consolidated financial statements presented in its annual report dated 7th February, 2005, except as described below.

In the period ended 30th September, 2005, the JIC Group has adopted, for the first time, a number of new and revised applicable Hong Kong Accounting Standards (“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 1st January, 2005.

The adoption of these new HKFRSs has resulted in changes to the JIC 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 JIC 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 JIC Group has applied HKAS 32, *Financial Instruments: Disclosure and Presentation*, and HKAS 39, *Financial Instruments: Recognition and Measurement*. HKAS 32 requires retrospective application. The application of HKAS 32 has had no material effect on the presentation of financial instruments in the financial information of the JIC Group. HKAS 39, which is effective for annual periods beginning on or after 1st 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 39 are summarised below:

Financial assets and financial liabilities other than debt and equity securities*Financial assets*

Financial assets include trade and other receivables, bills receivables, amounts due from fellow subsidiaries and bank balances and cash. Trade and other receivables, and amounts due from fellow subsidiaries are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest method. Appropriate impairment losses are made based on the present value of estimated future cashflow and are recognised in profit or loss when there is objective evidence that the asset is impaired.

Financial liabilities

Financial liabilities include 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 method.

Yours faithfully,
Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

8. REPORT BY ASIAN CAPITAL


ASIAN CAPITAL

(CORPORATE FINANCE) LIMITED

11th November, 2005

The Board of Directors
 J.I.C. Technology Company Limited
 Suites 1506-1508, 15/F One Exchange Square
 8 Connaught Place
 Central, Hong Kong

Dear Sirs,

We refer to the unaudited consolidated results of J.I.C. Technology Company Limited (“JIC”) and its subsidiaries (the “JIC Group”) for the nine months ended 30th September, 2005 (the “Unaudited Consolidated Results”), for which the directors of JIC are solely responsible, as stated in the announcement of JIC dated 31st October, 2005 and set out on pages 76 to 77 in the composite offer document of JIC dated 11th November, 2005.

We have discussed with the management of JIC regarding the bases and assumptions adopted in the preparation of the Unaudited Consolidated Results and have also considered the letter dated 11th November, 2005 addressed to the directors of JIC from Deloitte Touche Tohmatsu (“DTT”), the auditors of the JIC Group, in relation to their review on the accounting policies and calculations based on which the Unaudited Consolidated Results have been prepared.

Having considered the bases and assumptions adopted by JIC and the review on accounting policies and calculations performed by DTT, we are satisfied that the Unaudited Consolidated Results, for which you as directors of JIC are solely responsible, have been compiled after due care and careful enquiry.

Yours faithfully,

For and on behalf of

Asian Capital (Corporate Finance) Limited
Patrick K. C. Yeung
Managing Director
Howard H. W. Chan
Senior Manager

Suite 1006, Bank of America Tower
 12 Harcourt Road, Central, Hong Kong
 Tel (852) 2869-8861 Fax (852) 2869-9660
 www.asiancapital.com.hk

Shanghai Representative Office
 Suite 1504, Tomson Commercial Building,
 No. 710 Dongfang Road, Pudong, Shanghai 200122, P.R.C.
 Tel (8621) 6876-3248 Fax (8621) 6876-3249

香港中環夏愨道十二號美國銀行中心1006室
 電話(852) 2869-8861 傳真(852) 2869-9660

上海代表處
 中國上海市浦東新區東方路710號湯臣金融大廈1504室 郵編200122
 電話(8621) 6876-3248 傳真(8621) 6876-3249

卓亞(企業融資)有限公司

FURTHER PROCEDURES FOR ACCEPTANCE OF THE OFFER FOR JIC SHAREHOLDERS HOLDING JIC SHARES THROUGH A CCASS PARTICIPANT

If you hold your JIC Shares through a CCASS participant who deposited your JIC Shares in CCASS, the following procedures are applicable to you.

- (a) if you have deposited your JIC Shares with CCASS, instruct your broker/custodian to authorize HKSCC Nominees Limited to accept the Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your broker/custodian for the timing on processing your instruction, and submit your instruction to your broker/custodian by the following ways:

(i) *Verbal Confirmation*

Immediately call your broker/custodian and inform him of your intention to accept the Offer.

(ii) *Written Confirmation*

If your broker/custodian has a designated form for you to complete in order to signify your acceptance in writing in respect of the Offer, complete that form.

If your broker/custodian does not have a designated form for you to complete in order to signify your intention in writing in respect of the Offer, write to your broker/custodian to signify your acceptance in respect of the Offer, indicating the number of JIC Shares to be tendered for acceptance under the Offer.

- (b) if you have lodged your JIC Shares with your Investor Participant Account with CCASS, authorize your instruction via the CCASS Phone System or CCASS Internet System not later than the deadline set by HKSCC Nominees Limited.

FURTHER PROCEDURES FOR ACCEPTANCE OF THE OFFER FOR REGISTERED JIC SHAREHOLDERS

If you own JIC shares in your name, the following procedures are applicable to you.

- (a) If the certificate(s) and/or transfer receipt(s) and, or any other document(s) of title, in respect of your JIC Shares is/are in your name, and you wish to accept the Offer, you must complete the accompanying form of acceptance and transfer. The duly completed form of acceptance and transfer together with the relevant certificate(s) and/or transfer receipt(s) and, or other document(s) of title, and, or any indemnity required in respect thereof, should be sent by post or by hand, and marked "JIC Offer" on the envelope, to the Registrar at Shops 1712 - 1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

- (b) If the certificate(s) and/or transfer receipt(s) and/or any other document(s) of title in respect of your JIC Shares is/are in the name of a nominee company or some name other than your own, and you wish to accept the Offer (in full or in part), you must either:
- (i) lodge your JIC Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title with the nominee company, or other nominee, with instructions authorizing it to accept the Offer on your behalf and requesting it to deliver the form of acceptance and transfer duly completed together with the relevant JIC Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect of any lost JIC Share certificate) to the Registrar; or
 - (ii) arrange for the JIC Shares to be registered in your name by JIC through the Registrar and send the form of acceptance and transfer duly completed together with the relevant JIC Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect of any lost JIC Share certificate) to the Registrar.
- (c) If you have lodged transfer of JIC Shares for registration in your name and have not yet received your JIC Share certificate and you wish to accept the Offer, you should nevertheless complete the relevant form of acceptance and transfer and deliver it to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an authority to NTE or its agent to collect from JIC or its share registrar on your behalf the relevant JIC Share certificate(s) when issued and to deliver such certificate(s) to the Registrar and to authorize and instruct the Registrar to hold such certificate(s), subject to the terms of the Offer, as if it was delivered to the Registrar with the relevant form of acceptance and transfer.
- (d) If the JIC Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect of any lost JIC Share certificate) is/are not readily available and/or is/are lost and you wish to accept the Offer, the form of acceptance and transfer should nevertheless be completed and delivered to the Registrar and the relevant JIC Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect of any lost JIC Share certificate) should be forwarded to the Registrar as soon as possible thereafter.

- (e) An acceptance may not be counted towards fulfilling an acceptance condition unless the acceptance form is duly completed and is accompanied by the relevant JIC Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title but, the consideration due will not be despatched until the relevant JIC Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or a satisfactory indemnity or indemnities in respect of any lost JIC Share certificate) have been received by the Registrar and otherwise subject to the terms and conditions of the Offer. No acknowledgement of receipt for any form of acceptance and transfer, JIC Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title will be given.

ACCEPTANCE PERIOD AND REVISIONS

- (a) The offer price for the Affected JIC Shares is final and is not subject to revision by NTE. However, NTE reserves the right to extend the Offer or revise the condition(s) of the Offer after the despatch of this composite offer document.
- (b) Unless the Offer has previously been extended or revised or has previously become or been declared unconditional, the Offer will expire at 4:00 p.m. on 5th December, 2005.
- (c) If the Offer becomes or is declared unconditional in all respects, it will remain open for acceptance for not less than 14 days from the date on which NTE announces that the Offer has become unconditional in all respects. If the Offer has become unconditional and it is stated that it will remain open until further notice, then not less than 14 days' notice will be given in writing and by way of announcement prior to the closing of the Offer.
- (d) The Offer shall not be capable of being kept open after 7:00 p.m. on 13th January, 2006, provided that NTE reserves the right, with the permission of the Executive under the Takeovers Code, to extend the Offer to a later time and/or date.
- (e) Although no such revision is envisaged, if the Offer (in its original or any previously revised form) is revised, the benefit of the revised Offer will be made available to any Accepting Disinterested Shareholders already accepted the Offer on the date of such revision. A revised Offer must be kept open for at least 14 days following the date on which the revised Offer is announced.

The acceptance by or on behalf of an Accepting Disinterested Shareholder of the Offer in its original or any previously revised form shall be treated as an acceptance of the Offer as so revised. It shall also constitute an authority to any director of NTE or of Yu Ming as agent of the Accepting Disinterested Shareholder:

- (i) to accept any such revised Offer on behalf of such Accepting Disinterested Shareholder;

- (ii) if any revised or previously revised Offer includes alternative forms of consideration, to make such elections for and accept such alternative forms of consideration in such proportions (as nearly as practicable) as those made by such Accepting Disinterested Shareholder in the form of acceptance and transfer previously executed by him or on his behalf (or, if no such alternatives were previously available, to make an election for the consideration in the previous form); and
- (iii) to execute on behalf of and in the name of such Accepting Disinterested Shareholder all such further documents (if any) as may be required to give effect to such acceptances and/or elections.

In making any such election and/or acceptance, such agent shall take into account the nature of any previous acceptances made by or on behalf of the Accepting Disinterested Shareholder and such other facts or matters as he may reasonably consider relevant.

- (f) The authorities conferred by paragraphs (e) (i) to (iii) (inclusive) and any acceptance of the revised Offer and/or any election pursuant thereto shall be irrevocable unless and until the Accepting Disinterested Shareholder becomes entitled to withdraw his acceptance under the paragraph headed "Right of Withdrawal" below and duly does so.

RIGHT OF WITHDRAWAL

Pursuant to the Takeovers Code, an Accepting Disinterested Shareholder is entitled to withdraw his acceptance after 26th December, 2005, i.e. 21 days from 5th December, 2005, being the first closing date of the Offer, if the Offer has not by then become unconditional. This entitlement to withdraw is exercisable until such time as the Offer becomes or is declared unconditional as to acceptances.

ANNOUNCEMENTS

By 6:00 p.m. on the Closing Date, NTE shall inform the Executive and the Stock Exchange of its decision in relation to the revision, extension, expiry or unconditionality of the Offer. NTE must publish a teletext announcement on the Stock Exchange's website by 7:00 p.m. on the Closing Date stating whether the Offer has not revised, extended, expired or become or been declared unconditional. Such announcement must be republished in at least one leading English language newspaper and one leading Chinese language newspaper, being in each case a newspaper which is published daily and circulating generally in Hong Kong.

The announcement shall state the total number of JIC Shares and rights over JIC Shares:

- (a) for which acceptances of the Offer have been received;
- (b) held, controlled or directed by NTE or persons acting in concert with it before the offer period commencing on 23rd October, 2005; and

- (c) acquired or agreed to be acquired during the offer period by NTE or any persons acting in concert with it.

The announcement shall also specify the percentages of the relevant classes of the share capital of JIC, and the percentages of voting rights, represented by these numbers.

GENERAL

- (a) All communications, notices, forms of acceptance, forms of transfer, certificates, transfer receipts and other documents of title or of indemnity or of any other nature to be delivered by or sent to or from JIC Shareholders will be delivered by or sent to or from them, or their designated agents, at their risk, and neither of NTE or Yu Ming accepts any liability for any loss or any other liabilities whatsoever which may arise as a result.
- (b) Acceptance of the Offer by any person or persons will be deemed to constitute a warranty by such person or persons to NTE that the JIC Shares tendered under the Offer are sold by such person or persons free from all liens, charges, claims, equities, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them, including the rights to receive dividends if any, declared, made or paid by JIC on or after the Announcement Date.
- (c) Acceptance of the Offer by any nominee will be deemed to constitute a warranty by such nominee to NTE that the number of JIC Shares in respect of which it is indicated in the form of acceptance is the aggregate number of JIC Shares held by such nominee for such beneficial owners who are accepting the Offer.
- (d) The provisions set out in the form of acceptance and transfer form part of the terms of the Offer.
- (e) The accidental omission to despatch this composite offer document and/or the accompanying form of acceptance and transfer or either of them to any person to whom the Offer is made shall not invalidate the Offer in any way.
- (f) The Offer and all acceptances will be governed by and construed in accordance with the laws of Hong Kong.
- (g) References to the Offer in this composite offer document and in the form of acceptance and transfer shall include any extension and/or revision thereof.
- (h) Due execution of a form of acceptance and transfer will constitute an authority to NTE or its agents to complete and execute on behalf of the person accepting the Offer, and to do any other act that may be necessary or expedient for the purpose of vesting in NTE, or such other person as it may direct, the JIC Shares which are the subject of such acceptance.

- (i) The making of the Offer to certain persons not resident in Hong Kong may be affected by the laws of the relevant jurisdictions. Overseas JIC Shareholders should inform themselves about and observe any applicable legal requirements. It is the responsibility of any person outside Hong Kong wishing to accept the Offer to satisfy himself or herself as to the full observance of the laws of the relevant territory in connection therewith, including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and payment of any transfer or other taxes due in respect of such jurisdiction.
- (j) In making their decision, Accepting Disinterested Shareholders must rely on their own examination of NTE and JIC and the terms of the Offer, including the merits and risks involved. The contents of this composite offer document, including any general advice or recommendations contained herein, and the form of acceptance and transfer in respect of the Affected JIC Shares are not to be construed as legal or financial advice. Shareholders should consult with their own lawyers or financial advisers for legal or financial advice. This composite offer document does not include any information with respect to taxation in any jurisdiction. Accepting Disinterested Shareholders are urged to consult their tax advisers regarding the tax consequences of owning and disposing of Affected JIC Shares.
- (k) The Offer is made in accordance with the Takeovers Code.
- (l) The English text of this composite offer document and of the form of acceptance and transfer shall prevail over the Chinese text.

RESPONSIBILITY STATEMENT

This composite offer document includes particulars given in compliance with the Takeovers Code for the purpose of giving information with regard to NTE and the Offer.

The JIC Directors jointly and severally accept full responsibility for the accuracy of the information contained in this composite offer document relating to the JIC Group and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this composite offer document relating to the JIC Group have been arrived at after due and careful consideration and there are no other facts relating to the JIC Group not contained in this composite offer document, the omission of which would make any statement relating to the JIC Group in this composite offer document misleading.

The NTE Directors jointly and severally accept full responsibility for the accuracy of the information contained in this composite offer document (other than those relating to the JIC Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this composite offer document (other than those relating to the JIC Group) have been arrived at after due and careful consideration and there are no other facts (other than those relating to the JIC Group) not contained in this composite offer document, the omission of which would make any statement (other than those relating to the JIC Group) in this composite offer document misleading.

MARKET PRICES

The JIC Shares are traded on the Stock Exchange. The table below shows the respective closing prices of the JIC Shares on the Stock Exchange.

- (a) on the last trading day of each calendar month during the period commencing 6 months preceding 23rd October, 2005, being the Announcement Date and ending on the Latest Practicable Date;
- (b) on 18th October, 2005, being the last trading day for the JIC Shares before the Announcement Date; and
- (c) on the Latest Practicable Date.

Date	Closing price per JIC share (HK\$)
29th April, 2005	0.730
31st May, 2005	0.700
30th June, 2005	0.700
29th July, 2005	0.680
31st August, 2005	0.485
30th September, 2005	0.420
18th October, 2005	0.405
31st October, 2005	0.490
Latest Practicable Date	0.490

The lowest and highest closing prices per JIC Share recorded on the Stock Exchange during the period from 24th April, 2005, being the date 6 months prior to 23rd October, 2005 (being the Announcement Date and commencement of the offer period) to the Latest Practicable Date were HK\$0.40 on 12th October, 2005, 14th October, 2005 and 17th October, 2005 and HK\$0.73 on 25th April, 2005, 26th April, 2005, 27th April, 2005, 28th April, 2005, 29th April, 2005 and 3rd May, 2005 respectively.

DISCLOSURE OF INTERESTS AND DEALINGS

- (a) As at the Latest Practicable Date, NTE together with parties acting in concert with it were interested in 546,890,978 JIC Shares (which were held by NTE directly) which represent approximately 71.6% of the issued share capital of JIC.
- (b) As at the Latest Practicable Date, no NTE Director was interested in any JIC Shares.
- (c) None of NTE or any party acting in concert with it or any NTE Director had dealt in the JIC Shares during the period beginning six months prior to 23rd October, 2005 and ending on the Latest Practicable Date.
- (d) As at the Latest Practicable Date, no JIC Director was interested in any JIC Shares.
- (e) None of JIC Directors had dealt in the JIC Shares during the period beginning six months prior to 23rd October, 2005 and ending on the Latest Practicable Date.
- (f) As at the Latest Practicable Date, JIC was not interested in any shares of NTE.
- (g) As at the Latest Practicable Date, JIC Directors had the following interests in NTE:

Shares of NTE:

Name of JIC Director	Personal interests	Corporate interests	Capacity	Number of shares of NTE	Percentage of the issued share capital of NTE
Li Shi Yuen, Joseph (Note i)	78,870	2,935,087	Beneficial owner	3,013,957	7.0%
Chui Kam Wai (Note i)	45,870	2,935,087	Beneficial owner	2,980,957	6.9%
Koo Ming Kown (Note ii)	5,690,786	–	Beneficial owner	5,690,786	13.1%

Options of NTE:

Name of JIC Director	Capacity	Number of share options	Number of underlying shares
Li Shi Yuen, Joseph	Beneficial owner	80,000	80,000

Notes:

- i. Mr. Li Shi Yuen, Joseph and Mr. Chui Kam Wai are the beneficial owners of the entire issued share capital of Li & Chui Holdings (B.V.I.) Limited. Each of them holds 50% interest in Li & Chui Holdings (B.V.I.) Limited. Mr. Li Shi Yuen, Joseph and Mr. Chui Kam Wai were deemed to be interested in the 2,935,087 shares of NTE held by Li & Chui Holdings (B.V.I.) Limited.
- ii. 4,690,786 shares of NTE were owned by Mr. Koo Ming Kown and Ms. Cho Sui Sin (the spouse of Mr. Koo Ming Kown) jointly.

Save as disclosed above, no JIC Director was interested in any shares of NTE as at the Latest Practicable Date.

- (h) Save as disclosed below, none of JIC, its subsidiaries or its directors had dealt in the shares of NTE during the period beginning six months prior to 23rd October, 2005 and ending on the Latest Practicable Date:

Name of JIC Director	Shares bought/sold and options granted/exercised	Date of transaction	Number of shares of NTE	Transaction price/Exercise price (US\$)
Leung Wai Hung	Sold	5th August, 2005	10,600	25.50 per share
Koo Ming Kown	Options granted	24th June, 2005	15,000	21.62 per share
	Sold	12th August, 2005	1,300,000	22.00 per share
	Options exercised	25th August, 2005	545,000	<i>Note</i>

Notes: Mr. Koo Ming Kown exercised options to subscribe for 180,000 shares at US\$19.40 per share; 350,000 shares at US\$20.84 per share; and 15,000 shares at US\$21.62 per share.

- (i) As at the Latest Practicable Date, none of the subsidiaries of JIC, pension fund of JIC or any of its subsidiaries, or advisers to JIC as specified in class (2) of the definition of associate under the Takeovers Code (but excluding exempt principal traders) had any shareholdings in JIC. During the period beginning six months prior to 23rd October, 2005 and ending on the Latest Practicable Date, none of the parties referred to in this paragraph had dealt in the JIC Shares.

- (j) No fund manager (other than exempt fund managers) connected with JIC managing on a discretionary basis had dealt in the JIC Shares during the period beginning six months prior to 23rd October, 2005 and ending on the Latest Practicable Date.
- (k) As at the Latest Practicable Date, no person had irrevocably committed to accept or reject the Offer.
- (l) No JIC Shares to be acquired in pursuance of the Offer will be transferred, charged or pledged to any other persons.
- (m) There is no arrangement of the kind referred to in note 8 of Rule 22 of the Takeovers Code between NTE or any party acting in concert with it and any other person.
- (n) There is no arrangement of the kind referred to in note 8 to Rule 22 of the Takeovers Code between JIC or any person who is an associate of JIC by virtue of classes (1), (2), (3) and (4) of the definition of associate under the Takeovers Code and any other person.

OTHER INTEREST

- (a) There is no agreement, arrangement or understanding (including any compensation arrangement) between NTE or any party acting in concert with it and any of the existing or recent JIC Directors or any existing or recent JIC Shareholders having any connection with or dependence upon the Offer.
- (b) There is no agreement or arrangement between any JIC Director and any other person which is conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer.
- (c) As NTE has no intention to change the current management of the JIC Group, no benefit will be given to any of them as compensation for loss of office in connection with the Offer.
- (d) There is no agreement or arrangement to which NTE is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a condition to the Offer.
- (e) There is no material contract entered into by NTE in which any JIC Director has a material personal interest.

SHARE CAPITAL

As at the Latest Practicable Date, the authorised share capital of JIC was HK\$26,000,000.00 which comprised 2,000,000,000 ordinary shares of HK\$0.01 each and 600,000,000 non-redeemable convertible preference shares of HK\$0.01 each. The issued share capital of JIC as at the Latest Practicable Date was HK\$7,635,347.55 which comprised 763,534,755 JIC Shares of HK\$0.01 each. Each JIC Share ranks pari passu with other JIC Shares in issue in all respects, including dividends, voting rights and capital. As at the Latest Practicable Date, there were no outstanding options, convertibles, warrants and rights to subscribe for JIC Shares.

During the period from 31st December, 2004 to the Latest Practicable Date, no JIC Share was either issued or repurchased.

MATERIAL CONTRACTS

Save for the contracts disclosed below, JIC Group did not enter into any material contracts, not being contracts entered into in the ordinary course of business carried on or intended to be carried on by any member of JIC Group, after the date two years before commencement of the offer period:

- (a) a share transfer agreement dated 15th October, 2004 entered into between JIC and J.I.C. Enterprises (Hong Kong) Limited (a direct wholly-owned subsidiary of JIC) pursuant to which J.I.C. Enterprises (Hong Kong) Limited agreed to transfer its 100% interests in Jetup Electronic (Shenzhen) Co., Ltd. to JIC at a consideration of HK\$105,878,396.00; and
- (b) a loan agreement dated 31st March, 2005 entered into between JIC and Jetup Electronic (Shenzhen) Co., Ltd. (then a direct wholly-owned subsidiary of JIC) pursuant to which JIC agreed to lend a loan of up to a maximum of HK\$50,000,000.00 to Jetup Electronic (Shenzhen) Co., Ltd. at zero interest rate. The loan shall expire on 31st March, 2006 and be repayable by instalments.

SERVICE CONTRACTS

Save for the service contracts disclosed below, as at the Latest Practicable Date, none of the JIC Directors had any service contract in force with any member of the JIC Group or any associated companies of JIC which (i) have been entered into or amended within six months before the commencement of the offer period (including both continuous and fixed term contracts); or (ii) are continuous contracts with a notice period of twelve months or more; or (iii) are fixed term contracts with more than twelve months to run irrespective of the notice period:

- (a) A service agreement dated 31st December, 2004 for the post of Chief Executive Officer was entered into between JIC and Mr. Chui Kam Wai, an executive director and chief executive officer of JIC, with effect from 1st January, 2005 and with no specific term at a monthly remuneration of HK\$125,000.00.

A service agreement dated 31st March, 2005 for the post of Chief Executive Officer was entered into between J.I.C. (Macao Commercial Offshore) Company Limited (a wholly-owned subsidiary of JIC) and Mr. Chui Kam Wai for a term of two years with effect from 12th July, 2005 and subject to termination at any time by either party giving to the other party not less than three months' notice in writing or payment in lieu of notice. The monthly remuneration is MOP128,750.00. Mr. Chui Kam Wai is also entitled to a discretionary bonus at the sole discretion of J.I.C. (Macao Commercial Offshore) Company Limited. The service agreement dated 31st March, 2005 entered into between J.I.C. (Macao Commercial Offshore) Company Limited and Mr. Chui Kam Wai was to replace the service agreement dated 31st December, 2004 between JIC and Mr. Chui Kam Wai.

Save for the above agreements, there is no any other service agreement entered into between the JIC Group or any associated companies of JIC and Mr. Chui Kam Wai or earlier contracts which have been replaced or amended by the service agreement dated 31st March, 2005.

- (b) A service agreement dated 1st January, 2005 for the post of Chief Executive Officer was entered into between JIC and Dr. Yeoh Teck Hooi, an executive director and chief financial officer of JIC, with effect from 1st January, 2005 with no specific term. The monthly remuneration was HK\$80,000.00 plus housing accommodation. A letter was signed between JIC and Dr. Yeoh Teck Hooi on 31st March, 2005 to amend the service agreement dated 1st January, 2005, replacing the housing accommodation by a housing allowance of HK\$16,000.00 with effect from 1st April, 2005.

Another service agreement dated 30th June, 2005 for the post of Chief Executive Officer was entered into between Jetup Electronic (Shenzhen) Co., Ltd. and Dr. Yeoh Teck Hooi which took effect from 1st July, 2005 for a continuous term until terminated at any time by either party giving to the other party not less than three months' notice in writing or payment in lieu of notice. The monthly remuneration was HK\$92,400.00.

A service agreement dated 1st July, 2005 was entered into between JIC and Dr. Yeoh Teck Hooi, for a term of three years with retrospective effect commencing on 7th February, 2005 and subject to termination at any time by either party giving to the other party not less than three months' notice in writing. The monthly director's fee was HK\$16,000.00 retrospective from 1st April, 2005. By a letter dated 1st August, 2005, the monthly director's fee was increased to HK\$45,000.00 with effect from 1st August, 2005. Dr. Yeoh Teck Hooi was also entitled to a discretionary bonus at the sole discretion of JIC.

The service agreement dated 1st July, 2005 entered into between JIC and Dr. Yeoh Teck Hooi and the service agreement dated 30th June, 2005 entered into between Jetup Electronic (Shenzhen) Co., Ltd. and Dr. Yeoh Teck Hooi were to replace the aforesaid service agreement dated 1st January, 2005 and letter dated 31st March, 2005. The remuneration of the service agreement dated 30th June, 2005 in the sum of HK\$92,400.00 was inclusive of tax equalization.

Save for the above agreements, there is no any other service agreement entered into between the JIC Group or any associated companies of JIC and Dr. Yeoh Teck Hooi or earlier contracts which have been replaced or amended by the service agreement dated 1st July, 2005.

- (c) A service agreement dated 3rd May, 2005 was entered into between JIC and Mr. Li Shi Yuen, Joseph, a non-executive director of JIC, for an initial term of one year with effect from 3rd May, 2005, which shall continue for successive term of one year until terminated at any time by either party giving to the other party not less than three months' notice in writing. Mr. Li Shi Yuen, Joseph is not entitled to any director's fee under the service agreement.

Save for the above agreements, there is no any other service agreement entered into between the JIC Group or any associated companies of JIC and Mr. Li Shi Yuen, Joseph or earlier contracts which have been replaced or amended by the service agreement dated 3rd May, 2005.

LITIGATION

As at the Latest Practicable Date, no member of the JIC Group was engaged in litigation or arbitration of material importance and no litigation or claim of material importance was known to the JIC Directors to be pending or threatened by or against any member of the JIC Group.

CONSENTS

Asian Capital and Deloitte Touche Tohmatsu have given and have not withdrawn their respective written consent to the issue of this composite offer document with the inclusion therein of their opinion and letter, and the references to their names, opinion or letters in the form and context in which they respectively appear.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection from 10:00 a.m. to 5:00 p.m., Monday to Friday at the office of Yu Ming, the financial adviser to NTE, at 1001, 10th Floor, AON China Building, 29 Queen's Road Central, Hong Kong while the Offer remains open for acceptance.

- a. the memorandum and articles of association of NTE;
- b. the memorandum and articles of association of JIC;
- c. the letter of recommendation from Independent Board Committee, the text of which is set out on pages 16 to 17 of this composite offer document;
- d. the letter of recommendation from Asian Capital, the text of which is set out on pages 18 to 31 of this composite offer document;

- e. the annual report of JIC for each of the two years ended 31st December, 2004;
- f. the 2004 and 2005 interim report of JIC;
- g. the unaudited consolidated results of JIC for the third quarter of 2005 and for the nine months ended 30th September, 2005;
- h. the letter of consent referred to in the paragraph headed "CONSENTS" in this appendix;
- i. the material contracts referred to in the paragraph headed "MATERIAL CONTRACTS" in this appendix;
- j. the comfort letters of Deloitte Touche Tohmatsu and Asian Capital set out in appendix I to this composite offer document; and
- k. the service contracts referred to in the paragraph headed "SERVICE CONTRACTS" in this appendix.

MISCELLANEOUS

- (a) The address of Yu Ming is 1001, 10th Floor, AON China Building, 29 Queen's Road Central, Hong Kong.
- (b) The address of Asian Capital is Suite 1006, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong.
- (c) The registered office of NTE is McNamara Chambers, P.O. Box 3342, Road Town, Tortola, British Virgin Islands.
- (d) The directors of NTE (all non-executive directors) include Koo Ming Kown (Chairman), Stephen Seung (Corporate Secretary), Charles Chu (Chairman of Compensation Committee), Peter R. Kellogg, Dr. Wing Yan (William) Lo and Mark Waslen (Chairman of Audit Committee).
- (e) The directors of JIC include Seitaro Furukawa (Chairman and executive director), Chui Kam Wai (Chief Executive Officer and executive director), Yeoh Teck Hooi (Chief Financial Officer and executive director), Li Shi Yuen, Joseph (Non-executive directors), Koo Ming Kown (Non-executive directors), Cham Yau Nam (Independent non-executive directors), Leung Wai Hung (Independent non-executive directors), Cheng Chi Heng (Independent non-executive directors).
- (f) There is no controlling shareholder in NTE.