



J.I.C. TECHNOLOGY COMPANY LIMITED
(incorporated in the Cayman Islands with limited liability)
(Stock Code : 987)

Q3 Sales up 22.9%; Profit for the period down 75.6%
Consecutive growth in Gross profit margin from Q1 to Q3

The board (the “Board”) of directors (the “Directors”) of J.I.C. Technology Company Limited (the “Company”) announces the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the third quarter of 2007 and nine months ended 30 September 2007 together with comparative figures for the corresponding period of last year as follows:

KEY HIGHLIGHTS

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

	Quarterly Results			Nine Months Results		
	Q3 2007	Q3 2006	YoY (%)	9M 2007	9M 2006	YoY (%)
Sales (Revenue)	183,724	149,545	22.9	487,903	376,079	29.7
Gross profit	22,603	28,253	(20.0)	54,285	68,861	(21.1)
<i>% of sales</i>	<i>12.3%</i>	<i>18.9%</i>		<i>11.1%</i>	<i>18.3%</i>	
Operating income ^(a)	5,550	13,903	(60.1)	8,477	31,575	(73.2)
<i>% of sales</i>	<i>3.0%</i>	<i>9.3%</i>		<i>1.7%</i>	<i>8.4%</i>	
<i>Per share (HK cent(s))</i>	0.73	1.82	(60.1)	1.11	4.14	(73.2)
Profit for the period ^(b)	3,015	12,372	(75.6)	9,346	27,950	(66.6)
<i>% of sales</i>	<i>1.6%</i>	<i>8.3%</i>		<i>1.9%</i>	<i>7.4%</i>	
Basic earnings per share (<i>HK cent(s)</i>)	0.39	1.62	(75.6)	1.22	3.66	(66.6)
Diluted earnings per share (<i>HK cent(s)</i>)	0.39	1.62	(75.6)	1.22	3.66	(66.6)
Weighted average number of shares ('000)						
<i>Basic</i>	763,535	763,535		763,535	763,535	
<i>Diluted</i>	763,535	763,535		763,535	763,535	

Notes:

- (a) Operating income = gross profit + other income – selling and distribution costs – administrative expenses – research and development expenditure.
- (b) Profit for the period has taken account of two items: (i) income tax credit relating to a deferred tax income of approximately HK\$384,000 and HK\$6,213,000 in the third quarter of 2007 and the nine months ended 30 September 2007 respectively arising as a result of the changes in the PRC income tax law effective from year 2008 and onwards; and (ii) a write-off of income tax recoverable of approximately HK\$2,040,000 owing to an unsuccessful tax refund application by the PRC subsidiary on its 2005 profit reinvestment.

MANAGEMENT DISCUSSION & ANALYSIS

Business Review

The Group recorded sales of HK\$183.7 million for the third quarter of 2007, an increase of 22.9% over the same period last year. This growth of sales was attributable to the growth in the business of LCD modules that accounted for 60.9% of the total sales in the third quarter of 2007.

Gross profit however dropped by 20.0% from HK\$28.3 million to HK\$22.6 million when compared with the same period last year. Similarly, gross profit margin dropped about 6.6% to 12.3%, when compared with the same period last year. Taking account of a write-off of income tax recoverable of HK\$2.0 million on 2005 profit reinvestment, profit for the period was HK\$3.0 million in the third quarter of 2007 as compared with HK\$12.4 million for the same period last year.

As for the nine months ended 30 September 2007, the Group recorded sales of HK\$487.9 million which represented a growth of 29.7% over the same period last year. Although the gross profit in the second and the third quarters have improved from the first quarter of 2007, they were not enough to make an impact on profit for the period for the nine months ended 30 September 2007 of HK\$9.3 million, compared with HK\$27.9 million in the same period last year.

Nevertheless, the Group has completed its expansion in the capacity of LCD module assembly. The optimization of bottlenecks and productivity reduces overhead expenses and improves yields such that the gross profit margin rose from 9.9% in the first quarter to 10.8% in the second quarter, and further to 12.3% in the third quarter of 2007. The Group is confident to continue this improvement to give a respectable gross profit in the fourth quarter of 2007.

Outlook

In the third quarter of 2007, the Group has successfully started a pilot production of module assembly for small-medium sized coloured TFT displays, which shall open up a new category of even higher value LCD module business.

The LCD market conditions remain highly competitive and challenging. In order to sustain continuous growth of the business, the Group believes and continues to pursue the business of higher value LCD module products. The Group will also continue its efforts in gaining more market share in Europe, United States and North-East Asia in applications such as telecoms, white goods, industrial instruments, medical appliances and automotives.

Meanwhile, the management continues to take remedial actions and implement cost control measures to maintain the consecutive growth in gross profit margin and to achieve better financial results of the Group for the coming quarters.

Group Reorganization by Nam Tai Electronics, Inc. (“NTE Inc.”)

On 8 October 2007, the Company announced jointly with Nam Tai Electronic & Electrical Products Limited (“NTEEP”) that its parent company, NTE Inc. intends to reorganize the group structure of its subsidiaries (including the Company) in an effort to realize many of the same benefits that NTE Inc. hoped to achieve by its proposed privatization of the Company in 2005. The management of NTE Inc., the Company and NTEEP consider that a centralized management of all the manufacturing businesses with greater economies of scale would be beneficial to continued growth of the combined businesses as a whole. Details of the benefits of the reorganization to the Company are set out in the aforesaid announcement.

This reorganization proposal requires the approval of the majority of the independent shareholders of the Company and NTEEP at their respective extraordinary general meeting which are scheduled to be held in November 2007. Circulars containing further details of the reorganization will be despatched to the shareholders of the Company and NTEEP as soon as possible in compliance with the requirements of the Listing Rules.

DIVIDENDS

No dividends will be declared for the third quarter of 2007 and any future distribution of dividends will depend on the financial positions of the Company at the relevant time.

SUPPLEMENTARY INFORMATION

1. Quarterly Sales Breakdown

(In thousands of HK Dollars, except percentages)

Quarter	2007	2006	YoY (%) (Quarterly)	YoY (%) (Quarterly accumulated)
1 st Quarter	131,397	99,022	32.7	32.7
2 nd Quarter	172,782	127,512	35.5	34.3
3 rd Quarter	183,724	149,545	22.9	29.7
4 th Quarter	-	128,218	-	-
Total	487,903	504,297		

2. Key Highlights of Financial Position

(In thousands of HK Dollars, except ratio and percentage)

	As at 30 September		As at 31 December
	2007	2006	2006
Cash on hand ^(a)	35,653	38,631	26,530
Ratio of cash ^(a) to current liabilities	0.20	0.24	0.19
Current ratio	1.29	1.28	1.34
Ratio of total assets to total liabilities	1.94	1.98	2.14
Return on equity	7.18%	22.95%	17.38%
Ratio of total liabilities to equity	1.06	1.02	0.88
Debtors turnover	71 days	77 days	71 days
Inventory turnover	32 days	45 days	47 days
Average payable period	62 days	60 days	66 days

Note:

(a) Included cash equivalents.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE THREE MONTHS AND NINE MONTHS ENDED 30 SEPTEMBER 2007
(In Thousands of HK Dollars, except as otherwise stated)

	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
	2007	2006	2007	2006
Revenue	183,724	149,545	487,903	376,079
Cost of sales	(161,121)	(121,292)	(433,618)	(307,218)
Gross profit	22,603	28,253	54,285	68,861
Bank interest income	9	72	116	509
Selling and distribution costs	(2,481)	(2,878)	(10,157)	(6,887)
Administrative expenses	(9,949)	(8,288)	(24,317)	(21,651)
Research and development expenditure	(4,623)	(3,184)	(11,334)	(8,748)
Share of loss of an associate	(5)	-	(908)	-
Interest on bank borrowings	(944)	(1,118)	(2,573)	(3,533)
Profit before tax ^(a)	4,610	12,857	5,112	28,551
Income tax credit ^(b) (expense)	(1,595)	(485)	4,234	(601)
Profit for the period	3,015	12,372	9,346	27,950
Dividends paid	-	-	-	(15,271)
Earnings per share (<i>HK cent(s)</i>)				
Basic	0.39	1.62	1.22	3.66
Diluted	0.39	1.62	1.22	3.66

Notes:

- (a) Profit before tax is reconciled to operating income in the Key Highlights on page 1 of this announcement by excluding bank interest income, interest on bank borrowings and sharing of loss of an associate.
- (b) Income tax credit relates to a deferred tax income of approximately HK\$384,000 and HK\$6,213,000 in the third quarter of 2007 and the nine months ended 30 September 2007 respectively arising as a result of the changes in the PRC income tax law effective from year 2008 and onwards. In addition, the balance includes a write-off of income tax recoverable of approximately HK\$2,040,000 owing to an unsuccessful tax refund application by the PRC subsidiary on its 2005 profit reinvestment.

APPOINTMENT OF QUALIFIED ACCOUNTANT

The Board is pleased to announce that Mr. Lai Man Sing, Thomas has been appointed as Qualified Accountant of the Company since 11 October 2007.

Before joining the Company, he worked as the Finance Director for an electronics company from 2001 to 2007. Prior to that, he was the Finance Director of a headwear manufacturing company whose securities are listed on the main board of the Stock Exchange of Hong Kong Limited. Mr. Lai is a Fellow of HKICPA and a member of Australian Society of Certified Practicing Accountants. He holds a Bachelor of Science Degree in Management Science from the London School of Economics and Political Science, University of London, a Bachelor of Business Degree from the University of Southern Queensland, Australia and a Master of Business Administration Degree from the University of Western Sydney, Australia.

By Order of the Board
J.I.C. Technology Company Limited
CHUI Kam Wai
Chairman

Hong Kong, 27 October 2007

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

Executive Directors:

Mr. CHUI Kam Wai
Dr. YEOH Teck Hooi

Non-executive Directors:

Mr. KOO Ming Kown
Mr. John Quinto FARINA

Independent Non-executive Directors:

Mr. CHAM Yau Nam
Mr. LEUNG Wai Hung
Mr. CHOI Man Chau, Michael