THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for shares in J.I.C. Technology Company Limited or any other company mentioned therein.

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold all your shares in J.I.C. Technology Company Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

J.I.C. Technology Company Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 987)

A Very Substantial Disposal, A Major Transaction and Connected Transactions

Involving the sale of Jetup Interest by J.I.C. Technology Company Limited to Nam Tai Electronics, Inc. and the acquisition of Namtek Interests by J.I.C. Technology Company Limited from Nam Tai Electronic & Electrical Products Limited

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

台新資本有限公司
TSC Capital Limited

A letter from the JIC Independent Board Committee containing recommendation to the JIC Independent Shareholders is set out on pages 32 to 33 of this circular. A letter from TSC containing its advice to the JIC Independent Board Committee and the JIC Independent Shareholders is set out on pages 34 to 49 of this circular.

A notice convening an extraordinary general meeting of J.I.C. Technology Company Limited to be held at 9:00 a.m. on 20th December, 2007 is set out on pages EGM-1 to EGM-2 of this circular. Whether or not you intend to be present at the meeting, you are requested to complete the attached form of proxy in accordance with the instructions printed thereon and deposit the same with Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible and in any event not less than 48 hours before the time of the extraordinary general meeting or any adjourned meeting. The completion and return of the form of proxy will not preclude you from attending and voting in person should you so wish.

5th December, 2007

EXPECTED TIMETABLE

	2007
Latest time for lodging proxy forms for the JIC EGM	9:00 a.m. on Tuesday, 18th December
Latest time for lodging transfer forms (accompanied by JIC Share certificates) in order to be entitled to attend and vote at the JIC EGM	4:30 p.m. on Tuesday, 18th December
Closure of the register of members of JIC for determination of entitlements to attend and vote at the JIC EGM	9:00 a.m. on Wednesday, 19th December until 4:30 p.m. on Thursday, 20th December
Suspension of trading of JIC Shares	Thursday, 20th December
JIC EGM to be held at The Mandarin Oriental Hong Kong, No. 5 Connaught Road, Central, Hong Kong	9:00 a.m. on Thursday, 20th December
Announcement of the results of the JIC EGM	on or before Friday, 21st December
Resumption of trading of JIC Shares	9:30 a.m. on Friday, 21st December

RECOMMENDATION

The JIC Board, the JIC Independent Board Committee and TSC, the independent financial adviser, are of the unanimous view that you should vote for the JIC Agreement and the Namtek Agreement in the JIC EGM.

BACKGROUND

In order to achieve a clearer delineation of business of JIC and NTEEP after the Reorganization, the JIC Board, the NTEEP Board and the board of NTEI have resolved to make changes to the original JIC Agreement so that JIC's business will not involve any interests in electronic manufacturing services.

The table below summarizes the major changes to the terms of the original JIC Agreement:

	Original JIC Agreement	**Supplemental JIC agreement**
Transaction	NTEI will acquire 91% interests in Jetup from JIC	NTEI will acquire 100% interests in Jetup from JIC
Consideration	HK$347,408,314 (US$44.5 million) by 193,004,619 NTEEP Shares at HK$1.8 (US$0.23) per NTEEP Share	Cash of HK$381,767,378 (US$48.9 million)

The supplemental JIC agreement has the following merits over the original JIC Agreement:

– the liquidity risk associated with the NTEEP Shares as consideration is eliminated;

– financially, as NTEEP Shares have been trading within the range of HK$1.62 and HK$1.75 per share from 8th October, 2007 (on which the Reorganisation was announced for the first time) to 28th November, 2007 (on which the supplemental JIC agreement was entered into), the replacement of NTEEP Shares with cash as consideration is equivalent to JIC placing NTEEP Shares at a price of HK$1.80 per share, a premium to the recent market price. This is in the interests of JIC as a placement of shares of a significant amount and percentage of total issued shares is normally conducted in Hong Kong market at a discount to the market price; and

– strategically, the shareholding structure of the Enlarged JIC is clearer as it will mainly be engaged in non-electronic manufacturing services after the completion of supplemental JIC agreement.

Furthermore, as JIC does not receive NTEEP Shares as the consideration under the supplemental JIC agreement, the transaction no longer constitutes a Very Substantial Acquisition for JIC.

Assuming completion of the JIC Agreement and the Namtek Agreement:

- JIC's profit for the six months ended 30th June, 2007 would increase from HK$6.3 million (US$0.8 million) to HK$226.6 million (US$29.1 million), based on the JIC Pro forma Accounts;

- The above profit comprises a gain of HK$213.5 million (US$27.4 million) from the sale of Jetup Interest;

- JIC will have a cash-generating software business instead of a capital intensive LCD manufacturing business;

- JIC's net asset value would increase from HK$175.3 million (US$22.5 million) to HK$392.7 million (US$50.3 million); and

- The terms and conditions of the JIC Agreement and the Namtek Agreement are fair and reasonable and are in the interests of the JIC and the JIC Independent Shareholders.

CONTENTS

CONTENTS

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

"Associates"	Associates as defined in the Listing Rules
"COG"	Chip on glass, a process that connects integrated circuits directly to LCD panels without the need for wire bonding
"Connected Transaction"	A connected transaction as defined in the Listing Rules
"EMS"	Electronic Manufacturing Services
"EMS Business"	The business of providing EMS
"Enlarged JIC"	JIC after the completion of the JIC Agreement and the Namtek Agreement
"FIE"	Foreign investment enterprise
"FPC"	Flexible printed circuit
"HKFRS"	Hong Kong Financial Reporting Standards
"Hong Kong"	The Hong Kong Special Administrative Region of the PRC
"GPS"	Global positioning system
"Jetup"	Jetup Electronic (Shenzhen) Co., Ltd. (捷騰電子(深圳)有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of JIC
"Jetup Interest"	100% of the registered capital of Jetup
"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 Agreement"	The conditional sale and purchase agreement entered into between JIC and NTEI on 24th September, 2007 as amended and supplemented by supplemental agreements entered into between the same parties on 5th October, 2007 and 28th November, 2007 for the sale and purchase of the Jetup Interest

"JIC Board"	Board of directors of JIC
"JIC EGM"	The extraordinary general meeting of JIC to be convened to consider and, if though fit, approve, inter alia, the JIC Agreement and the Namtek Agreement
"JIC Enterprises"	J.I.C. Enterprises (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of JIC
"JIC Group"	JIC and the JIC Subsidiaries
"JIC Independent Board Committee"	The independent board committee formed to advise the JIC Independent Shareholders
"JIC Independent Shareholders"	Shareholders of JIC independent from and not connected with NTEI or its Associates. As at the Latest Practicable Date, none of the Associates of NTEI holds any JIC Shares, and only NTEI is excluded in definition of the JIC Independent Shareholders
"JIC Macao"	J.I.C. (Macao Commercial Offshore) Company Limited, a company incorporated in Macao with limited liability and a wholly-owned subsidiary of JIC
"JIC Pro forma Accounts"	The pro forma consolidated income statement and the pro forma consolidated cash flow statement of JIC for the six months ended 30th June, 2007, and the pro forma consolidated balance sheet of JIC as at 30th June, 2007
"JIC Shares"	Ordinary share(s) of HK$0.01 (US cent 0.128) each in the issued share capital of JIC
"JIC Shareholder"	Holder of JIC Shares
"JIC Subsidiaries"	JIC Enterprises, JIC Macao and Jetup
"Latest Practicable Date"	30th November, 2007, the latest practicable date prior to the printing of this circular
"LCD"	Liquid crystal display
"LCH"	LCH (Asia-Pacific) Surveyors Limited, an independent professional surveyor and property valuer

"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Macao"	The Macao Special Administrative Region of the PRC
"Major Transaction"	A major transaction as defined in the Listing Rules
"Namtek"	Namtek (Japan) and Namtek (Shenzhen)
"Namtek Agreement"	The conditional sale and purchase agreement entered into between JIC and NTEEP on 5th October, 2007 as amended and supplemented by supplemental agreement entered into between the same parties on 28th November, 2007 for the sale and purchase of the Namtek Interests
"Namtek Interests"	Namtek (Japan) Interest and Namtek (Shenzhen) Interest
"Namtek (Japan)"	Kabushiki Kaisha Namtek Japan (expressed in English as Namtek Japan Company Limited), a company incorporated in Japan with limited liability and a wholly-owned subsidiary of NTEEP
"Namtek (Japan) Interest"	100% of the issued share capital of Namtek (Japan)
"Namtek (Shenzhen)"	Shenzhen Namtek Co., Ltd. (深圳南迪電子技術有限公司), a company incorporated in the PRC and a wholly-owned subsidiary of NTEEP
"Namtek (Shenzhen) Interest"	100% of the registered capital of Namtek (Shenzhen)
"NTEEP"	Nam Tai Electronic & Electrical Products 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 2633
"NTEEP Agreement"	The conditional sale and purchase agreement entered into between NTEEP and NTEI on 24th September, 2007 as amended and supplemented by a supplemental agreement entered into between the same parties on 28th November, 2007 for the sale and purchase of the Jetup Interest and Zastron Interest
"NTEEP Board"	Board of directors of NTEEP

"NTEEP EGM"	The extraordinary general meeting of NTEEP to be convened to consider and, if though fit, approve, inter alia, the NTEEP Agreement and Namtek Agreement
"NTEEP Group"	NTEEP and its subsidiaries
"NTEEP Independent Shareholders"	Shareholders of NTEEP independent from and not connected with NTEI or its Associates. As at the Latest Practicable Date, none of the Associates of NTEI holds any NTEEP Shares, and only NTEI is excluded in definition of the NTEEP Independent Shareholders
"NTEEP Shares"	Ordinary share(s) of HK$0.01 (US cent 0.128) each in the issued share capital of NTEEP
"NTEI"	Nam Tai Electronics, Inc., a company incorporated in the British Virgin Islands with limited liabilities and the shares of which are listed on the New York Stock Exchange
"NTEI Group"	NTEI and its subsidiaries
"PE"	Price earnings multiples
"Percentage Ratios"	The percentage ratios as defined under Rule 14.07 of the Listing Rules
"POI"	Point of Interests, which are represented by small icons on the maps displayed on mapping products such as GPS
"PRC"	The People's Republic of China
"Reorganization"	The reorganization to be effected by way of the transactions contemplated under the JIC Agreement, the Namtek Agreement and the NTEEP Agreement
"SAFE"	The State Administration of Foreign Exchange of the PRC
"SEC"	The Securities and Exchange Commission of the United States
"SFO"	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

"sq.ft."	Square feet
"sq.m."	Square metres
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"TFT"	Thin Film Transistor
"TSC"	TSC Capital Limited, a company incorporated in Hong Kong with limited liability and a licensed corporation under the SFO authorized to carry out regulated activity of type 6 (advising on corporate finance)
"VoIP"	Voice over internet protocol
"VSD"	A very substantial disposal as defined in the Listing Rules
"Yu Ming"	Yu Ming Investment Management Limited, a company incorporated in Hong Kong with limited liability and a licensed corporation under the SFO authorized to carry out regulated activities of type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management)
"Zastron"	Zastron Precision-Tech Limited, a company incorporated in the Cayman Islands with limited liability and a wholly owned subsidiary of NTEI
"Zastron Group"	Zastron and the Zastron Subsidiaries
"Zastron Interest"	100% of the issued share capital of Zastron
"Zastron Subsidiaries"	Zastron Electronic (Shenzhen) Co. Ltd. (世成電子(深圳)有限公司), Zastron Precision-Flex (Wuxi) Co., Ltd. (世成晶電柔性線路板(無錫)有限公司), Zastron Precision-Tech (Wuxi) Co., Ltd. (世成晶電科技(無錫)有限公司), all are companies incorporated in the PRC with limited liability and wholly owned subsidiaries of Zastron, and Zastron (Macao Commercial Offshore) Company Limited (世成(澳門離岸商業服務)有限公司), a company incorporated in Macao with limited liability and a wholly-owned subsidiary of Zastron

DEFINITIONS

"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Rmb"	Renminbi, the lawful currency of the PRC
"US$"	United States dollars, the lawful currency of the United States

(The exchange rate at US$1.0 = HK$7.8 is used throughout the circular.)

J.I.C. Technology Company Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 987)

Executive Directors:	*Registered Office:*
Mr. Chui Kam Wai *(Chairman)*	Cricket Square
Dr. Yeoh Teck Hooi *(Chief Executive Officer)*	Hutchins Drive
	P.O. Box 2681
Non-Executive Directors:	Grand Cayman
Mr. Koo Ming Kown	KY1-1111
Mr. John Quinto Farina	Cayman Islands
Independent Non-Executive Directors:	*Hong Kong Office:*
Mr. Cham Yau Nam	Suites 1506-1508
Mr. Leung Wai Hung	15th Floor
Mr. Choi Man Chau, Michael	One Exchange Square
	8 Connaught Place
	Hong Kong

5th December, 2007

To Independent Shareholders

A Very Substantial Disposal, A Major Transaction and Connected Transactions Involving the sale of Jetup Interest by J.I.C. Technology Company Limited to Nam Tai Electronics, Inc. and the acquisition of Namtek Interests by J.I.C. Technology Company Limited from Nam Tai Electronic & Electrical Products Limited

A. INTRODUCTION

JIC entered into the JIC Agreement on 24th September, 2007, 5th October, 2007 and 28th November, 2007 and the Namtek Agreement on 5th October, 2007 and 28th November, 2007 as part of the Reorganization proposed by NTEI, its major shareholder. The purpose of the Reorganization is for NTEI to centralize all EMS Businesses into NTEEP and non EMS Business into JIC.

Pursuant to the JIC Agreement, JIC is to sell 100% interests in Jetup, its manufacturing business, to NTEI for HK$381,767,378 (US$48.9 million) in cash. Pursuant to the Namtek Agreement, JIC is to acquire 100% interests in Namtek from NTEEP for HK$80,500,000 (US$10.3 million) in cash.

After completion of the Reorganization, JIC will own 100% Namtek, a software development business.

Upon completion of the JIC Agreement, the JIC Board estimates that a profit of approximately HK$213.5 million (US$27.4 million) will be recognized by JIC from the sale of the Jetup Interest.

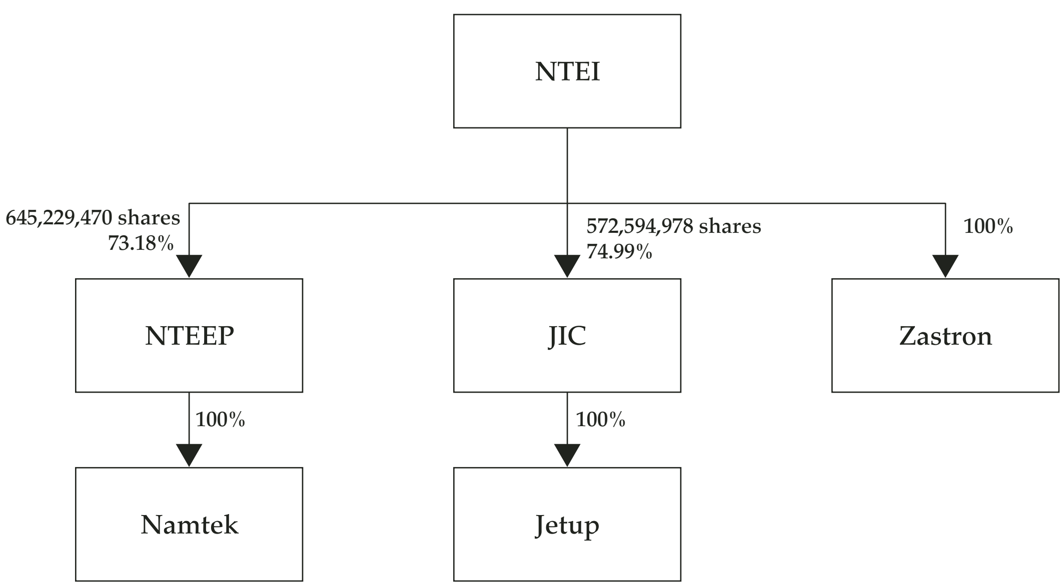
The JIC Independent Board Committee has been appointed to advise the JIC Independent Shareholders, and TSC has been appointed to advise the JIC Independent Board Committee and the JIC Independent Shareholders in respect of the JIC Agreement and the Namtek Agreement.

Both TSC and the JIC Independent Board Committee are of the view that the terms and conditions of the JIC Agreement and the Namtek Agreement are fair and reasonable so far as the JIC Independent Shareholders are concerned.

The purpose of this circular is (i) to provide you with further information in relation to Jetup, Namtek, the JIC Agreement and the Namtek Agreement, (ii) to set out the advice from TSC to the JIC Independent Board Committee and the JIC Independent Shareholders and the recommendation of the Independent Board Committee in respect of JIC Agreement and the Namtek Agreement, and (iii) to seek your approval of JIC Agreement and the Namtek Agreement at the EGM, a notice of which is set out in this circular.

B. BACKGROUND OF THE REORGANIZATION

The businesses of NTEI Group are independently managed under three different groups – the Zastron Group, the NTEEP Group (comprising the Namtek) and the JIC Group.



– The Zastron Group is engaged in the manufacture and sale of LCD modules, FPC subassemblies and FPC boards.

– The NTEEP Group is engaged in the manufacture and sale of consumer electronics and telecommunications products.

– The JIC Group is engaged in the manufacture and sale of LCD products.

– Namtek is a solution provider mainly for digital dictionary software development in the Japanese electronics industry.

The management of NTEI, Zastron, NTEEP and JIC 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. The Reorganization is a plan that can achieve the above purposes and at the same time balances the interests of the JIC Independent Shareholders.

The Reorganization involves NTEI first acquiring from JIC the Jetup Interest at a PE of effectively 13.54 times JIC's audited net profit for the year ended 31st December, 2006, as adjusted for HKFRS and 39.81 times JIC's unaudited trailing 12-month net profit for the period ended 30th September, 2007. Afterwards, JIC will acquire the Namtek Interests from NTEEP at a PE of effectively 10 times Namtek's unaudited combined net profit for the year ended 31st December, 2006 and 12.53 times Namtek's unaudited trailing 12-month net profit for the period ended 30th September, 2007. Then NTEEP will acquire the Zastron Interest and the Jetup Interest from NTEI at an effective PE of 10 times Zastron's unaudited and JIC's audited net profit respectively for the year ended 31st December, 2006 and as adjusted for HKFRS.

After the Reorganization, JIC is expected to realize an estimated profit of approximately HK$213.5 million (US$27.4 million) from the sale of the Jetup Interest, arising from surplus over book cost as at 31st December, 2006 and obtain a software business through the Namtek Interests; and NTEEP would centralize all the manufacturing businesses of NTEI, which will more than double the existing scale of NTEEP at once.

Details of the JIC Agreement and the Namtek Agreement and the benefits they are expected to bring to JIC, Independent Shareholders are set out below.

C. THE JIC AGREEMENT

1. Terms and Conditions

Date	:	24th September, 2007 and 5th October, 2007 and 28th November, 2007
Purchaser	:	NTEI
Vendor	:	JIC

Transaction	:	Pursuant to the JIC Agreement, subject to the conditions set out below, JIC agreed to sell and NTEI agreed to purchase the Jetup Interest.
Consideration	:	HK$381,767,378 (US$48.9 million), agreed by the parties on arm's length negotiations.
Payment	:	Cash on or before the fifth business day after the conditions of the JIC Agreement are satisfied.
Conditions	:	The JIC Agreement shall be subject to the satisfaction of the following conditions:

(i) the obtaining in terms acceptable to NTEI, of all consents, approvals, clearances and authorizations of any relevant governmental authorities or other relevant third parties in the PRC as may be necessary for the execution and implementation of the JIC Agreement;

(ii) Jetup receiving all relevant consents and approvals from third parties as may be necessary in connection with the proposed change in shareholding of Jetup so as to ensure that Jetup maintains all its existing contractual and other rights following the transfer of the Jetup Interest (including, without limitation, the consent of the existing bankers of Jetup to continue to provide the existing banking facilities to Jetup following the transfer of the Jetup Interest);

(iii) the passing at JIC EGM of ordinary resolution(s) approving the JIC Agreement and the transactions contemplated therein by the JIC Independent Shareholders; and

(iv) completion of the Namtek Agreement becoming unconditional in all respects (save in respect of any condition relating to completion of the JIC Agreement as supplemented and amended).

If any of the above conditions is not fulfilled on or before 31st December, 2007 (or such other date as otherwise agreed by the parties), then this Agreement will immediately terminate and all rights and obligations of the parties shall cease immediately upon termination.

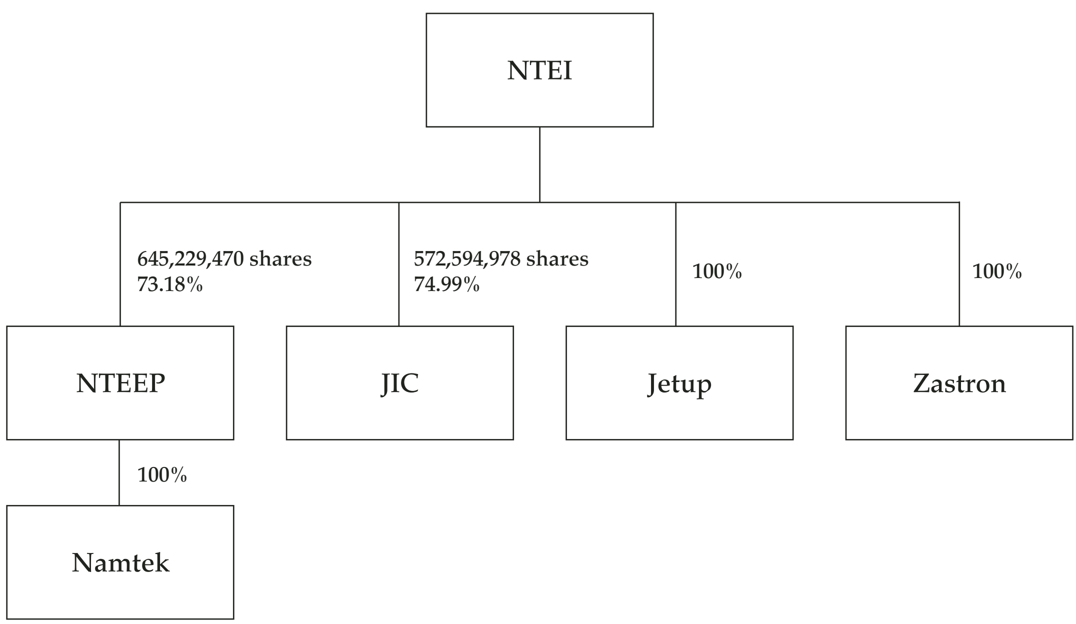
2. Basis of the Consideration

The valuation of Jetup is based on a PE of 13.54 times JIC's audited net profit for the year ended 31st December, 2006 (or equivalent to HK$0.50 (US$0.06) per JIC Share, which implies 39.81 times JIC's unaudited trailing 12-month net profit for the period ended 30th September, 2007). JIC itself has no revenue or income, it is a holding company with business conducted by the JIC Subsidiaries. Although Jetup is only one of the JIC Subsidiaries, it is the core business entity of JIC, and owns all the assets and knowhow of JIC's business. The JIC Subsidiaries, more importantly JIC Macao, participate in the business of Jetup and generate profits from Jetup's operations. Jetup will upon completion of the JIC Agreement terminate all those business transactions with the other JIC Subsidiaries, and will continue similar business transactions with the other subsidiaries of NTEEP. Assuming that Jetup had taken up all operations of JIC Macao and listing expenses of JIC, the income statement of Jetup would be effectively the same as that of JIC.

As the PE of Jetup based on the trailing 12-month net profit is higher than that of JIC based on the closing price of JIC Shares as at 24th September, 2007 (that is 32.65 times) and the consideration for 100% equity interests in Jetup is higher than 100% of the market capitalization of JIC as at 24th September, 2007, the JIC Board including members of the JIC Independent Board Committee considers that the consideration and the terms and conditions of the JIC Agreement are on normal commercial terms, fair and reasonable and in the interests of the JIC Independent Shareholders and JIC Group as a whole.

3. Effect on Shareholding Structure

The following chart shows the structure of NTEI Group after completion of the JIC Agreement.



Subsequently, JIC ceases to have any interests in Jetup.

4. Benefits to JIC and JIC Independent Shareholders

The terms and conditions of the JIC Agreement are fair and reasonable and are in the interests of the JIC Group and the JIC Independent Shareholders:

- JIC's profit for the six months ended 30th June, 2007 would be HK$226.6 million (US$29.1 million), based on the JIC Pro forma Accounts; and
- The above profit comprises a gain of HK$213.5 million (US$27.4 million) from the sale of Jetup Interest. The sale proceeds are intended to be used as working capital.

As JIC and JIC Independent Shareholders are expected to benefit from the JIC Agreement whether or not the NTEEP Agreement would be completed, the JIC Agreement was not made conditional upon the simultaneous completion of the NTEEP Agreement, but was conditional upon the simultaneous completion of the Namtek Agreement.

5. Type of Transactions

NTEI is a substantial shareholder of JIC and is therefore its connected person pursuant to Rule 14A.11 of the Listing Rules. As such, the transactions contemplated under the JIC Agreement constitute a Connected Transaction for JIC, and are subject to disclosure to and approval of the JIC Independent Shareholders by way of poll at the JIC EGM, where NTEI and its Associates are required to abstain from voting. As at the date of the Latest Practicable Date, only NTEI but not its Associates owns JIC Shares.

Since one or more of the Percentage Ratios exceed 75% in respect of the sale of the Jetup Interest by JIC, the transactions contemplated under JIC Agreement constitute a VSD for JIC.

D. THE NAMTEK AGREEMENT

1. Terms and Conditions

Date	:	5th October, 2007 and 28th November, 2007
Purchaser	:	JIC
Vendor	:	NTEEP
Transaction	:	Pursuant to the Namtek Agreement, subject to the conditions set out below, NTEEP agreed to sell and JIC agreed to purchase the Namtek Interests.
Consideration	:	HK$80,500,000 (US$10.3 million), agreed by the parties on arm's length negotiations. (NTEEP acquired Namtek Interests at HK$208.7 million (US$26.7 million) in May 2005)

Payment : Cash on or before the fifth business day after the conditions of the Namtek Agreement are satisfied.

Conditions : The Namtek Agreement shall be subject to the satisfaction of the following conditions:

(i) the obtaining in terms acceptable to JIC, of all consents, approvals, clearances and authorizations of any relevant governmental authorities or other relevant third parties in Japan, the PRC or any part of the world as may be necessary for the execution and implementation of the Namtek Agreement;

(ii) Namtek (Japan) and Namtek (Shenzhen) receiving all relevant consents and approvals from third parties as may be necessary in connection with the proposed change in shareholding of Namtek (Japan) and Namtek (Shenzhen) so as to ensure that Namtek (Japan) and Namtek (Shenzhen) maintain all their existing contractual and other rights following the transfer of the Namtek (Japan) Interest and Namtek (Shenzhen) Interest (including, without limitation, the consent of the existing bankers of Namtek (Japan) and Namtek (Shenzhen) to continue to provide the existing banking facilities to Namtek (Japan) and Namtek (Shenzhen) following the transfer of the Namtek (Japan) Interest and Namtek (Shenzhen) Interest);

(iii) the passing at NTEEP EGM of ordinary resolution(s) approving the Namtek Agreement and the transactions contemplated therein by the NTEEP Independent Shareholders;

(iv) the passing at JIC EGM of ordinary resolution(s) approving the Namtek Agreement and the transactions contemplated therein by the JIC Independent Shareholders; and

(v) completion of the JIC Agreement becoming unconditional in all respects (save in respect of any condition relating to completion of the Namtek Agreement).

If any of the above conditions is not fulfilled on or before 31st December, 2007 (as such date as otherwise agreed by the parties), then this Agreement will immediately terminate and all rights and obligations of the parties shall cease immediately upon termination.

2. Basis of the Consideration

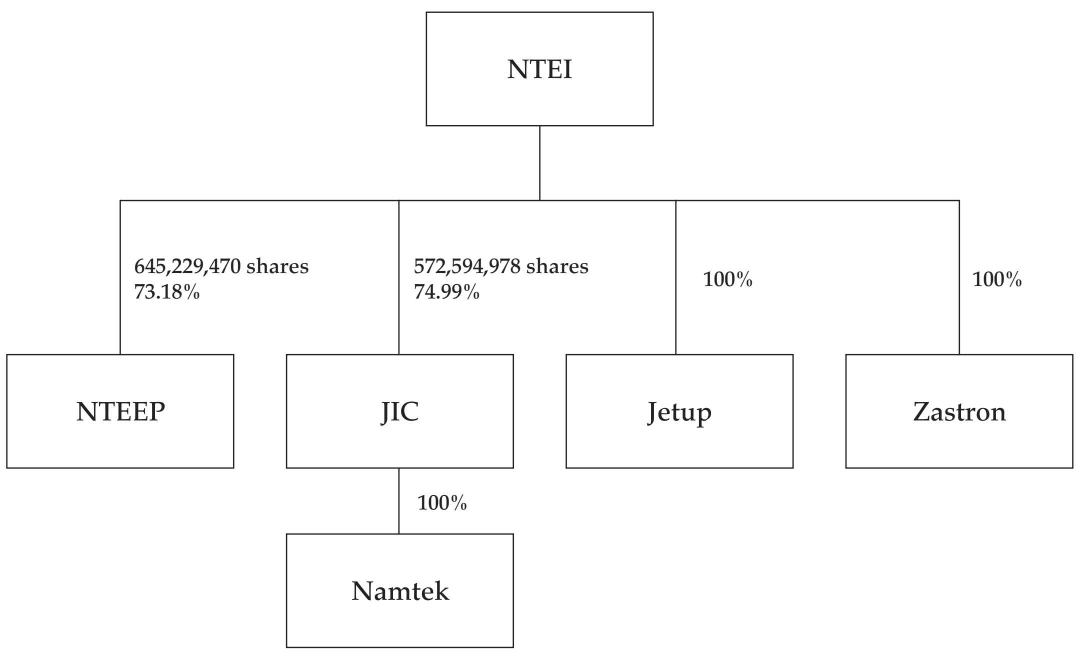
The valuation of Namtek is based on a PE of 10 times Namtek's unaudited combined net profit for the year ended 31st December, 2006, which implies 12.53 times Namtek's unaudited trailing 12-month net profit for the period ended 30th September, 2007.

As the PE of Namtek based on the trailing 12-month net profit is lower than that of JIC based on the closing price of JIC Shares as at 24th September, 2007 (that is 32.65 times), the JIC Board including members of the JIC Independent Board Committee considers that the consideration and the terms and conditions of the Namtek Agreement are on normal commercial terms, fair and reasonable and in the interests of the JIC Independent Shareholders and JIC as a whole.

JIC will finance the acquisition of Namtek by the proceeds from the sale of Jetup Interest.

3. Effect on Shareholding Structure

The following chart shows the structure of NTEI Group after completion of the JIC Agreement and Namtek Agreement.



4. Benefits to JIC and JIC Independent Shareholders

(i) JIC will acquire a new business in place of Jetup which is not as capital intensive as Jetup.

(ii) Namtek is a profitable business with a 29.0% net profit margin as per the management accounts of Namtek for the 9-month period ended 30th September, 2007. It has already embarked on research and development in, among others, (i) 3G sensor application, (ii) GPS location tracking device, and (iii) navigation, map & POI data compression, which are expected to be the growth drivers of Namtek (please refer to pages 28–29 of this circular for the trends and prospects of Namtek). The JIC Board expects Namtek to bring growth to JIC, and in turn benefits JIC Independent Shareholders.

(iii) After the completion of the JIC Agreement and the Namtek Agreement, JIC's major income will be profits from Namtek; and the major assets of JIC would be 100% Namtek Interests and the cash proceeds from the sale of Jetup Interest.

5. Type of Transactions

JIC is a subsidiary of the substantial shareholder of NTEEP and is therefore its connected person pursuant to Rule 14A.11 of the Listing Rules. As such, the transactions contemplated under the Namtek Agreement constitute a Connected Transaction for JIC, and are subject to disclosure to and approval of the JIC Independent Shareholders by way of poll at the JIC EGM, where NTEI and its Associates are required to abstain from voting. As at the Latest Practicable Date, only NTEI but not its Associates owns JIC Shares.

Since one or more of the Percentage Ratios exceed 25% in respect of the acquisition of the Namtek Interests by JIC, the transactions contemplated under Namtek Agreement constitute a Major Transaction for JIC.

E. INTENTION OF THE ENLARGED JIC

Following the Reorganization, the key assets of the Enlarged JIC will be cash and Namtek. Its intention would be:

(i) to continue to act as the holding company, but instead of holding 100% Jetup, it would hold 100% Namtek, which is a solution provider mainly for digital dictionary software development in the Japanese electronics industry. Please refer to section H "Information on the NTEI Group of Companies" of "Letter from the JIC Board" on pages 24–29 of this circular for more details of Namtek;

(ii) to remain listed on the Stock Exchange;

(iii) The Enlarged JIC aims to look for investments that will enable the acceleration of Namtek's strategy. As Namtek plans to diversify its technology in car navigation and portable navigation engines (map matching, route planning and guidance), graphical user interface development, POI and map compression, authoring, GPS applied product and 3G sensor application product, potential investments in companies with technical expertise in these areas would be of strong interest. Also, design service company with enabling technical skills for these areas would also be opportunities. Additionally, other investments such as properties and bonds will be considered. The JIC Board will make appropriate disclosure from time to time pursuant to the applicable requirements of the Listing Rules; and

(iv) to use the cash balance of approximately HK$300,000,000 (US$38.5 million) in investments as elaborated in paragraph (iii) of this section or for ordinary share dividend payment to JIC Shareholders, or a combination or both on or before 30th June, 2008.

F. FINANCIAL IMPACT OF THE JIC AGREEMENT AND THE NAMTEK AGREEMENT

i. Profits

Based on the JIC Pro forma Accounts, consolidated net profit of JIC for the six months ended 30th June, 2007 would increase from HK$6.3 million (US$0.8 million) to HK$226.6 million (US$29.1 million).

ii. Net Assets

Based on the JIC Pro forma Accounts, JIC's consolidated net asset value as at 30th June, 2007 would increase from HK$175.3 million (US$22.5 million) to HK$392.7 million (US$50.3 million).

iii. Liabilities

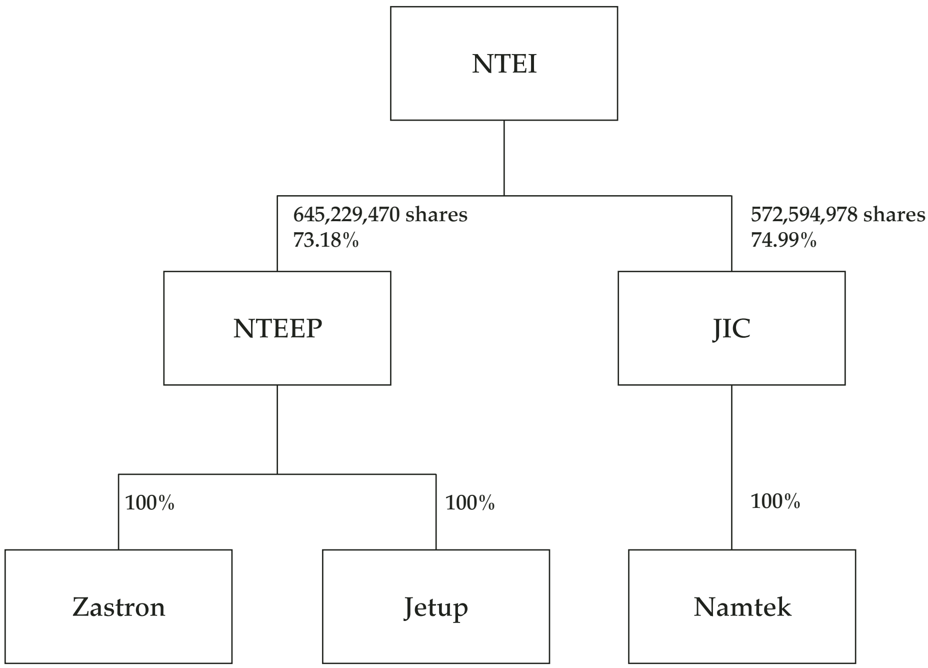
Based on the JIC Pro forma Accounts, JIC's consolidated liabilities as at 30th June, 2007 would decrease from HK$176.0 million (US$22.6 million) to HK$20.9 million (US$2.7 million).

iv. Working Capital

Based on the JIC Pro forma Accounts, JIC's cash and bank balances as at 30th June, 2007 would increase from HK$19.9 million (US$2.6 million) to HK$319.5 million (US$41.0 million). The JIC Board is of the view that sufficient working capital is available to the JIC Group to carry on its ordinary business after completion of the JIC Agreement and the Namtek Agreement.

G. EFFECT OF THE REORGANIZATION ON SHAREHOLDING STRUCTURE

The following chart shows the structure of NTEI Group after the completion of the Reorganization.



H. INFORMATION ON THE NTEI GROUP OF COMPANIES

1. NTEI Group

NTEI Group is an electronics manufacturing and design services provider with a worldwide coverage of customers. According to an independent market publication in August 2007, NTEI Group is amongst the top eight largest EMS providers whose securities are traded in the United States.

NTEI's shares are listed on the New York Stock Exchange with a market capitalization of approximately US$537.6 million (HK$4,193.6 million) as at the Latest Practicable Date. Audited consolidated revenue of NTEI for the financial years ended 31st December, 2005 and 31st December, 2006 were approximately US$797.2 million (HK$6,218.4 million) and US$870.2 million (HK$6,787.4 million) respectively. Audited consolidated net profit of NTEI for the financial years ended 31st December, 2005 and 31st December, 2006 were approximately US$51.3 million (HK$400.2 million) and approximately US$40.8 million (HK$317.9 million) respectively. The audited consolidated net asset value of NTEI was approximately US$317.1 million (HK$2,473.3 million) as at 31st December, 2006 (all figures prepared in accordance with generally accepted accounting principles in the United States). Major customers are Japanese corporations.

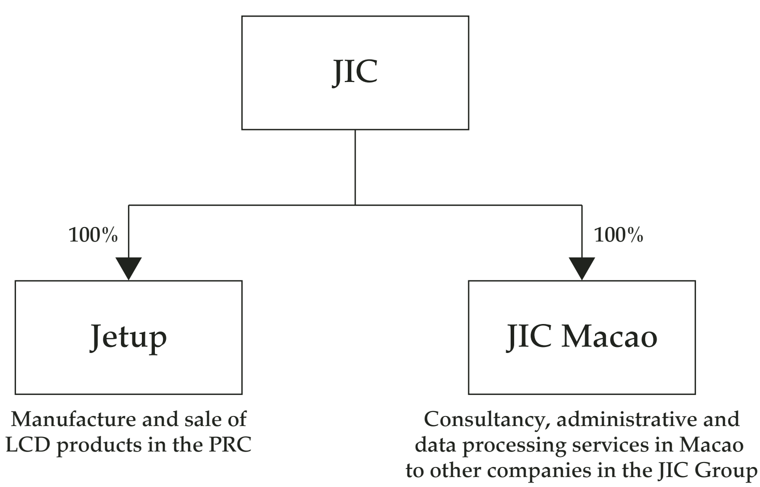
Unaudited consolidated revenue and net profit of NTEI for the 9-month period ended 30th September, 2007 were approximately US$593.9 million (HK$4,632.3 million) and US$59.9 million (HK$467.2 million) respectively. Unaudited consolidated net asset value of NTEI was US$339.1 million (HK$2,645.0 million).

NTEI is compliant with the Sarbanes-Oxley Act of 2002 by including its auditor's resulting attestation report on management's assessment of NTEI's internal controls over financial reporting in its 2006 annual report filed with the SEC on 19th March, 2007. The Sarbanes-Oxley Act of 2002, also known as the Public Company Accounting Reform and Investor Protection Act of 2002, and commonly called SOX or Sarbox, is a United States federal law passed in response to a number of major corporate and accounting scandals that came to light early in the new millennium, including those affecting a number of major public companies in the United States. These scandals resulted in a decline of public trust in accounting and reporting practices. The legislation is wide ranging and establishes new or enhanced standards for all United States public company boards, management, and public accounting firms. The Act contains 11 titles, or sections, ranging from additional corporate board responsibilities to criminal penalties, and requires the SEC to implement requirements to comply with the new law.

2. JIC Group

JIC is an investment holding company whose business is carried out by its wholly-owned subsidiaries. JIC's principal activities are the manufacture and sale of LCD products for use in electronics products, such as watches, clocks, calculators, pocket games, personal digital assistants and mobile and cordless telephones, and car audio systems. JIC is a customized LCD product manufacturer, and develops each product from design concept all the way to a high quality mass producible product. Since 2003, JIC begun manufacturing customized LCD modules that include components such as backlights, FPC and COG. In 2005, JIC began developing LCD modules for cordless and VoIP phones. Customers in Japan, the United States and Europe, in that order of importance, account for most of the business of JIC.

The following chart shows the structure of the JIC Group and the functions of its major subsidiaries:



JIC Shares are listed on the main board of the Stock Exchange and JIC had a market capitalization of HK$347.0 million (US$44.5 million) as at the Latest Practicable Date.

Management Discussion and Analysis

The following table sets out the key figures (i) in the audited income statements of JIC for the 12 months ended 31st December, 2004, 2005 and 2006; and (ii) of the financial performance for the trailing 12 months ended 30th September, 2007.

	For the trailing 12 months ended 30th September, 2007	For the year ended 31st December, 2006	2005	2004
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	unaudited	audited	audited	audited
Revenue	616,121	504,297	458,498	384,330
Gross profit	70,101	84,677	92,773	72,899
Profit before tax	5,355	28,794	37,964	23,956
Profit for the period/year	9,589	28,193	37,381	23,435

2007 For the trailing 12 months ended 30th September, 2007, revenue of JIC Group rose by 22.2% to HK$616.1 million (US$79.0 million) as compared with that for the year ended 31st December, 2006, mainly because of the rise in sales in the business of LCD modules. During the period, JIC Group suffered yield losses and incurred overhead expenses because of the acquisition of new machines. In addition, there was fierce competitive pricing pressure in the LCD market. Therefore profit for the period dropped by 66.0% to HK$9.6 million (US$1.2 million) as compared with that for the year 2006.

2006 Revenue in 2006 increased moderately by 10.0% over 2005 to HK$504.3 million (US$64.7 million) as a result of growth in LCD panel business. During the year, a major customer reduced LCD module orders significantly due to its own setback in the consumer market. To compensate for the reduction in business, JIC Group solicited new LCD module sales from new customers during the year. The lower production yield arising from new product, lower sales of higher margin LCD modules and competitive pricing pressure, drove the gross margin down from 20.2% in 2005 to 16.8% in 2006. As selling and research and development expenses rose 17.2% and 29.6% respectively in 2006, profit for the year decreased by 24.6% to HK$28.2 million (US$3.6 million).

2005 JIC Group relocated to its new manufacturing facilities in January 2005 with a gross floor area of 759,428 sq.ft. The new facilities offered upgraded machinery and expanded production capacities for both LCD panel and module products. Revenue in 2005 increased by 19.3% over 2004 to HK$458.5 million (US$58.8 million) mainly due to the significant increase in sales of LCD module products by 70.2% over 2004, representing 39.2% of the total revenue in 2005. As LCD module products offered a higher margin than other LCD products, the growth in sale of LCD module products increased gross profit by 27.3% to HK$92.8 million (US$11.9 million), and despite offset by the increase in overheads in the new and larger manufacturing plant and appreciation of Rmb, gross profit margin maintained at 20.2%. Profit for the year in 2005 increased by 59.5% to HK$37.4 million (US$4.8 million).

2004 Revenue for the continuing business of LCD manufacturing in 2004 increased significantly by 18.1% over 2003 to HK$384.3 million (US$49.3 million) mainly due to the significant increase in sales of products using COG technology by 92.4% over 2003, representing 27.3% of the total revenue in 2004. Despite significant costs were incurred in the preparation of the relocation of the production facilities to the new factory (including rental and utilities expenses for both the new and the old factories, overtime wages and additional headcounts) and the reduction of value added tax refund, gross profit grew by 29.2% to HK$72.9 million (US$9.3 million). Profit for the year for the continuing business of LCD manufacturing in 2004 increased by 22.9% to HK$23.4 million (US$3.0 million).

Quarterly results analysis (prepared under HKFRS)

	For the third quarter ended 30th September,		**For the nine months ended 30th September,**	
	2007	**2006**	**2007**	**2006**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	unaudited	unaudited	unaudited	unaudited
Revenue	183,724	149,545	487,903	376,079
Gross profit	22,603	28,253	54,285	68,861
Profit before tax	4,610	12,857	5,112	28,551
Profit for the period	3,015	12,372	9,346	27,950

The JIC Group recorded sales of HK$183.7 million (US$23.6 million) for the third quarter ended 30th September, 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. However, gross profit dropped by 20.0% to HK$22.6 million (US$2.9 million) when compared with the same period last year. Taking account of a write-off of income tax recoverable of HK$2.0 million (US$0.3 million) on 2005 profit reinvestment, profit for the period was HK$3.0 million (US$0.4 million) in the third quarter of 2007 as compared with HK$12.4 million (US$1.6 million) for the same period last year.

As for the nine months ended 30th September, 2007, the JIC Group recorded sales of HK$487.9 million (US$62.6 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 30th September, 2007 of HK$9.3 million (US$1.2 million), compared with HK$27.9 million (US$3.6 million) in the same period last year.

Trend and Prospects

Since 1st January, 2007, JIC Group's business achieved significant growth, mainly coming from growth in LCD modules. However, such an increase in the LCD modules demanded a two-fold increase in the capacity of LCD module assembly. To cope with the increase in capacity, JIC Group had acquired new machines and correspondingly, expanded the workforce. While tuning the bottleneck and balancing the productivity, JIC Group's profits dropped because of increased overheads expenses and yield losses. As at the end of the first half of 2007, JIC Group was able to attain a high-volume monthly production of 5 million LCD modules. This improved productivity would support the demand of business growth while the expected cost reduction and control in the future quarters should be able to improve profit margins.

The LCD market conditions have been competitive and challenging. In order to curb continuous pricing pressure, JIC continues to pursue business growth in the higher value LCD module products. At the same time, by focusing on manufacturing efficiencies and economies of scale, JIC also hopes to improve the profitability of LCD products with lower margins.

JIC Group has recently developed an infrastructure which will cater for an even larger and higher value module business. This includes medium-size coloured TFT module assembly and other monochrome LCD modules that required more customized and complex assembly technology. JIC Group will continue its efforts in gaining more market share in Europe, the United States and North-East Asia. In doing so, the management shall balance a portfolio of large and small volume LCD businesses with lower and higher margins respectively. The main product applications shall be coming from telecoms, white goods, industrial instruments, medical appliances and automotives.

3. Jetup

Jetup is incorporated in the PRC and is engaged in the manufacture and sale of LCD products. Jetup is the core operating subsidiary of JIC, and owns all the production facilities, knowhow, and management of the LCD manufacturing business.

The production facilities of Jetup is at Xixiang, Baoan, Shenzhen, the PRC, with a gross floor area of 759,428 sq.ft. Jetup has approximately 3,100 employees in the PRC.

Jetup is equipped with the capability to make all passive monochrome and passive colour LCD products. Jetup has 3 lines capable of producing 150,000 pairs of substrate measuring 16 inches by 14 inches, probably one of the largest production volume in the LCD industry in southern PRC. LCD products manufactured from these lines are of the highest quality and performance and are used in highly demanding applications such as telecoms, automotives, white goods, industrial and medical instruments. Most products demand a manufacturing lifetime of 5 years or more. Jetup continuously upgrades its equipment to produce LCD products of higher volume, higher yield and quality.

In the area of LCD module assembly, COG is a crucial process to bond ICs onto the glass substrate. Since the growth of the business shall come predominantly from LCD modules, Jetup is currently equipped with the state of art COG bonding machines capable of manufacturing all sorts and sizes of passive COG LCD modules. The COG lines are set up with flexibility to handle multi-mix small volume and low-mix large volume business. The COG lines of Jetup can also be optimized to build small to medium sized TFT colour LCDs of up to a diagonal measurement of 10 inches. TFT LCD assembly will be the new product category contributing to business growth in the next few years.

Audited revenue of Jetup for the financial years ended 31st December, 2005 and 31st December, 2006 were US$54.4 million and US$64.9 million respectively. Audited profit before tax and profit for the year of Jetup for the financial year ended 31st December, 2005 were approximately US$4.1 million and US$3.8 million respectively. Audited profit before tax and profit for the year of Jetup for the financial year ended 31st December, 2006 were US$2.4 million and US$2.3 million respectively. The audited net asset value of Jetup was US$21.6 million as at 31st December, 2006 (all figures adjusted in accordance with generally accepted accounting principles in Hong Kong).

Management Discussion and Analysis

The following table sets out the key figures (i) in the audited income statements of Jetup for the 12 months ended 31st December, 2004, 2005 and 2006, and the six months ended 30th June, 2007; (ii) of the financial performance for the trailing 12 months ended 30th September, 2007.

	For the six months ended 30th September,		For the trailing 12 months ended 30th September,	For the year ended 31st December,		
	2007	2006	2007	2006	2005	2004
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
	audited	unaudited	unaudited	audited	audited	audited
Revenue	39,165	29,168	78,990	64,931	54,420	47,822
Gross profit	4,079	5,150	8,987	10,825	7,911	7,720
(Loss)/profit before tax	(604)	1,226	(645)	2,447	4,096	4,468
(Loss)/profit for the period/year	(499)	1,128	(438)	2,285	3,828	4,149

2007 For the trailing 12 months ended 30th September, 2007, revenue of Jetup rose by 21.7% to US$79.0 million (HK$616.1 million) as compared with that for the year ended 31st December, 2006, mainly because of the rise in sales in the business of LCD modules. During the period, Jetup suffered yield losses and incurred overhead expenses because of the acquisition of new machines. In addition, there was fierce competitive pricing pressure in the LCD market. Therefore, a loss of US$0.4 million (HK$3.4 million) was recorded for the period ended 30th September, 2007, as opposed to profit for the year 2006 of US$2.3 million (HK$17.8 million).

For the six months ended 30th June, 2007, revenue rose by 34.3% to US$39.2 million as compared with that of the corresponding period in 2006, because of an increase in orders from two new customers, both of which are major players in the industry.

However, the fact that workers had yet to be familiar with the use of the new machines affects product yield. Furthermore, the needs to expand the workforce, wages and investment in machines significantly increased the cost of sales. Therefore, gross profit decreased by 20.8% to US$4.1 million as compared with that of the corresponding period in 2006.

To cope with the expansion plan into European and Japanese markets, Jetup spent more money in hiring consultancy firms to conduct market research. The costs were booked into selling and distribution costs. As a result, Jetup reported a loss for the period of US$0.5 million.

2006 Revenue in 2006 increased by 19.3% to US$64.9 million as a result of growth in LCD panel business. Owing to the new manufacturing plant and the improved LCD module production capability, gross profit rose by 36.8% to US$10.8 million in 2006.

During the year, tremendous research and development was carried out in preparation to produce TFT LCD modules. Moreover, commission fee expenses and consultancy fees substantially increased, resulting in a decrease in profit for the year by 40.3% to US$2.3 million as compared with that of the corresponding period in 2005.

2005 Revenue in 2005 increased by 13.8% over 2004 to US$54.4 million mainly due to a 30% increase in sales of LCD module products. In January 2005, Jetup relocated to its new manufacturing facilities, which offered Jetup more advanced machinery and expanded production capacities for both LCD panel and module products.

As the profit margin of LCD module was higher than that of LCD panel, the growth in sale of LCD module products increased gross profit by 2.5% to US$7.9 million.

Jetup was poised to penetrate the European and Japanese markets in 2005. Two newly-hired managers were responsible for exploring the new markets, and commission fees were part of their package. Jetup also hired consultancy firms to study possible strategies to penetrate new markets. Both increased the operating expenses. Therefore, profit for the year in 2005 decreased by 7.7% to US$3.8 million as compared with that of the corresponding period in 2004.

2004 Revenue in 2004 increased by 48.4% over 2003 to US$47.8 million mainly due to the significant increase in sales of products using COG technology. Despite significant costs incurred in the preparation of the relocation of the production facilities to the new factory (including rental and utilities expenses for both the new and the old factories, overtime wages and additional headcounts) and the reduction of value-added tax refund, gross profit grew to US$7.7 million. Accordingly, profit for the year in 2004 increased to US$4.1 million.

Quarterly results analysis (prepared under HKFRS)

	For the third quarter ended 30th September,		**For the nine months ended 30th September,**	
	2007	**2006**	**2007**	**2006**
	US$'000	*US$'000*	*US$'000*	*US$'000*
	unaudited	unaudited	unaudited	unaudited
Revenue	23,316	19,254	62,481	48,422
Gross profit	2,871	3,638	6,950	8,788
Profit/(loss) before tax	45	1,307	(559)	2,533
Profit/(loss) for the period	101	1,197	(398)	2,325

Jetup recorded sales of US$23.3 million (HK$181.9 million) for the third quarter ended 30th September, 2007, an increase of 21.1% 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. However, gross profit dropped by 21.1% to US$2.9 million (HK$22.4 million) when compared with the same period last year. Profit for the period was US$0.1 million (HK$0.8 million) in the third quarter of 2007 as compared with US$1.2 million (HK$9.3 million) for the same period last year.

As for the nine months ended 30th September, 2007, Jetup recorded sales of US$62.5 million (HK$487.4 million) which represented a growth of 29.0% over the same period last year. However, loss for the period of US$0.4 million (HK$3.1 million) for the nine months ended 30th September, 2007 was incurred, compared with profit for the period of US$2.3 million (HK$18.1 million) in the same period last year.

Trend and Prospects

For trend and prospects of Jetup, please refer to the paragraphs headed "Trend and Prospects" in the JIC Group section under section H of "Letter from the JIC Board".

4. Namtek

Namtek is a solution provider mainly for digital dictionary software development in the Japanese electronics industry.

Since its establishment in 1995, Namtek has successfully developed software for over 100 models of electronic dictionaries for Japanese customers. Riding on the growth of the Japanese dictionary market, Namtek has developed itself by capitalizing on its advanced skill in data compression and search engines for dictionaries. However, owing to saturation of Japanese dictionary market, its revenue has decreased since 2006.

To recover its business, Namtek is diversifying its technology in car navigation and portable navigation engines (map matching, route planning and guidance), graphical user interface development, POI and map data compression, authoring, GPS applied product and 3G sensor application product.

Namtek's business is conducted in Shekou, Shenzhen in the PRC and Tokyo in Japan. Shekou's office occupies an area of 12,379 sq.ft. and is mainly responsible for software development and employs approximately 77 employees, comprising largely software engineers. Tokyo's office of Namtek occupies 904 sq.ft., mainly functions as the marketing representative office with 4 employees and is responsible for customer relationship. Namtek considers human capital as its major assets, which are not recorded on the balance sheet. Its tangible assets are mainly its working capital.

Namtek provides the following business service:

1. Software development and related service
2. Embedded software development (C Language)
3. Windows application development (Visual C, C++)
4. XML data and software Development
5. Middleware development (JPEG, MP3, G.729, USB)
6. Tool development (simulator, debugger, auto test system)
7. Digital circuit design and printed circuit board design

Namtek's current and past customers include:

1. Canon Electronic Business Machines (H.K.) Co., Ltd.
2. Kanda Tsushin Kogyo K.K.
3. KING JIM Co., Ltd.
4. NEC Corporation
5. Seiko Instruments Inc.
6. Seiko EPSON Corporation
7. Sony Corporation
8. Sony Engineering Corporation
9. Shinko Shoji K.K.
10. TANITA Corporation
11. Toshiba Corporation

Unaudited combined revenue of Namtek for the financial years ended 31st December, 2005 and 31st December, 2006 were HK$45.8 million (US$5.9 million) and HK$26.9 million (US$3.4 million) respectively. Unaudited combined net profit before and after tax of Namtek for the financial year ended 31st December, 2005 were HK$25.9 million (US$3.3 million) and HK$23.4 million (US$3.0 million) respectively. Unaudited combined net profit before and after tax of Namtek for the financial year ended 31st December, 2006 were HK$8.8 million (US$1.1 million) and HK$8.0 million (US$1.0 million) respectively. The unaudited combined net asset value of Namtek was HK$18.6 million (US$2.4 million) as at 31st December, 2006 (all figures prepared in accordance with HKFRS).

Unaudited combined revenue of Namtek for the six months ended 30th June, 2007 was HK$10.9 million (US$1.4 million). Unaudited combined net profit before and after tax of Namtek for the six months ended 30th June, 2007 were HK$3.2 million (US$0.4 million) and HK$2.9 million (US$0.4 million) respectively. Unaudited combined net asset value of Namtek was HK$21.5 million (US$2.8 million) as at 30th June, 2007 (all figures prepared in accordance with HKFRS).

As Namtek comprises two separate entities, one in Shekou, Shenzhen, the PRC and one in Tokyo, Japan, it is necessary to present the two separated financial statements to enable JIC Independent Shareholders to make an informed decision in the JIC EGM.

Management Discussion and Analysis – Namtek (Shenzhen)

The following table sets out the key figures (i) in the audited income statements of Namtek (Shenzhen) for the 12 months ended 31st December, 2004, 2005 and 2006, as well as the six months ended 30th June, 2007; (ii) of the financial performance for the 12 months ended 30th September, 2007.

	For the six months ended 30th June,		For the trailing 12 months ended 30th September,	For the year ended 31st December,		
	2007	**2006**	**2007**	**2006**	**2005**	**2004**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	audited	unaudited	unaudited	audited	audited	audited
Revenue	9,017	14,604	18,795	23,253	42,024	37,839
Gross profit	6,137	11,529	13,078	17,561	34,021	29,898
Profit before tax	3,374	5,808	7,030	8,392	24,988	23,033
Profit for the period/year	3,095	5,257	6,425	7,631	22,493	20,833

2007 For the trailing 12 months ended 30th September, 2007, revenue of Namtek (Shenzhen) dropped by 19.2% to HK$18.8 million (US$2.4 million) as compared with the year ended 31st December, 2006, mainly as a result of saturation of the Japanese market. This, coupled with a rise in research and development expenditure, led to lower profit for the period by 15.8% to HK$6.4 million (US$0.8 million), as compared with the year 2006.

For the six months ended 30th June, 2007, revenue decreased by 38.3% to HK$9.0 million (US$1.2 million) as compared with the same period in 2006 amid the fully saturated market. Profit for the period decreased by 41.1% to HK$3.1 million (US$0.4 million) because of the rise in research and development expenditure.

2006 Revenue in 2006 decreased by 44.7% as compared with that for the year 2005 to HK$23.3 million (US$3.0 million), mainly due to the slowdown in development of dictionary as a result of saturation of the Japanese market. During the year, the market for dictionary software development became extremely competitive and business cycle changed rapidly, which dragged down the products' pricing. Therefore, profit for the year decreased by 66.1% to HK$7.6 million (US$1.0 million).

2005 In the year 2005, new businesses drove the revenue growth. Digital dictionary market was growing in Japan, resulting in an increase of 11.1% in revenue as compared with that for the year 2004 to HK$42.0 million (US$5.4 million). Therefore, profit for the year increased by 8.0% to HK$22.5 million (US$2.9 million).

2004 In the year 2004, revenue increased by 20.6% as compared with that of the year 2003 to HK$37.8 million (US$4.9 million) as a result of the stable growth in the digital dictionary market in Japan. Therefore, profit for the year increased by 15.5% to HK$20.8 million (US$2.7 million).

Quarterly results analysis (prepared under HKFRSs)

	For the third quarter ended 30th September,		**For the nine months ended 30th September,**	
	2007	**2006**	**2007**	**2006**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	unaudited	unaudited	unaudited	unaudited
Revenue	4,793	3,664	13,810	18,268
Gross profit	3,530	2,621	9,667	14,150
Profit before tax	1,990	918	5,364	6,726
Profit for the period	1,821	865	4,916	6,122

Namtek (Shenzhen) recorded sales of HK$4.8 million (US$0.6 million) for the third quarter ended 30th September, 2007, an increase of 30.8% over the same period last year. However, gross profit increased by 34.6% to HK$3.5 million (US$0.5 million) when compared with the same period last year. Profit for the period was HK$1.8 million (US$0.2 million) in the third quarter of 2007 as compared with HK$0.9 million (US$0.1 million) for the same period last year.

As for the nine months ended 30th September, 2007, sales of Namtek (Shenzhen) dropped by 24.4% to HK$13.8 million (US$1.8 million) as compared with the same period last year. Accordingly, profit for the period for the nine months ended 30th September, 2007 retarded to HK$4.9 million (US$0.6 million), compared with HK$6.1 million (US$0.8 million) in the same period last year.

Management Discussion and Analysis – Namtek (Japan)

The following table sets out the key figures (i) in the audited income statements of Namtek (Japan) for the 12 months ended 31st December, 2004, 2005 and 2006, as well as the six months ended 30th June, 2007; (ii) of the financial performance for the trailing 12 months ended 30th September, 2007.

	For the six months ended 30th June,		For the trailing 12 months ended 30th September,	For the year ended 31st December,		
	2007	**2006**	**2007**	**2006**	**2005**	**2004**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	audited	unaudited	unaudited	audited	audited	audited
Revenue	1,835	1,786	4,091	3,646	3,806	2,830
(Loss)/profit before tax	(170)	221	6	400	954	(736)
(Loss)/profit for the period/year	(170)	221	0	394	954	(736)

Namtek (Japan) has been established as a cost centre and sales support for Namtek. It also conducts sales and marketing operations in Japan. No direct transaction is carried out between Namtek's customers and Namtek (Japan). All of the revenue of Namtek (Japan) came from NTEEP and Namtek (Shenzhen) in order to cover Namtek (Japan)'s operation expenses.

For detailed information of the operation and financial performance for Namtek, please refer to the previous sub-section headed "Management Discussion and Analysis – Namtek (Shenzhen)".

Quarterly results performance (prepared under HKFRS)

	For the third quarter ended 30th September,		For the nine months ended 30th September,	
	2007	**2006**	**2007**	**2006**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	unaudited	unaudited	unaudited	unaudited
Revenue	1,347	951	3,182	2,737
Profit/(loss) before tax	113	116	(57)	337
Profit/(loss) for the period	113	116	(57)	337

Unaudited revenue of Namtek (Japan) for the 3-month period ended 30th September, 2007 was HK$1.3 million (US$0.2 million). Unaudited net profit before and after tax of Namtek (Japan) for the 3-month period ended 30th September, 2007 were HK$113,000 (US$14,000) and HK$113,000 (US$14,000) respectively.

Unaudited revenue of Namtek (Japan) for the 9-month period ended 30th September, 2007 was HK$3.2 million (US$0.4 million). Unaudited net loss before and after tax of Namtek (Japan) for the 9-month period ended 30th September, 2007 were HK$57,000 (US$7,000) and HK$57,000 (US$7,000) respectively.

Trend and Prospects

The saturation of Japanese dictionary market has adversely affected Namtek's business since 2006. The growth of the digital dictionary software market in Japan is expected to be sluggish. In this regard, Namtek has to alter its business direction. In the year 2007, Namtek has already embarked on research and development in the following areas:

1. 3G sensor application such as step count and motion detector. In 2005, Namtek came to terms with a customer for which Namtek will develop 3G sensor application. At present, it is also discussing with another major client for business prospects in this area;

2. GPS location tracking device. Namtek is developing the GPS location tracking device with a customer and the device is expected to be launched in 2008; and

3. Navigation, map & POI data compression. Discussions with potential customers of the project are underway.

The respective board of Namtek (Japan) and Namtek (Shenzhen) believes the applications mentioned above can prosper in the years to come.

By changing its business focus, the respective board of Namtek (Japan) and Namtek (Shenzhen) expects a decent growth in 2008, and that the preparatory works in the three new application areas will bring a solid recovery in 2009. The Reorganization will not affect Namtek as its business has little connection with other businesses in JIC Group and NTEEP Group.

I. PROSPECTS OF JIC

In view of the factors mentioned in paragraphs 4 "Benefits to JIC and JIC Independent Shareholders" of section C "The JIC Agreement" and section D "The Namtek Agreement" respectively of "Letter from the JIC Board" of this circular, JIC's prospects is expected to improve as a result of the completion of the JIC Agreement and the Namtek Agreement.

All in all, JIC's manufacturing business in LCD products is capital intensive, while Namtek requires little working capital in its software development business. Furthermore, with substantial cash on hand after the Reorganization, the Enlarged JIC will be in a better position to look for investments which are beneficial to JIC Independent Shareholders.

J. EXTRAORDINARY GENERAL MEETING

You will find on pages EGM-1 – EGM-2 of this circular a notice of the JIC EGM to be held at 9:00 a.m. on 20th December, 2007 at The Mandarin Oriental Hong Kong, No. 5 Connaught Road, Central, Hong Kong for the purposes of considering and, if thought fit, approving the JIC Agreement and Namtek Agreement.

Pursuant to Rule 14A.52 of the Listing Rules, JIC will procure that the chairman of the JIC EGM demand the resolutions in relation to the JIC Agreement and Namtek Agreement to be taken by a poll.

A form of proxy for use at the JIC EGM is enclosed with this circular. Whether or not you intend to be present at the meeting, you are requested to complete this form of proxy in accordance with the instructions printed thereon and deposit the same with Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible and in any event not less than 48 hours before the time of the JIC EGM or any adjourned meeting. The completion and return of the form of proxy will not preclude you from attending and voting in person should you so wish.

K. PROCEDURES FOR DEMANDING A POLL

In accordance with Article 66 of the Articles of Association of JIC, at any general meeting a resolution put to the vote of the meeting is to be decided on a show of hands, unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll), a poll is demanded:

(a) by the chairman of the meeting; or

(b) by at least three members present in person or, in the case of a member being a corporation, by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or

(c) by a member or members present in person or, in the case of a member being a corporation, by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all members having the right to vote at the meeting; or

(d) by a member or members present in person or, in the case of a member being a corporation, by its duly authorised representative or by proxy and holding JIC Shares conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Pursuant to Article 66(a) of the Articles of Association of JIC and as required under the Listing Rules, the chairman will demand a poll on all the resolutions to be proposed at the JIC EGM. The results of the poll will be published in the local newspapers and on the websites of the Stock Exchange and JIC on the business day following the JIC EGM.

L. ADDITIONAL INFORMATION

Your attention is drawn to the letters from the JIC Independent Board Committee and TSC as set out in this circular.

M. RECOMMENDATION

The Board, including members of the JIC Independent Board Committee, consider that the terms and conditions of the JIC Agreement and the Namtek Agreement are fair and reasonable and in the interests of the JIC Independent Shareholders and JIC as a whole, and recommend the JIC Independent Shareholders to vote in favour of the resolutions to be proposed at the JIC EGM to approve the JIC Agreement and the Namtek Agreement.

Yours faithfully
For and on behalf of the Board
J.I.C. TECHNOLOGY LIMITED
Chui Kam Wai
Chairman

J.I.C. Technology Company Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 987)

Executive Directors:
Mr. Chui Kam Wai *(Chairman)*
Dr. Yeoh Teck Hooi *(Chief Executive Officer)*

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

Registered Office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

Hong Kong Office:
Suites 1506-1508
15th Floor
One Exchange Square
8 Connaught Place
Hong Kong

5th December, 2007

To Independent Shareholders

A Very Substantial Disposal, A Major Transaction and Connected Transactions Involving the sale of Jetup Interest by J.I.C. Technology Company Limited to Nam Tai Electronics, Inc. and the acquisition of Namtek Interests by J.I.C. Technology Company Limited from Nam Tai Electronic & Electrical Products Limited

We have been appointed by the Board as members of the JIC Independent Board Committee to advise the JIC Independent Shareholders in respect of the JIC Agreement and the Namtek Agreement, details of which are set out in the letter from the Board in the circular dated 5th December, 2007 (the "Circular") to the JIC Independent Shareholders. Unless the context otherwise requires, terms defined in the Circular shall have the same meanings when used in this letter.

Your attention is drawn to the advice of TSC in respect of the JIC Agreement and the Namtek Agreement as set out in the letter from TSC in the Circular. Having taken into account the advice of TSC, we consider that the terms and conditions of the JIC Agreement and the Namtek Agreement are fair and reasonable so far as the interests of the JIC Independent Shareholders are concerned and that the transactions contemplated in the JIC Agreement and the Namtek Agreement are in the interests of JIC and the JIC Independent Shareholders. Accordingly, we recommend the JIC Independent Shareholders to vote in favour of the resolutions to be proposed at the JIC EGM to approve the JIC Agreement and the Namtek Agreement.

Yours faithfully
Cham Yau Nam **Leung Wai Hung** **Choi Man Chau, Michael**
JIC Independent Board Committee

The following is the text of the letter of advice to the JIC Independent Board Committee and the JIC Independent Shareholders from TSC Capital Limited regarding the JIC Agreement and Namtek Agreement for the purpose of incorporation in this circular.

台新資本有限公司
TSC Capital Limited
Room 2803, 28/F., Tower I, Admiralty Centre,
18 Harcourt Road, Hong Kong

5th December, 2007

The JIC Independent Board Committee
and the JIC Independent Shareholders

J.I.C. Technology Company Limited
Suites 1506–1508
One Exchange Square
8 Connaught Place
Central
Hong Kong

Dear Sirs,

A Very Substantial Disposal, A Major Transaction and Connected Transactions

Involving the sale of Jetup Interest by J.I.C. Technology Company Limited to Nam Tai Electronics, Inc. and the acquisition of Namtek Interests by J.I.C. Technology Company Limited from Nam Tai Electronic & Electrical Products Limited

We refer to our appointment as the independent financial adviser to the JIC Independent Board Committee and the JIC Independent Shareholders in relation to the proposed disposal of the Jetup Interest by JIC to NTEI, payable by NTEI in cash pursuant to the JIC Agreement and the proposed acquisition of the Namtek Interests by JIC from NTEEP, payable by JIC in cash pursuant to the Namtek Agreement. Our role as the independent financial adviser is to advise on whether or not the terms under the JIC Agreement and the Namtek Agreement are fair and reasonable so far as the JIC Independent Shareholders are concerned. Details of the JIC Agreement and the Namtek Agreement are contained in the Letter from the JIC Board set out on pages 7 to 31 of the circular of JIC dated 5th December, 2007 (the "Circular") of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

In formulating our opinion and recommendation, we have relied on the statements, information and facts supplied by, the opinions expressed by and the representations of the directors of JIC (the "JIC Directors") concerning the JIC Agreement and the Namtek Agreement, including those facts, opinions and representations set out in the Circular. We have discussed the bases and assumptions made by the JIC Directors in relation to the JIC Agreement and the Namtek Agreement and we have assumed that all such information and all statements, information, opinions, reports and representations contained or referred to in the Circular were true, complete and accurate in all material respects at the time they were made and given and continue to be so in all material respects as at the date of despatch of the Circular. We have assumed that all statements of beliefs, opinions and intentions made by the JIC Directors in the Circular were reasonably made after due and careful enquiry and were based on honestly held opinions. The JIC Directors have confirmed that they take full responsibility for the contents of the Circular.

We consider that we have been provided with, and have reviewed sufficient information to enable us to reach an informed view and to provide a reasonable basis for our recommendation regarding the JIC Agreement and the Namtek Agreement. We have no reason to suspect that such information is inaccurate or that any material facts have been omitted or withheld from the information and representation provided or opinions expressed in the Circular. In line with normal practice, we have not, however, conducted a verification of the information and representations provided to us by the JIC Directors, nor have we conducted any independent in-depth investigation into the business and affairs and prospects of JIC Group. In addition, we have not made any independent evaluation or appraisal of the business affairs or assets and liabilities of the NTEI, NTEEP, JIC, Jetup and Namtek. The JIC Directors have confirmed that no material facts have been omitted from the information supplied to us.

Our opinion with regard to the terms of the JIC Agreement and the Namtek Agreement have been made on the assumption that all obligations to be performed by each of the parties to the JIC Agreement and the Namtek Agreement contemplated thereunder will be fully performed in accordance with the terms thereof. Our opinion is necessarily based upon market, economic and other conditions as they existed and could be evaluated on, and on the information publicly available to us as at the Latest Practicable Date. We have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date. As a result, circumstances could develop prior to completion of the JIC Agreement and the Namtek Agreement that, if known at the time we rendered our opinion, would alter our opinion.

This letter is for the information of the JIC Independent Board Committee and the JIC Independent Shareholders solely in connection with their consideration of the JIC Agreement and the Namtek Agreement and, except for its inclusion in the Circular and for references thereto in the letter from the JIC Independent Board Committee set out in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purpose, without prior written consent.

INTRODUCTION

On 24th September, 2007, 5th October, 2007 and 28th November, 2007, the JIC Agreement was entered into by NTEI as the purchaser, a company incorporated in the British Virgin Islands, holding approximately 74.99% of the issued share capital of JIC, and JIC as the vendor. The Jetup Interest represents in aggregate 100% of the registered capital of Jetup. The consideration for the Jetup Interest in the amount of approximately HK$381.77 million (the "JIC Consideration") will be payable by NTEI to JIC in the form of cash on or before the fifth business day after the conditions of the JIC Agreement are satisfied.

On 5th October, 2007 and 28th November, 2007, the Namtek Agreement was entered into by NTEEP as the vendor, a subsidiary of the substantial shareholder of JIC and JIC as the purchaser for a consideration of HK$80.50 million, payable in cash (the "Namtek Consideration") on or before the fifth business day after the conditions of the Namtek Agreement are satisfied.

The JIC Agreement constitutes a VSD and a Connected Transaction for JIC and the Namtek Agreement constitutes a Major Transaction and a Connected Transaction for JIC under the Listing Rules and are therefore subject to the approval by the JIC Independent Shareholders at the JIC EGM.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the terms of the JIC Agreement and the Namtek Agreement, we have considered, *inter alia*, the following principal factors and reasons:

(A) Background to and reasons for entering into the JIC Agreement and the Namtek Agreement

JIC is an investment holding company and itself has no revenue or income. Its business is conducted by JIC Subsidiaries which are engaged in the manufacture and sale of LCD products. The net sales for the twelve months ended 31st December, 2006 increased by approximately 9.99% to approximately HK$504.30 million as compared to HK$458.50 million of 2005. Gross profit margin and net profit margin dropped from approximately 20.23% and 8.15% in 2005 to approximately 16.79% and 5.59% in 2006 respectively.

The JIC Directors are of the view that the increased manufacturing costs especially the rise in overheads, which are coupled with pricing pressure were the main reasons for the drop in gross profit margin and net profit margin of JIC. Furthermore, profitability is subject to pressure due to continuous price erosion, which in order to stay competitive, the JIC Directors are compelled to find means to counter the effect on pricing pressure.

We note that for the six months ended 30th June, 2007, JIC has recorded an increase in sales of approximately 34.28% to approximately HK$304.18 million from the same period last year. However, gross profit dropped by approximately 21.98% from approximately HK$40.61 million to approximately HK$31.68 million. Gross profit margin also dropped from approximately 17.93% in the first half of 2006 to approximately 10.42% for the same period in 2007. Based on the results announcement of JIC for the six months ended 30th June, 2007, we note that the growth of sales for the first half of 2007 was contributed by an increase in new LCD product production and capacity. In the process of gearing up the capacity for the expansion, JIC has acquired new machines and expanded the workforce. Such an increase in production facility and expansion of operation has affected the profitability in terms of overhead expenses increase and yield losses. According to the results announcement of JIC for the third quarter of 2007, the optimization of bottlenecks and productivity have reduced overhead expenses and improved production yields. As a result, the gross profit margin rose from approximately 10.81% in the second quarter to approximately 12.30% in the third quarter of 2007, a decrease of approximately 6.59% as compared with approximately 18.89% of the same quarter in 2006.

Based on the observation above and our discussion with the JIC Directors, we understand that due to fierce competition and continuous pricing pressure of the LCD market, continued effort and capital investment have to be placed in the development of higher value products and expansion of production capacity to counter the effect on pricing pressure. Notwithstanding that in the process of new product development and production capacity expansion, profitability was affected as a result of an increase in overhead expenses. Given that the manufacture of LCD products is of a mass production and capital intensive nature, we concur with the JIC Directors that the scale of operation and the ability to expand is the key element to remain competitive in the LCD products industry. To improve the scale of operation, a company must have significant net assets.

Prior to the Reorganization, Jetup is a wholly-owned subsidiary of JIC, a company through JIC Subsidiaries is engaged in the manufacture and sale of LCD products with a net asset value of approximately HK$169 million as at 31st December, 2006.

We have set out in the following table the relevant net asset value ("NAV") of the selected comparable listed companies in Hong Kong principally engaged in the business of manufacture and sale of LCD and related products based on their latest published annual reports.

Company name[1] *(HK-listed comparable companies)*	**NAV**[2]
Proview International Holdings Limited (334 HK)	HK$1,248 million
TPV Technology Limited (903 HK)	HK$8,669 million
Regent Manner International Holdings Limited (1997 HK)	HK$622 million
Yeebo (International Holdings) Limited (259 HK)	HK$736 million
Truly International Holdings (732 HK)	HK$2,360 million
Varitronix International Limited (710 HK)	HK$1,342 million
Average	*HK$2,496 million*
JIC (987 HK)	HK$169 million

Sources: *Bloomberg and annual reports of the respective comparable companies available as at the Latest Practicable Date*

Notes:

(1) HK-listed comparable companies refer to Hong Kong listed LCD and related product companies with main operations in the PRC.

(2) NAV refers to the net asset value as per the latest published audited full year financial statements of the relevant companies available as at the Latest Practicable Date.

In our analysis, we have selected six comparable listed companies in Hong Kong that are principally engaged in the sale and manufacture of LCD and related products (the "LCD Comparable Companies"), and reviewed their NAV based on the latest audited full year financial statements available as at the Latest Practicable Date.

All of the LCD Comparable Companies were profit making with a range of NAV between approximately HK$622 million and HK$8,669 million, with an overall average of HK$2,496 million. According to the audited consolidated account of JIC as of 31st December, 2006, NAV was approximately HK$169 million. Such figure is substantially lower than all of the LCD Comparable Companies as stated above. Taking into account of the above, we are of the opinion that it is disadvantageous to JIC in terms of overall competitiveness due to the relatively small scale of its operation as compared with other companies in similar line of business. In addition to the above, we have discussion with the JIC Directors in relation to the above analysis. The JIC Directors expressed that it is also the intention of JIC to look for a new business in place of Jetup that is not so capital intensive and more commensurate with the scale of its NAV, in particularly business opportunities in the area of software development and design.

Our review of the NAV of the comparable listed software development companies in Hong Kong as shown in the section headed "The Namtek Agreement" of this letter. The comparable software development companies with a range of NAV of approximately HK$16.67 million to HK$583.72 million, with an overall average of HK$170.35 million. We note that the NAV of JIC was approximately HK$169 million as of 31st December, 2006, such figure is within the range of NAV of the comparable software development companies and also closely match the overall average of HK$170.35 million.

Based on our analysis, we are of the view that JIC's focusing its business in the area of software development is reasonable and commensurate with the level of its NAV when compared with other listed software development companies in Hong Kong.

Namtek is a solution provider for digital dictionary software development in the Japanese electronics industry. Its services ranged from software development, data processing and digital circuit design. Prior to the completion of the Namtek Agreement, Namtek is a subsidiary of NTEEP, as NTEEP is a company with a scale designated for mass scale production, therefore, the software development business nature of Namtek does not match with the structure of NTEEP. On the contrary and based on our analysis as stated above, we note that the scale of JIC is more commensurate with those companies engaged in the business of software development.

Namtek's business is conducted in Shekou, Shenzhen in the PRC and Tokyo in Japan. Shekou's office is mainly responsible for software development and employs approximately 77 employees, mainly comprising software engineers. Namtek's Tokyo office mainly functions as a marketing representative office. As the nature of Namtek's business operation involves development and design, it requires no production facilities and its assets are mainly working capital. According to the unaudited combined accounts of Namtek, the net profit margin for the six months ended 30th June, 2007 and financial year ended 31st December, 2006 were approximately 26.95% and 29.83% respectively.

Based on our analysis above, we note that the scale of JIC in terms of NAV is relatively small when compared with other companies engage in business with a mass production and capital-intensive nature. It is also the intention of JIC to acquire a new business in place of Jetup that is not as capital intensive as Jetup. The JIC Directors express that the JIC Agreement and the Namtek Agreement are a means to enable JIC to acquire a suitable business to replace Jetup as its core operating asset on the basis that (i) the business of Namtek is already profitable and cash-generating, therefore, will provide a major source of future income for JIC; (ii) instead of facilities for mass production, the operations of Namtek as a software development company mainly rely on human resources, as such it is more commensurate with the scale of JIC; and (iii) Namtek being a solution provider in the software development industry matches with the intention of JIC to look for investment in business engaged in software development. Having considered the above factors, we are of the view that the JIC Agreement and the Namtek Agreement are an effective and expedient way for JIC to streamline and focus its business interests in software development instead of those that require intensive capital and investment.

Upon the completion of the JIC Agreement and Namtek Agreement, Namtek's account will be consolidated into the JIC's account. Thus, JIC's major income will derive from Namtek, and the major assets of JIC would be 100% Namtek Interests and the cash proceeds from the sales of Jetup Interest accordingly. We understand from the JIC Directors that Namtek has planned to diversify its business and already embarked on research and development in the areas of 3G sensor application, GPS applied products, car navigation and portable navigation engines, etc. Additionally, other investment opportunities such as properties and bonds will also be considered. As with all research and business development in the technology sector, there are uncertainties on whether Namtek's strategy and plan will eventually succeed due to continuing change in technology as well as market preference and response. In the event of such failure, Namtek's financial performance may be adversely affected.

Based on the information provided by the management of Namtak, we noted that i) the vast majority of Namtek's staff are engineers and they have previously successful developed software for over 100 models of electronic dictionaries for Japanese customers; ii) most of the Namtek's past and present customers are international renowned consumer electronic brand names; iii) Namtek is already in discussion with its existing customers for some planned products; iv) the large amount of cash balance of approximately HK$300 million has placed JIC in an advantageous position to look for future potential investments and to assist the acceleration of Namtek's strategy and business growth. In light of the above, we concur with the JIC Directors on the possibility that the new application areas of Namtek would result in a positive growth in the short to medium terms.

(B) Terms of the JIC Agreement and the Namtek Agreement

The JIC Agreement

Basis of consideration

Pursuant to the JIC Agreement, the JIC Consideration for the sale of the Jetup Interest by JIC to NTEI is approximately HK$381.77 million which is payable by NTEI in form of cash. We note that the JIC Consideration represents approximately 13.54 times of the net profit and approximately 2.26 times of the NAV of the 100% attributable equity interest in the JIC for the year ended 31st December, 2006 and also represents approximately 39.81 times of the net profit and approximately 2.14 times of the NAV of the 100% attributable equity interest in the JIC for the trailing 12 months ended 30th September, 2007. We consider that it is a common practice to determine the value of a business based on price to earnings ratio as well as price to NAV ratio.

The JIC Directors are of the view that the JIC Consideration is fair and reasonable and is in the interests of the JIC Group and JIC Independent Shareholders as a whole.

Comparable listed companies

In formulating our opinion, we have analyzed and considered the current market multiples of various comparable listed companies in Hong Kong principally engaged in the manufacture and sale of LCD and related products. The comparable companies are selected based on their nature and location of the business and the availability of their financial information to the public.

Based on the above selection criteria, we set out in the following table the relevant multiples of the selected comparable listed companies in Hong Kong based on their share prices as at the Latest Practicable Date and their latest published annual reports.

Company name *(HK-listed comparable companies)*(4)	**Location**	**Price(1)/ Earnings(2)**	**Price(1)/ NAV(3)**
Yeebo (International Holdings) Limited (259 HK)(5)	PRC	24.08	0.85
Proview International Holdings Limited (334 HK)(6)	PRC	4.17	0.48
Varitronix International Limited (710 HK)(7)	PRC	11.92	1.45
Truly International Holdings Limited (732 HK)(8)	PRC	17.26	3.89
TPV Technology Limited (903 HK)(9)	PRC	7.97	1.11
Regent Manner International Holdings Limited (1997 HK)(10)	PRC	8.78	2.62
Average		*12.36*	*1.73*
JIC Consideration (987 HK)(11)	**PRC**	**13.54**	**2.26**
JIC Consideration (987 HK)(12)	**PRC**	**39.81**	**2.14**

Sources: *Annual report of the respective HK-listed comparable company available as at the Latest Practicable Date*

Notes:

(1) Price refers to the closing price of the respective Hong Kong listed LCD and related products companies with main operations in the PRC as quoted on the Stock Exchange as at the Latest Practicable Date multiplied by the total number of shares in issue according to the relevant companies' latest published annual report.

(2) Earnings refers to the net profit as per the latest published audited full year financial statements of the relevant companies available as at the Latest Practicable Date.

(3) NAV refers to the net asset value as per the latest published audited full year financial statements of the relevant companies available as at the Latest Practicable Date.

(4) HK-listed comparable companies refers to Hong Kong listed LCD and related products companies with main operations in the PRC.

(5) Yeebo International Holdings Limited is principally engaged in the sales and manufacturing of LCD and the assembly of LCD modules with production facilities in the PRC.

(6) Proview International Holdings Limited is principally engaged in the sales and manufacturing of LCD as well as CRT monitors with production facilities in the PRC.

(7) Varitronix International Limited is principally engaged in the design, manufacturing and sales of LCD and related products with production complex in the PRC.

(8) Truly International Holdings Limited is principally engaged in the sales and manufacturing of LCD products and other consumer electronic products. The production complex is located in Guangdong Province of the PRC.

(9) TPV Technology Limited is principally engaged in the sales and manufacturing of LCD monitor with production complex located in Suzhou of the PRC.

(10) Regent Manner International Holdings Limited is principally engaged in the provision of integrated surface-mount technology production solutions for manufacturers of LCD panels and various electronic products with production complex located in the PRC.

(11) JIC Consideration in terms of price to earnings ratio and price to NAV ratio of JIC for the financial year ended 31st December, 2006.

(12) JIC Consideration in terms of price to earnings ratio and price to NAV ratio of JIC for the trailing 12 months ended 30th September, 2007.

In our analysis, we have selected six comparable listed companies which are principally engaged in the manufacture and sale of LCD and related products (the "LCD Comparable Companies"), and reviewed their respective price to earnings ratio and price to NAV ratio based on their closing prices of the shares quoted on the Stock Exchange as at the Latest Practicable Date and their latest published annual reports.

All of the LCD Comparable Companies were profit making with a range of historic price to earnings ratio of approximately 4.17 times to 24.08 times, with an overall average of 12.36 times. In respect of the price to NAV ratio, it ranges from 0.48 times to 3.89 times, with an overall average of 1.73 times.

According to the audited consolidated accounts of the JIC as of 31st December, 2006, the consolidated NAV of the 100% attributable equity interest in the JIC was approximately HK$169 million. The JIC Consideration for the Jetup Interest represents approximately 2.26 times of the NAV of the 100% attributable equity interest in the JIC. Furthermore, according to the unaudited consolidated accounts of the JIC as of 30th September, 2007, the consolidated NAV of the 100% attributable equity interest in the JIC was approximately HK$178.33 million. The JIC Consideration for the Jetup Interest represents approximately 2.14 times of the NAV of the 100% attributable equity interest in the JIC. We note that both figures are higher than the average ratio of 1.73 times of the LCD Comparable Companies as stated above.

According to the audited consolidated account of the JIC as of 31st December, 2006, the net profit attributable to 100% equity interest of JIC was approximately HK$28.20 million. The JIC Consideration represents approximately 13.54 times of such interest. Based on the unaudited consolidated account of the JIC for the trailing 12 months ended 30th September, 2007, the net profit attributable to 100% equity interest of the JIC was approximately HK$9.59 million. The JIC Consideration represents approximately 39.81 times of such interest. As such, we note that both figures are higher than the average ratio of 12.36 times as stated above and we note that the JIC Consideration is in the range of price to earnings ratio of such comparables. In addition, we further note that the net profit of the JIC dropped approximately 66.54% from approximately HK$27.95 million for the nine months ended 30th September, 2006 to approximately HK$9.35 million for the nine months ended 30th September, 2007. The gross profit margin dropped 7.18% from approximately 18.31% to approximately 11.13% and the net profit margin dropped 5.51% from approximately 7.43% to 1.92%, respectively for the same period. In view of the above ratio analysis based on the financial figures of the 12 months ended 31st December, 2006 and 30th September, 2007 respectively, we are of the opinion that the JIC Consideration is fair and reasonable to the JIC Group and the JIC Independent Shareholders as a whole.

On the other hand, we note that the average closing price per share of JIC during the last 60 trading days up to and including the last day before the joint announcement dated 8th October, 2007 (the "Announcement") made by JIC and NTEEP was approximately HK$0.45, representing a price to earnings ratio of approximately 12.19 times for the year ended 31st December, 2006 and price to NAV ratio of approximately 2.03 times as at 31st December, 2006 (together the "JIC 60 days ratio 1"). It also represents a price to earnings ratio of approximately 35.83 times for the trailing 12 months ended 30th September, 2007 and price to NAV ratio of approximately 1.93 times as at 30th September, 2007 (together the "JIC 60 days ratio 2") respectively. As such, the JIC Consideration is at a premium to the JIC 60 days ratio 1 and JIC 60 days ratio 2. In view of the above, we are of the opinion that the JIC Consideration is fair and reasonable to the JIC Group and JIC Independent Shareholders as a whole. Moreover, we further note that the share price of the JIC is trading at an overall upward trend immediately after the Announcement and we consider that it may represent an overall positive response from the public to the JIC Agreement.

Settlement Terms

According to the JIC Agreement, the JIC Consideration is approximately HK$381.77 million and will be settled by NTEI to the JIC by way of cash on or before the fifth business day after the conditions of the JIC Agreement are satisfied. We consider that it is normal to complete a business transaction by means of cash and thus, we are of the view that using cash to settle the JIC Agreement is fair and reasonable to the JIC Group and the JIC Independent Shareholders as a whole.

On the other hand, we note that after the completion of the JIC Agreement, JIC will realize a profit of approximately HK$213.50 million, representing 7.57 times of the 100% net profit of JIC for the year ended 31st December, 2006 and represents 22.27 times of the 100% net profit of the JIC for the trailing 12 months ended 30th September, 2007. We consider that such large amount of cash will give the JIC a better position to look for investment opportunities which are beneficial to the JIC Group and the JIC Independent Shareholders as a whole. Thus, we consider that the settlement terms are fair and reasonable to the JIC Group and the JIC Independent Shareholders as a whole.

The Namtek Agreement

Basis of consideration

Pursuant to the Namtek Agreement, NTEEP agreed to sell and the JIC agreed to purchase the Namtek Interests at a consideration of HK$80.50 million in cash. The valuation of Namtek is based on 10.00 times of its consolidated net profit for the financial year ended 31st December, 2006 and 12.53 times of its unaudited net profit for the trailing 12 months ended 30th September, 2007, representing approximately 4.33 times and 3.51 times of its consolidated net asset value as at 31st December, 2006 and the trailing 12 months ended 30th September, 2007, respectively.

Comparable listed companies

In order to assess the fairness and reasonableness of the Namtek Consideration, we have sought to compare it with the market statistics of companies listed on the Stock Exchange, business of which is principally engaged in the software development (the "Software Development Comparable Companies"). Given the business of Namtek is principally engaged in the software development, we therefore consider that the statistics for software development companies are of assistance in the evaluation of the Namtek Consideration. Details of our findings on the Software Development Comparable Companies are summarized in the table below.

Company name *(HK-listed comparable companies)*[5]	**Location**	**Price[1]/ Earnings[2]** *(times)*	**Price[1]/ NAV[3]** *(times)*	**NAV[4]** *(HK$'000)*
Kingdee International Software Group Company Limited (268 HK)[6]	PRC	26.95	5.64	492,765
Timeless Software Limited (8028 HK)[7]	PRC	N/A	0.98	139,567
Jiangsu Nandasoft Company Limited (8045 HK)[8]	PRC	N/A	1.40	179,609
FlexSystem Holdings Limited (8050 HK)[9]	PRC	36.32	4.90	42,202
Zheda Lande Scitech Limited (8106 HK)[10]	PRC	N/A	1.04	120,296
Bio Cassava Technology Holdings Limited (8129 HK)[11]	PRC	N/A	4.73	33,989
Capinfo Company Limited (8157 HK)[12]	PRC	116.87	2.41	583,732
KanHan Technologies Group Limited (8175 HK)[13]	PRC	N/A	4.77	22,281
Xteam Software International Limited (8178 HK)[14]	PRC	N/A	20.53	140,393
Golding Soft Limited (8190 HK)[15]	PRC	N/A	12.96	16,671
Armitage Technologies Holdings Limited (8213 HK)[16]	PRC	N/A	2.47	30,305
Chinasoft International Limited (8216 HK)[17]	PRC	N/A	5.57	242,406
Average	*PRC*	*15.01*	*5.62*	*170,351*
Namtek Consideration[18]	**PRC**	**10.00**	**4.33**	
Namtek Consideration[19]	**PRC**	**12.53**	**3.51**	

Sources: *Annual report of the respective comparable company available as at the Latest Practicable Date*

Notes:

(1) Price refers to the closing price of the respective HK-listed software development companies as quoted on the Stock Exchange as at the Latest Practicable Date multiplied by the total number of shares in issue according to the relevant company's latest published annual report.

(2) Earnings refers to the net profit as per the latest published audited full year financial statements of the relevant companies available as at the Latest Practicable Date.

(3&4) NAV refers to the net asset value as per the latest published audited full year financial statements of the relevant companies available on the Latest Practicable Date.

(5) HK-listed comparable companies refer to Hong Kong listed software development companies.

(6) Kingdee International Software Group Company Limited is principally engaged in the development and sales of enterprise management software, e-commerce application software and providing middleware for the e-commerce and e-services platforms for enterprises or government departments. It also provides management consultation, implementation and technical support services in relation to software products to customers around the world.

(7) Timeless Software Limited is principally engaged in the provision of computer consultancy and software maintenance services, software development and sales of computer hardware and software.

(8) Jiangsu Nandasoft Company Limited is principally engaged in development, manufacturing and marketing of network security software, internet application software, educational software and business application software. It also provides systems integration services including information technology consulting and sales of computer hardware products and equipment.

(9) FlexSystem Holdings Limited is principally engaged in the development and sales of enterprise software and rendering of maintenance services.

(10) Zheda Lande Scitech Limited is principally engaged in the development and sales of software and network system, provision of technical support services and sales of hardware products and equipment.

(11) Bio Cassava Technology Holdings Limited is principally engaged in computer software and embedded systems development, sales and licensing of the software and systems.

(12) Capinfo Company Limited is principally engaged in the installation of network systems, network design, consultancy and related technical services and sales of computers, related accessories and equipment.

(13) KanHan Technologies Group Limited is principally engaged in the provision of server-based language technology.

(14) Xteam Software International Limited is principally engaged in the provision of software development and system integration services, provision of technical support and maintenance services and sales of computer software and hardware.

(15) Golding Soft Limited is principally engaged in the provision of original design manufacturing software, the sale of proprietary packaged software and the provision of system solutions.

(16) Armitage Technologies Holdings Limited is principally engaged in the provision of information solutions and sales of application software packages.

(17) Chinasoft International Limited is principally engaged in the provision of solutions, IT outsourcing, IT consulting and training services and sales of standalone software and hardware products in the PRC.

(18) The valuation of Namtek is based on 10.00 times of its consolidated net profit for the financial year ended 31st December, 2006, represents 4.33 times of its consolidated net asset value as at 31st December, 2006.

(19) The valuation of Namtek is based on 12.53 times of its consolidated net profit for the trailing 12 months ended 30th September, 2007, represents 3.51 times of its consolidated net asset value as at 30th September, 2007.

From the above table, we note that most of the Software Development Comparable Companies recorded losses for their respective latest financial year. Only Kingdee International Software Group Company Limited, FlexSystem Holdings Limited and Capinfo Company Limited (the "Three Profitable Software Development Comparable Companies") recorded net profit for their respective latest financial year with price to earnings ratio of approximately 26.95, 36.32 and 116.87 times respectively as at the Latest Practicable Date. The average price to earnings ratio of the Software Development Comparable Companies was approximately 15.01 times. However, we further note that the Three Profitable Software Development Comparable Companies are traded in a high price to earnings ratio of approximately 26.95, 36.32 and 116.87 times, with an average figure of approximately 60.05 times. In view of the above, we consider that the valuation of the Namtek Interests in terms of price to earnings ratio of approximately 10.00 times for the financial year ended 31st December, 2006 and approximately 12.53 times for the trailing 12-months ended 30th September, 2007 are both substantially lower than those of the Software Development Comparable Companies and the Namtek Consideration is fair and reasonable to the JIC Group and the JIC Independent Shareholders as a whole.

From the above table, we note that the price to NAV ratio of the Software Development Comparable Companies for their respective latest financial year ranged from approximately 0.98 to 20.53 times with average figure of approximately 5.62 times as at the Latest Practicable Date. For the Three Profitable Software Development Comparable Companies, their price to NAV ratio were approximately 5.64, 4.90 and 2.41 times with average figure of 4.32 times as at the Latest Practicable Date. Given the price to NAV ratio of the Namtek Interests was approximately 4.33 times for the financial year ended 31st December, 2006 and approximately 3.51 times for the trailing 12-months ended 30th September, 2007 which were in line with the average price to NAV ratio of the Three Profitable Software Development Comparable Companies, we consider that the Namtek Consideration by reference to the above ratio analysis based on the financial figures of the 12 months ended 31st December, 2006 and 30th September, 2007, is fair and reasonable to the JIC Group and the JIC Independent Shareholders as a whole.

Settlement Terms

Pursuant to the Namtek Agreement, the Namtek Consideration will be settled by way of cash in an amount of approximately HK$80.50 million on or before the fifth business day after the conditions of the Namtek Agreement are satisfied. JIC will finance such consideration by the proceeds from the sale of the Jetup Interest. We consider that cash settlement is generally and normally be used as a way to complete a business transaction. Therefore, we consider that the settlement by way of cash is fair and reasonable to the JIC Group and the JIC Independent Shareholders as a whole.

(C) Financial Impacts

The following sets out the financial impacts of the JIC Agreement and the Namtek Agreement on the following positions of the Group:

Earnings

Based on the JIC Group unaudited financial statements for the six months ended 30th June, 2007, JIC Group's net profit was approximately HK$6.33 million. As compared to the unaudited pro forma consolidated income statement of the JIC Group as stated in the JIC Pro forma Accounts, the Enlarged JIC's net profit was approximately HK$226.63 million, representing an increase of approximately 34.80 times. The increase in Enlarged JIC's net profit is mainly attributable to the gain realized by the disposal of Jetup Interest of approximately HK$213.50 million. In view of the above, we are of the opinion that the potential increase in net profit of the JIC Group is in the interests of the JIC Group and the JIC Independent Shareholders as a whole.

Net asset value

Based on the JIC Pro forma Accounts, the unaudited consolidated net asset value of the JIC Group as at 30th June, 2007 was approximately HK$175.32 million. Upon completion of the JIC Agreement and the Namtek Agreement and based on the JIC Pro forma Accounts, the unaudited net asset value of the Enlarged JIC would be approximately HK$392.69 million, increased by approximately 123.98%. We consider that the increase in net asset value of the JIC Group as a result of the JIC Agreement and the Namtek Agreement is in the interests of the JIC Group and the JIC Independent Shareholders as a whole.

Gearing ratio

Based on the JIC Group's unaudited financial statements for the six months ended 30th June, 2007, the pro forma gearing ratio (being total liabilities to net assets) of the JIC Group was approximately 1.00 time. Upon completion of the JIC Agreement and the Namtek Agreement, the pro forma gearing ratio of the Enlarged JIC would decrease to approximately 0.05 time. Based on the JIC Pro forma Accounts, we note that the decrease in gearing ratio is mainly attributable to a net increase in bank and cash balances after the completion of the JIC Agreement and the Namtek Agreement. Based on the above mentioned, we consider the improvement in gearing ratio, as a result of the JIC Agreement, and the Namtek Agreement, is in the interests of the JIC Group and the JIC Independent Shareholders as a whole.

Cash flow

According to JIC Group's unaudited consolidated financial statements for the six months ended 30th June 2007, JIC Group had bank and cash balances of approximately HK$19.93 million. In view of the fact that the disposal of the Jetup Interest to NTEI involved cash as consideration, after completion of the JIC Agreement and the Namtek Agreement, bank and cash balances of the Enlarged JIC will increase by approximately 15.04 times to approximately HK$319.53 million. The JIC Directors are of the view that with substantial cash on hand upon completion of the JIC Agreement and the Namtek Agreement allows JIC Group to be in a better position to look for investment opportunities which are beneficial to JIC Group and JIC Independent Shareholders as a whole.

RECOMMENDATION

Having taken into account the principal factors and reasons referred to above, we consider that the terms and conditions of the JIC Agreement and the Namtek Agreement are in the interests of the JIC Group and are fair and reasonable so far as the JIC Independent Shareholders are concerned. Accordingly, we advise the JIC Independent Board Committee to recommend the JIC Independent Shareholders to vote in favour of the resolutions relating to the JIC Agreement and Namtek Agreement and the implementation thereof at the JIC EGM.

Yours faithfully,
For and on behalf of
TSC Capital Limited
Wilfred Sum — *Director*
Freeman Lau — *Director*

Stock commentators' comments and press articles may not be based on in-depth analyses

Material transactions relating to listed companies sometimes attract comments and reports from stock commentators and news reporters. Some of the comments or reports published by these stock commentators and news reporters may or may not be based on in-depth analyses such as those published by independent financial advisers appointed for the purpose. Independent financial advisers appointed to advise on a particular transaction are licensed by the Securities and Futures Commission to do so, and are provided with detailed financial and business information on the transaction to make an objective and balanced recommendation. Shareholders' voting decision on material transactions of listed companies based on the views of stock commentators and news reporters may not serve the best interests of the company or the shareholders themselves.

Namtek is a relatively small operation

Namtek's unaudited combined revenue and net profit are relatively small – HK$26.9 million (US$3.4 million) and HK$8.0 million (US$1.0 million) respectively for the year ended 31st December, 2006. A relatively small deterioration of business may have significant impact on its business.

Quarterly and annual operating results are subject to significant fluctuations

JIC's quarterly and annual operating results are affected by a wide variety of factors that could materially and adversely affect its business and operating results during any period. This could result from the timing, cancellation or postponement of orders; the type of product and related margins; customers' announcement and introduction of new products or new generations of products; the life cycles of customers' products; and timing of expenditures in anticipation of future orders.

Because of any of the above factors, operating results in any period should not be considered indicative of results to be expected in any future period, and fluctuations in operating results may also result in fluctuations in the market price of JIC Shares. Operating results in future periods may fall below the expectations of public market analysts and investors. This failure to meet expectations could cause the trading price of JIC Shares to decline.

Narrow line of services

Namtek's service has concentrated in software development for electronic dictionaries, which is a mature industry. The lack of growth of this business means that growth for Namtek must come from new areas which Namtek may or may not have expertise.

Inability to expand services could materially and adversely affect profit

Namtek is in a people capital business which charges its customers a mark up on its costs. However, there is a certain level of fixed overheads which must be covered before it can be profitable.

No long-term contracts

As Namtek's customers do not have long-term purchase commitments with Namtek and its sales are made on individual purchase orders, customers may cancel or defer purchase orders. Customers' purchase orders may vary significantly from period to period, and it is difficult to forecast future order quantities. Further, Namtek does not typically operate with any significant backlog in orders, and this makes it difficult to forecast revenues and allocate resources for future periods. There can be no assurance that the volume of customers' orders will be consistent with prior periods or with Namtek's expectations. Accordingly, operating results may fluctuate significantly in the future. Such fluctuations may adversely affect Namtek's liquidity, profitability, operating results and financial condition.

There may not be a sufficient market for new products

Namtek's customers may not develop new products in a timely and cost-effective manner, or the market for products they choose to develop may not grow or be sustained in line with their expectations. Even if Namtek develops expertise for new products, there can be no guarantee that a market exists or will develop for such products or that such products will adequately respond to market trends.

Factors affecting the electronics industry and customers could harm Namtek's operations

Most of Namtek's sales are to customers in the electronics industry, which is subject to rapid technological change, product obsolescence and short product life cycles. The factors affecting the electronics industry in general, or any major customers or competitors in particular, could have a material adverse effect on Namtek's business and operating results. Namtek's success depends to a significant extent on the success achieved by its customers in developing and marketing their products. If customers' products become obsolete, fail to gain widespread commercial acceptance or become the subject of intellectual property disputes, Namtek's business and operating results could be materially and adversely affected.

Insurance coverage may not be sufficient

Namtek has not experienced any major accidents in the course of its business, which have caused significant property damage or personal injuries. However, there is no assurance that it will not experience major accidents in the future. Although Namtek has insurance against various risks, including a business interruption, fidelity and losses or damages to its buildings and assets, the occurrence of certain incidents such as earthquake, war, pandemics, and flood, and the consequences resulting from them, may not be covered adequately, or at all, by the insurance JIC Group maintains. Namtek also faces exposure to product liability claims in the event that any of its products is alleged to have resulted in property damage, bodily injury or other adverse effects. Losses incurred in excess of applicable insurance coverage or for uninsured events or any material claim for which insurance coverage is denied, limited or is not available could have a material adverse effect on Namtek's business, operating results or financial condition.

Intellectual property

Namtek does not have any patents, licenses, or trademarks material to its business. Instead, Namtek relies on trade secrets, industry expertise and its customers sharing of intellectual property with it. However, there can be no assurance that such intellectual property is not in violation of that belonging to other parties. Namtek may be notified that it is infringing patents, copyrights or other intellectual property rights owned by other parties. In the event of an infringement claim, Namtek may be required to spend a significant amount to develop a non-infringing alternative or to obtain licences. Namtek may not be successful in developing such an alternative or obtaining a licence on reasonable terms, if at all. Any litigation, even without merit, could result in substantial costs and diversion of resources and could materially and adversely affect its business and operating results.

Dependence on executives and skilled management personnel

Namtek's business depends largely upon the continued services of its executive and employees. Generally, these employees are bound by employment or non-competition agreements. However, there is no assurance that Namtek will be able to retain executives and other key employees. Namtek could be seriously harmed by the loss of any executives or employees. In order to manage its growth, Namtek will need to recruit and retain additional skilled management personnel and if it is not able to do so, it business and its ability to continue to grow could be harmed. The loss of service of any of these officers or key management personnel could have a material adverse effect on Namtek's business growth and operating results.

Shortages of software development experts in southern PRC could adversely affect gross margins or decrease revenue

To date, Namtek conducts all of its product development in southern PRC, where it has been able to take advantage of the lower overhead costs and inexpensive wages as compared to Hong Kong or other developed countries. Over the last few years, businesses in southern PRC are facing a labour shortage as migrant workers and middle level management seek better wages and working conditions elsewhere. If this trend continues and adversely affects Namtek's ability to recruit or retain necessary workers and management personnel, its operations could be adversely impacted. This could result in lower revenues or increased wages, which would adversely affect gross margins.

JIC may not pay dividends in the future

Although the JIC Board plans to declare dividends for 2007, JIC may not be able to declare dividends or may decide not to declare dividends in the future. JIC Board will determine the amounts of the dividends when they are declared and even if dividends are declared in the future, JIC may not continue them in any future period.

A deterioration of relations between the PRC and Japan may harm business

While Namtek's office is located in the PRC, it derives a substantial amount of its sales from Japanese customers. Namtek's business is therefore vulnerable to any deterioration of relations or disruption of trade between the PRC and Japan.

Inflation in the PRC

The rapid growth of the PRC economy has historically resulted in high levels of inflation. If the PRC government tries to control inflation, it may have an adverse effect on the business climate and growth of private enterprise in the PRC. If inflation is allowed to proceed unchecked, Namtek's costs would likely increase, and there can be no assurance that it would be able to increase its prices to an extent that would offset the increase in expenses.

Changes in foreign exchange regulations of the PRC could adversely affect operating results

Most of Namtek's overhead costs are denominated in Rmb. The People's Bank of China and SAFE regulate the conversion of Rmb into foreign currencies. Under the current unified floating exchange rate system, the People's Bank of China publishes a daily exchange rate for Rmb based on the previous day's dealings in the inter-bank foreign exchange market. Financial institutions may enter into foreign exchange transactions at exchange rates within an authorized range above or below the exchange rate published by the People's Bank of China according to the market conditions. Since 1996, the PRC government has issued a number of rules, regulations and notices regarding foreign exchange control designed to provide for greater convertibility of Rmb. Under such regulations, any FIE must establish a "current account" and a "capital account" with a bank authorized to deal in foreign exchange. Currently, FIEs are able to exchange Rmb into foreign exchange currencies at designated foreign exchange banks for settlement of current account transactions, which include payment of dividends based on the board resolutions authorizing the distribution of profits or dividends of the company concerned, without the approval of SAFE. Conversion of Rmb into foreign currencies for capital account transactions, which include the receipt and payment of foreign exchange for loans, capital contributions and the purchase of fixed assets, continues to be subject to limitations and requires the approval of SAFE. Namtek is a FIE and is subject to the laws of the PRC to which such regulations apply. However, there can be no assurance that Namtek will be able to obtain sufficient foreign exchange to make relevant payments or satisfy other foreign exchange requirements in the future.

Financial results are affected by changes in currency exchange rates

Financial results are affected by currency fluctuations. Namtek sells most of its products in US$ and pays most of its expenses in Rmb. If the trend of Rmb appreciation continues or the PRC government allows a further and significant Rmb appreciation, Namtek's operating costs would increase and its financial results would be adversely affected. Any attempt to pass the increased costs on to customers would make Namtek's services unattractive. This could result in the loss of customers, who may seek, and be able to obtain services comparable to those Namtek offered in lower-cost regions of the world. If Namtek does not increase its prices to pass on the effect of increases in the Rmb, its margins and profitability would suffer.

The recurrence of SARS, potential outbreak of avian flu in the PRC, or similar adverse public health developments, and concerns over the spread of these diseases in the PRC and elsewhere, may materially and adversely affect business and operating results

From December 2002 to June 2003, the PRC and certain other countries experienced an outbreak of a new and highly contagious form of atypical pneumonia now known as severe acute respiratory syndrome, or SARS. On July 5, 2003, the World Health Organization declared that the SARS outbreak had been contained. However, a recurrence of SARS, outbreak of avian flu or any other epidemic may lead to health or other government regulations requiring suspension of Namtek's business, or the businesses of its suppliers or customers, which will severely disrupt its business operations and have a material adverse effect on its financial condition and operating results.

The market price of JIC Shares will likely be subject to substantial price and volume fluctuations

The stock markets have been volatile and the price of JIC Shares has been and could continue to be subject to wide fluctuations in response to variations in operating results, news announcements, trading volume, sales of shares by its officers, directors and its principal shareholders, or other listed companies, general market trends both domestically and internationally, currency movements and interest rate fluctuations.

The concentration of share ownership in JIC allows its major shareholder to control or substantially influence the outcome of matters requiring shareholder approval. As at the Latest Practicable Date, NTEI owns 74.99% of all the JIC Shares. As a result, NTEI may be able to control and substantially influence the outcome of all matters requiring approval by JIC Shareholders, including the election of directors and approval of material transactions. This ability may have the effect of delaying or preventing a change in control of JIC, or causing a change in control of JIC that may not be favoured by JIC Independent Shareholders.

The following is the text of a report, prepared for inclusion in this circular, received from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants.

1. ACCOUNTANTS' REPORT ON THE JIC GROUP

Deloitte.
德勤

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太古廣場一座35樓

Deloitte Touche Tohmatsu
35/F One Pacific Place
88 Queensway
Hong Kong

5th December, 2007

The Directors
J.I.C. Technology Company Limited

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") regarding J.I.C. Technology Company Limited ("the Company") and its subsidiaries (hereinafter collectively referred to as the Group") for each of the three years ended 31st December, 2004, 2005 and 2006 and for the six months ended 30th June, 2007 (the "Relevant Periods") for inclusion in the circular of the Company dated 5th December, 2007 in connection with the proposed disposal of the 100% equity interest in Jetup Electronic (Shenzhen) Co., Ltd. ("Jetup") and the proposed acquisitions of the 100% equity interest in Shenzhen Namtek Company Limited and Kabushiki Kaisha Namtek Japan (expressed in English as Namtek Japan Company Limited, "Namtek (Japan)") (the "Circular").

The Company was incorporated as an exempted company incorporated in the Cayman Islands with limited liability. The Company is an investment holding company.

As at the date of this report, the Company has the following directly held subsidiaries, which all are private companies with limited liability:

Name	Place and date of incorporation/ establishment and operation	Issued and paid up share capital/ registered capital	Proportion of nominal value of issued share capital/ registered capital by the Company	Principal activity
J.I.C. Enterprises (Hong Kong) Limited *(note 1)*	Hong Kong 18th February, 1983	Ordinary HK$500,000	100%	Inactive
J.I.C. (Macao Commercial Offshore) Company Limited *(note 2)*	Macao 12th November, 2004	Ordinary HK$97,500	100%	Data management, research and development and technical analysis
Jetup *(note 3)*	People's Republic of China ("PRC") 15th April, 1993	Registered capital HK$181,200,000	100%	Manufacture and distribution of LCD products

Notes:

1. We have acted as auditors of this company for each of the three years ended 31st December, 2004, 2005 and 2006.

2. The financial statements of J.I.C. (Macao Commercial Offshore) Company Limited since its incorporation to 31st December, 2006 were audited by Deloitte Touche Tohmatsu, Macau.

3. Jetup was registered as a wholly owned foreign investment enterprise ("FIE"). The statutory financial statements for each of the three years ended 31st December, 2004, 2005 and 2006 were prepared in accordance with the relevant accounting principles and financial regulations applicable in the PRC. The statutory financial statements for the year ended 31st December, 2004 were audited by Yongming Certified Public Accountants Shenzhen 深圳永明會計師事務所有限責任公司 and the statutory financial statements for each of the two years ended 31st December, 2005 and 2006 were audited by Deloitte Touche Tohmatsu CPA Limited.

We have acted as auditors of the Company for each of the Relevant Periods. Audited consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for each of the Relevant Periods.

We have examined the audited consolidated financial statements of the Group for the Relevant Periods ("Underlying Financial Statements"). Our examination was made in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" as recommended by the HKICPA.

The Financial Information of the Group for each of the Relevant Periods as set out in this report has been prepared based on the Underlying Financial Statements for the Relevant Periods for the purpose of preparing our report for inclusion in the Circular. No adjustments were deemed necessary by us to the Underlying Financial Statements in preparing our report for inclusion in the Circular.

The Underlying Financial Statements are the responsibility of the directors of the Company. The directors of the Company are also responsible for the contents of the Circular in which this report is included. It is our responsibilities to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

In our opinion, the Financial Information gives, for the purpose of this report, a true and fair view of the state of affairs of the Group as at 31st December, 2004, 2005 and 2006 and 30th June, 2007 and of the results and cash flows of the Group for the Relevant Periods.

The comparative income statement, statement of changes in equity and cash flow statement of the Group for the six months ended 30th June, 2006 together with the notes thereon have been extracted from the Group's unaudited consolidated financial information for the same period (the "Comparative Information") which were prepared by the directors of the Company solely for the purpose of this report. We have reviewed the Comparative Information in accordance with Statement of Auditing Standards 700 "Engagements to review interim financial reports" issued by the HKICPA. Our review consisted principally of making enquiries of management and applying analytical procedures to the Comparative Information and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the Comparative Information. On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the Comparative Information.

I. FINANCIAL INFORMATION

CONSOLIDATED INCOME STATEMENTS

		Years ended 31st December,			Six months ended 30th June,	
		2004	**2005**	**2006**	**2006**	**2007**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
					(unaudited)	
Revenue		384,330	458,498	504,297	226,534	304,179
Cost of sales		(311,431)	(365,725)	(419,620)	(185,926)	(272,497)
Gross profit		72,899	92,773	84,677	40,608	31,682
Bank interest income		142	368	648	437	107
Other income		–	1,106	–	–	–
Gain on disposal of other investments		104	–	–	–	–
Selling and distribution costs		(5,925)	(8,750)	(10,252)	(4,009)	(7,676)
Administrative expenses		(31,765)	(35,041)	(29,790)	(13,363)	(14,368)
Research and development expenditure		(7,401)	(9,074)	(11,758)	(5,564)	(6,711)
Share of loss of an associate		–	–	(58)	–	(903)
Interest on bank borrowings		(1,335)	(3,418)	(4,673)	(2,415)	(1,629)
Impairment loss in respect of property, plant and equipment		(2,763)	–	–	–	–
Profit before tax		23,956	37,964	28,794	15,694	502
Income tax (expense) credit	*7*	(521)	(583)	(601)	(116)	5,829
Profit for the year/period	*8*	23,435	37,381	28,193	15,578	6,331
Earnings per share	*11*					
Basic (HK cents)		2.18	4.90	3.69	2.04	0.83
Diluted (HK cents)		2.18	–	–	–	–

CONSOLIDATED BALANCE SHEETS

	Notes	As at 31st December, 2004 HK$'000	2005 HK$'000	2006 HK$'000	As at 30th June, 2007 HK$'000
NON-CURRENT ASSETS					
Property, plant and equipment	12	89,409	141,548	125,831	122,918
Investment in an associate	13	–	–	–	–
Machinery under installation and deposit paid for acquisition of plant and equipment	16	44,675	7,911	3,722	5,865
Intangible assets	15	381	381	381	381
Deferred tax assets	7	–	–	–	5,829
		134,465	149,840	129,934	134,993
CURRENT ASSETS					
Inventories	17	36,153	47,170	54,577	60,741
Trade and other receivables	18	76,626	83,000	100,185	129,470
Amount due from a fellow subsidiary	19	883	1,149	539	328
Tax recoverable		4,720	4,683	5,620	5,861
Bank balances and cash	20	22,180	40,565	26,530	19,925
		140,562	176,567	187,451	216,325
CURRENT LIABILITIES					
Trade and other payables	21	60,829	73,203	90,075	110,653
Bills payable	21	6,417	–	–	–
Amount due to an associate	19	–	–	58	909
Tax payable		1,336	2,200	1,200	1,200
Bank borrowings – due within one year	22	32,226	72,854	48,543	61,486
		100,808	148,257	139,876	174,248
NET CURRENT ASSETS		39,754	28,310	47,575	42,077
TOTAL ASSETS LESS CURRENT LIABILITIES		174,219	178,150	177,509	177,070
NON-CURRENT LIABILITY					
Bank borrowings – due after one year	22	40,267	22,088	8,525	1,755
NET ASSETS		133,952	156,062	168,984	175,315
CAPITAL AND RESERVES					
Share capital	23	7,635	7,635	7,635	7,635
Reserves		126,317	148,427	161,349	167,680
TOTAL CAPITAL AND RESERVES		133,952	156,062	168,984	175,315

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital			Reserves					
	Ordinary	Preference	Total	Ordinary share premium	Goodwill reserve	Special reserve	Retained profits	Total	Total share capital and reserves
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000* *(note)*	*HK$'000*	*HK$'000*	*HK$'000*
At 1st January, 2004	3,526	4,233	7,759	51	(8,351)	(6,774)	146,539	131,465	139,224
Profit for the year and total recognised income	–	–	–	–	–	–	23,435	23,435	23,435
Dividends paid *(note 10)*	–	–	–	–	–	–	(28,707)	(28,707)	(28,707)
Conversion of preference shares into ordinary shares *(note 23)*	4,109	(4,233)	(124)	124	–	–	–	124	–
At 31st December, 2004 and at 1st January, 2005	7,635	–	7,635	175	(8,351)	(6,774)	141,267	126,317	133,952
Profit for the year and total recognised income	–	–	–	–	–	–	37,381	37,381	37,381
Dividends paid *(note 10)*	–	–	–	–	–	–	(15,271)	(15,271)	(15,271)
At 31st December, 2005 and 1st January, 2006	7,635	–	7,635	175	(8,351)	(6,774)	163,377	148,427	156,062
Profit for the year and total recognised income	–	–	–	–	–	–	28,193	28,193	28,193
Dividends paid *(note 10)*	–	–	–	–	–	–	(15,271)	(15,271)	(15,271)
At 31st December, 2006 and at 1st January, 2007	7,635	–	7,635	175	(8,351)	(6,774)	176,299	161,349	168,984
Profit for the period and total recognised income	–	–	–	–	–	–	6,331	6,331	6,331
At 30th June, 2007	7,635	–	7,635	175	(8,351)	(6,774)	182,630	167,680	175,315
(Unaudited)									
At 1st January, 2006	7,635	–	7,635	175	(8,351)	(6,774)	163,377	148,427	156,062
Profit for the period and total recognised income	–	–	–	–	–	–	15,578	15,578	15,578
Dividends paid *(note 10)*	–	–	–	–	–	–	(15,271)	(15,271)	(15,271)
At 30th June, 2006	7,635	–	7,635	175	(8,351)	(6,774)	163,684	148,734	156,369

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

CONSOLIDATED CASH FLOW STATEMENTS

	Years ended 31st December,			Six months ended 30th June,	
	2004	2005	2006	2006	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* *(unaudited)*	*HK$'000*
OPERATING ACTIVITIES					
Profit before tax	23,956	37,964	28,794	15,694	502
Adjustments for:					
Bank interest income	(142)	(368)	(648)	(437)	(107)
Share of loss of an associate	–	–	58	–	903
Depreciation of property, plant and equipment	18,448	26,500	30,713	15,269	15,925
Interest on bank borrowings	1,335	3,418	4,673	2,415	1,629
Loss on disposal of property, plant and equipment	25	581	19	18	333
Gain on disposal of other investments	(104)	–	–	–	–
Impairment loss in respect of property, plant and equipment	2,763	–	–	–	–
Impairment losses (reversed) recognised in respect of trade receivables	(484)	3,361	(2,806)	(3,532)	(457)
Allowance (reversal of allowance) for inventories	136	458	(522)	(690)	(123)
Operating cash flows before movements in working capital	45,933	71,914	60,281	28,737	18,605
Increase in inventories	(9,390)	(11,475)	(6,885)	(2,904)	(6,041)
Increase in trade and other receivables	(8,830)	(9,735)	(14,379)	(5,530)	(28,828)
(Increase) decrease in amount due from a fellow subsidiary	(771)	(266)	610	90	211
Increase (decrease) in trade and other payables	14,053	12,374	16,872	(927)	20,578
Increase (decrease) in bills payable	3,714	(6,417)	–	–	–
Decrease in amount due to a fellow subsidiary	(9,307)	–	–	–	–
Cash generated from operations	35,402	56,395	56,499	19,466	4,525
Hong Kong Profits tax paid	(102)	–	–	–	–
People's Republic of China (other than Hong Kong and Macao, the "PRC")					
– enterprise income tax paid	(4,238)	(4,137)	(4,176)	(1,295)	(241)
– enterprise income tax refunded	190	4,455	1,638	–	–
NET CASH GENERATED FROM OPERATING ACTIVITIES	31,252	56,713	53,961	18,171	4,284

	Years ended 31st December,			Six months ended 30th June,	
	2004	2005	2006	2006	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
INVESTING ACTIVITIES					
Purchase of machinery under installation and deposit paid for the acquisition of plant and equipment	(44,193)	(7,911)	(3,722)	(785)	(5,865)
Purchase of property, plant and equipment	(17,367)	(34,545)	(7,104)	(3,738)	(9,623)
Proceeds on disposal of other investment	3,104	–	–	–	–
Interest received	142	368	648	437	107
NET CASH USED IN INVESTING ACTIVITIES	(58,314)	(42,088)	(10,178)	(4,086)	(15,381)
FINANCING ACTIVITIES					
New bank loans raised	54,600	37,129	26,910	26,910	–
Dividends paid	(28,707)	(15,271)	(15,271)	(15,271)	–
Repayment of bank loans	(13,846)	(42,182)	(62,461)	(30,682)	(6,683)
Increase (decrease) in trust receipt loans	(2,140)	27,502	(2,323)	(2,180)	12,856
Interest paid	(1,335)	(3,418)	(4,673)	(2,415)	(1,629)
Repayment to an associate	–	–	–	–	(52)
NET CASH GENERATED FROM (USED IN) FINANCING ACTIVITIES	8,572	3,760	(57,818)	(23,638)	4,492
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(18,490)	18,385	(14,035)	(9,553)	(6,605)
CASH AND CASH EQUIVALENTS AT 1ST JANUARY	40,670	22,180	40,565	40,565	26,530
CASH AND CASH EQUIVALENTS AT 31ST DECEMBER/30TH JUNE, represented by bank balances and cash	22,180	40,565	26,530	31,012	19,925

NOTES TO THE FINANCIAL INFORMATION

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 immediate and ultimate holding company is Nam Tai Electronics, Inc. ("NTE Inc."), a company incorporated in the British Virgin Islands with its shares listed on the New York Stock Exchange. The addresses of the registered office and the principal place of business of the Company are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and Suites 1506-1508, One Exchange Square, 8 Connaught Place, Central, Hong Kong, respectively.

The principal activities of the Group are the manufacturing and distribution of liquid crystal display ("LCD") products.

The Financial Information is presented in Hong Kong dollars ("HK$"), which is the functional currency of the Company.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS")

For the financial statements of the year ended 31st December, 2005, the Group has applied, for the first time, a number of new HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations ("INTs") (hereinafter collectively referred to as "new HKFRSs") issued by the HKICPA that are effective for accounting periods beginning on or after 1st January, 2005. The application of the new HKFRSs has resulted in a change in the presentation of the consolidated income statement, consolidated balance sheet and consolidated statement of changes in equity. The changes in presentation have been applied retrospectively. The adoption of the new HKFRSs has resulted in changes to the Group's accounting policies in the following areas but has had no material effect on how the results for the Relevant Periods and six months ended 30th June, 2006 and the financial position as at the relevant balance sheet dates are prepared and presented.

Business Combinations

In 2005, the Group has applied HKFRS 3 "Business Combinations" which is effective for business combinations for which the agreement date is on or after 1st January, 2005. The principal effects of the application of HKFRS 3 to the Group are summarised below:

Goodwill

In previous years, goodwill arising on acquisitions prior to 1st January, 2001 was held in reserves. The Group has applied the relevant transitional provisions in HKFRS 3. Goodwill previously recognised in reserves of HK$8,351,000 as at 1st January, 2005 continues to be held in reserves and will be transferred to the retained earnings of the Group at the time when the business to which the goodwill relates is disposed of or when a cash-generating unit to which the goodwill relates becomes impaired.

For the financial statements of the year ended 31st December, 2006, the Group had applied, for the first time, a number of new standards, amendments and interpretations ("2006 new HKFRSs") issued by the HKICPA, which are either effective for accounting periods beginning on or after 1st December, 2005 and 1st January, 2006. The adoption of the 2006 new HKFRSs had no material effect on how the results for the Relevant Periods and six months ended 30th June, 2006 (unaudited) and the financial position as at the relevant balance sheet dates have been prepared and presented.

For the financial statements of the six months ended 30th June, 2007, the Group had applied, for the first time, a number of new HKFRS, amendment and interpretations (hereinafter collectively referred to as "2007 new HKFRSs") which are effective for accounting periods beginning 1st January, 2007. The adoption of the 2007 new HKFRSs had no material effect on how the results for the Relevant Periods and six months ended 30th June, 2007 and the financial position as at the relevant balance sheet dates have been prepared and presented. Accordingly, no prior period adjustment has been required.

At the date of this report, the HKICPA has issued the following new and revised standards or interpretations that are not yet effective. The directors of the Company have considered the following standards or interpretations but do not expect that they will have a material impact on the results and the financial position of the Group.

HKAS 23 (Revised)	Borrowing Costs[1]
HKFRS 8	Operating Segments[1]
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions[2]
HK(IFRIC)-Int 12	Service Concession Arrangements[3]
HK(IFRIC)-Int 13	Customer Loyalty Programmes[4]
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[3]

1 Effective for annual periods beginning on or after 1st January, 2009
2 Effective for annual periods beginning on or after 1st March, 2007
3 Effective for annual periods beginning on or after 1st January, 2008
4 Effective for annual periods beginning on or after 1st July, 2008

3. SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared under the historical cost basis and in accordance with the accounting policies set out below, which conform with HKFRSs issued by the HKICPA. In addition, the Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Goodwill

Goodwill arising on acquisitions prior to 1st January, 2005

Goodwill arising on an acquisition of a subsidiary for which the agreement date is before 1st January, 2005 represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of the relevant subsidiary at the date of acquisition.

Goodwill arising on acquisitions prior to 1st January, 2001 continues to be held in reserves, and will be charged to the retained profits at the time when the business to which the goodwill relates is disposed of or when a cash-generating unit to which the goodwill relates becomes impaired.

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the consolidated income statement. An impairment loss for goodwill is not reversed in subsequent periods.

Investment in associate

The results and assets and liabilities of the associate are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investment in associate is carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of net assets of the associate, less any identified impairment loss. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

Revenue recognition

Revenue is measured at fair value of the consideration received or receivable and represents amounts receivable from sales of goods in the normal course of business, net of discounts and sales related taxes.

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

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Property, plant and equipment

Property, plant and equipment are stated at cost less subsequent accumulated depreciation and any accumulated impairment loss.

Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each balance sheet date, with the effect of any changes in estimate accounted for on a prospective basis.

Machinery under installation are carried at cost, less any identified impairment losses. Depreciation of these assets commences when they are available for use (i.e. when they are in the location and condition necessary for them to be capable of operating in the manner intended by management).

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated income statement in the year/period in which the item is derecognised.

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Development expenditure is charged to profit or loss in the period in which it is incurred, unless it meets the recognition criteria of an intangible asset in which case it is capitalised.

Inventories

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

Intangible assets

Intangible assets represent club membership with indefinite useful lives and are carried at cost less any subsequent accumulated impairment losses.

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated income statement when the asset is derecognised.

Intangible assets with indefinite useful lives are tested for impairment annually by comparing their carrying amounts with their recoverable amounts, irrespective of whether there is any indication that they may be impaired. 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. An impairment loss is recognised as an expense immediately.

When 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.

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/period. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the Financial Information 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 generally recognised for all deducible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the taxable profit nor the accounting profit.

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 rates that are expected to apply in the year when the liability is settled or the asset is realised. Deferred tax is charged or credited to profit or loss, except when it relates to items changed or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are re-translated at the rates prevailing on the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

Operating leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are changed to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Retirement benefits costs

Payments to state-managed retirement benefits (“PRC Scheme”), the retirement benefit scheme in Macao (“Macao Scheme”) and the Mandatory Provident Fund Scheme (“MPF Scheme”) schemes are charged as an expense when employees have rendered service entitling them to the contributions.

Financial instruments

Financial assets and financial liabilities are recognised on the consolidated balance sheet when a group entity becomes a party to the contracted provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction cost that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets and financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group’s financial assets are classified into loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including trade and other receivables, amount due from a fellow subsidiary and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset’s carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the assets at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Financial liabilities including trade and other payables, bills payable, amount due to an associate and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Impairment losses (other than goodwill)

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. An 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.

4. KEY SOURCE OF ESTIMATION

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Income taxes

As at 30th June, 2007, deferred tax asset of HK$3,503,000 in relation to unused tax losses of HK$23,356,000 has not been recognised in the Group's balance sheet. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In case where there is actual future profits generated, a material recognition of deferred tax assets may arise, which would be recognised in the consolidated income statement for the period in which such a recognition takes place.

5. FINANCIAL INSTRUMENTS

a. Financial risk management objectives and polices

The Group's major financial instruments include bank balances and cash, trade and other receivables, amount due from a fellow subsidiary, trade and other payables, bills payable and bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

Majority of the Group's assets and liabilities are denominated in HK$, as such, the Group currently does not have a significant foreign currency exposure. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Foreign currency sensitivity

The directors of the Company are of the opinion that the Group's sensitivity to the change in foreign currency is low.

Interest rate risk

The Group's cash flow interest rate risk relates primarily to variable-rate bank borrowings (see Note 22 for details of these borrowings) and bank balances. The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for bank balances and borrowings at the balance sheet dates and the stipulated change taking place at the beginning of the financial year/period and held constant throughout the reporting period in case of instruments that have floating rates.

Bank balances

If interest rates had been 40 basis points higher/lower and all other variables were held constant, the Group's profit for the years ended 31st December, 2004, 2005 and 2006 and the six months ended 30th June, 2006 and 2007 would increase/decrease by approximately HK$89,000, HK$162,000, HK$106,000, HK$124,000 (unaudited) and HK$80,000, respectively. This is attributable to the Group's exposure to interest rates on its variable rate bank balances.

Borrowings

If interest rates had been 150 basis points higher/lower and all other variables were held constant, the Group's profit for the years ended 31st December, 2004, 2005 and 2006 and the six months ended 30th June, 2007 would decrease/increase by approximately HK$1,087,000, HK$1,424,000, HK$856,000 and HK$949,000, respectively. This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at 31st December, 2004, 2005 and 2006 and 30th June, 2007 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheet. In order to minimise the credit risk, management of the Group has credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In this regard, the directors of the Company consider that Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Group's concentration of credit risk by geographical locations is mainly in the PRC. As at 31st December, 2004, 2005 and 2006 and 30th June, 2007, trade receivables are concentrated in a few PRC customers amounted to approximately HK$23,504,000, HK$21,540,000, HK$32,127,000 and HK$35,757,000, respectively.

The Group is exposed to concentration of credit risk as the receivables are concentrated in few counterparties. The Group manages the risk by applying a limit on the credit to these counterparties.

Liquidity risk

In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. Management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

Liquidity and interest risk tables

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities as at 31st December, 2004, 2005 and 2006 and 30th June, 2007. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest dates on which the Group can be required to pay. The tables include both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial liability on the consolidated balance sheet.

At 31st December, 2004

	Weighted average effective interest rate	Less than 30 days	31-60 days	61-90 days	Over 90 days	Adjustments	Total
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Trade payables	–	46,452	5,273	–	–	–	51,725
Bills payable	–	6,417	–	–	–	–	6,417
Bank borrowings	3	5,407	2,614	7,523	57,366	(417)	72,493
		58,276	7,887	7,523	57,366	(417)	130,635

At 31st December, 2005

	Weighted average effective interest rate	Less than 30 days	31-60 days	61-90 days	Over 90 days	Adjustments	Total
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Trade payables	–	48,324	5,876	4,802	154	–	59,156
Bank borrowings	5	16,094	25,511	19,374	34,646	(683)	94,942
		64,418	31,387	24,176	34,800	(683)	154,098

At 31st December, 2006

	Weighted average effective interest rate	Less than 30 days	31-60 days	61-90 days	Over 90 days	Adjustments	Total
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Trade payables	–	66,090	9,944	82	39	–	76,155
Amount due to an associate	–	58	–	–	–	–	58
Bank borrowings	6	9,747	13,573	15,393	18,867	(512)	57,068
		75,895	23,517	15,475	18,906	(512)	133,281

At 30th June, 2007

	Weighted average effective interest rate	Less than 30 days	31-60 days	61-90 days	Over 90 days	Adjustments	Total
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Trade payables	–	89,685	–	37	258	–	89,980
Amount due to an associate	–	909	–	–	–	–	909
Bank borrowings	6	20,210	18,283	13,416	11,899	(567)	63,241
		110,804	18,283	13,453	12,157	(567)	154,130

b. Fair value

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis, using prices or rates from observable current market transactions as input.

The directors of the Company consider that the carrying amounts of all financial assets and financial liabilities recorded at amortised cost in the Financial Information approximate their fair values at respective balance sheet dates.

c. Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continues as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists debt, which includes bank borrowings, bank balances, cash and equity attributable to equity holders of the Company, comprising issued capital, reserves and retained profits.

The directors of the Company review the capital structure on an annual basis. As a part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the issue of new shares, raise new borrowings and repayment of existing borrowings.

d. Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial assets, financial liabilities and equity instrument are disclosed in note 3.

6. SEGMENTS

As the Group is entirely engaged in the manufacturing and distribution of LCD products, the Group has only one business segment and the Group's primary reporting segment is geographical segment.

Geographical segments

The Group's operation are predominately located in the PRC. Revenue 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 initial destination of shipment of its products, principally Hong Kong, the PRC, Europe and Japan. Revenues from sales to other locations, that do not meet the criteria as a separate reportable segment, have been combined and reported as "Others". The Group's subsidiary in the PRC remains as an export based enterprise in the PRC. Segment information about these geographical markets is presented follows:

Income statement
For the year ended 31st December, 2004

	Hong Kong	The PRC	Europe	Japan	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
External revenue	59,256	313,978	790	4,322	5,984	384,330
Segment results	13,346	29,753	343	598	1,577	45,617
Unallocated expenses						(20,572)
Bank interest income						142
Gain on disposal of other investments						104
Interest on bank borrowings						(1,335)
Profit before tax						23,956
Income tax expense						(521)
Profit for the year						23,435

Balance sheet
At 31st December, 2004

	Hong Kong	The PRC	Europe	Japan	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Assets						
Segment assets	45,469	35,792	–	684	2,555	84,500
Unallocated assets						190,527
Total assets						275,027
Liabilities						
Segment liabilities	–	22,274	–	–	–	22,274
Unallocated liabilities						118,801
Total liabilities						141,075

Other information
Year ended 31st December, 2004

	Hong Kong HK$'000	The PRC HK$'000	Europe HK$'000	Japan HK$'000	Unallocated HK$'000	Total HK$'000
Allowance for inventories	17	116	–	1	2	136
Capital additions	–	4,532	–	–	12,835	17,367
Depreciation	–	664	–	–	17,784	18,448
Impairment losses recognised in respect of property, plant and equipment	–	–	–	–	2,763	2,763
Loss on disposal of property, plant and equipment	–	–	–	–	25	25

Income statement
For the year ended 31st December, 2005

	Hong Kong HK$'000	The PRC HK$'000	Europe HK$'000	Japan HK$'000	Others HK$'000	Total HK$'000
External revenue	204,458	243,922	3,558	2,958	3,602	458,498
Segment results	38,216	23,811	1,715	1,407	1,918	67,067
Unallocated expenses						(26,053)
Bank interest income						368
Interest on bank borrowings						(3,418)
Profit before tax						37,964
Income tax expense						(583)
Profit for the year						37,381

Balance sheet
At 31st December, 2005

	Hong Kong HK$'000	The PRC HK$'000	Europe HK$'000	Japan HK$'000	Others HK$'000	Total HK$'000
Assets						
Segment assets	59,613	44,600	764	354	800	106,131
Unallocated assets						220,276
Total assets						326,407
Liabilities						
Segment liabilities	–	12,349	–	–	–	12,349
Unallocated liabilities						157,996
Total liabilities						170,345

Other information
Year ended 31st December, 2005

	Hong Kong	The PRC	Europe	Japan	Others	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Allowance for inventories	189	266	1	1	1	–	458
Capital additions	–	9,166	–	–	–	70,054	79,220
Depreciation	–	1,028	–	–	–	25,472	26,500
Impairment losses recognised (reversed) in respect of trade receivables	1,970	1,056	–	(50)	385	–	3,361
Loss on disposal of property, plant and equipment	–	–	–	–	–	581	581

Income statement
Year ended 31st December, 2006

	Hong Kong	The PRC	Europe	Japan	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
External revenue	284,582	177,881	33,788	4,466	3,580	504,297
Segment results	26,409	30,939	4,003	1,785	473	63,609
Unallocated expenses						(30,732)
Bank interest income						648
Share of loss of an associate						(58)
Interest on bank borrowings						(4,673)
Profit before tax						28,794
Income tax expense						(601)
Profit for the year						28,193

Balance sheet
At 31st December, 2006

	Hong Kong	The PRC	Europe	Japan	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Assets						
Segment assets	52,947	36,822	17,575	508	923	108,775
Unallocated assets						208,610
Total assets						317,385
Liabilities						
Segment liabilities	4,470	–	–	–	–	4,470
Unallocated liabilities						143,931
Total liabilities						148,401

Other information
Year ended 31st December, 2006

	Hong Kong	The PRC	Europe	Japan	Others	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Capital additions	503	985	–	–	–	13,527	15,015
Depreciation	377	739	–	–	–	29,597	30,713
Impairment losses (reversed) recognised in respect of trade receivables	(1,767)	(870)	38	–	(207)	–	(2,806)
Loss on disposal of property, plant and equipment	–	–	–	–	–	19	19

Income statement
Six months ended 30th June, 2006 (unaudited)

	Hong Kong	The PRC	Europe	Japan	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
External revenue	130,927	84,064	7,836	1,649	2,058	226,534
Segment results	13,607	15,955	2,238	738	343	32,881
Unallocated expenses						(15,209)
Bank interest income						437
Interest on bank borrowings						(2,415)
Profit before tax						15,694
Income tax expense						(116)
Profit for the period						15,578

Other information
Six months ended 30th June, 2006 (unaudited)

	Hong Kong	The PRC	Europe	Japan	Others	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Depreciation	196	418	–	–	–	14,655	15,269
Impairment losses (reversed) recognised in respect of trade receivables	(2,224)	(1,095)	48	–	(261)	–	(3,532)
Loss on disposal of property, plant and equipment	–	–	–	–	–	18	18

Income statement
Six months ended 30th June, 2007

	Hong Kong	The PRC	Europe	Japan	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
External revenue	202,367	85,405	10,396	1,931	4,080	304,179
Segment results	6,345	12,166	(157)	527	304	19,185
Unallocated expenses						(16,258)
Bank interest income						107
Share of loss of an associate						(903)
Interest on bank borrowings						(1,629)
Profit before tax						502
Income tax credit						5,829
Profit for the period						6,331

Balance sheet
At 30th June, 2007

	Hong Kong	The PRC	Europe	Japan	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Assets						
Segment assets	88,934	35,747	2,556	4,030	2,877	134,144
Unallocated assets						217,174
Total assets						351,318
Liabilities						
Segment liabilities	8,488	–	–	–	–	8,488
Unallocated liabilities						167,515
Total liabilities						176,003

Other information
Six months ended 30th June, 2007

	Hong Kong	The PRC	Europe	Japan	Others	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Capital additions	–	–	–	–	–	13,345	13,345
Depreciation	–	–	–	–	–	15,925	15,925
Impairment losses reversed in respect of trade receivables	–	–	–	–	–	(457)	(457)
Loss on disposal of property, plant and equipment	–	–	–	–	–	333	333

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			
	At 31st December,			At 30th June,	At 31st December,			At 30th June,
	2004	**2005**	**2006**	**2007**	**2004**	**2005**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong	73,215	486	348	429	56	85	–	–
The PRC	174,896	271,459	284,861	319,215	17,311	79,135	15,015	13,345
Macao	16	9,214	26	59	–	–	–	–
	248,127	281,159	285,235	319,703	17,367	79,220	15,015	13,345

7. **INCOME TAX EXPENSE (CREDIT)**

	Years ended 31st December,			Six months ended 30th June,	
	2004	**2005**	**2006**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
PRC enterprise income tax:					
Current year/period	347	359	333	116	–
Underprovision in prior years	174	224	268	–	–
Deferred tax credit	–	–	–	–	(5,829)
	521	583	601	116	(5,829)

The PRC enterprise income tax rate of 15% is used for the following reconciliation as the PRC is where the operation of the Group is substantially based.

The tax charge (credit) for the year/period can be reconciled to the profit before tax per consolidated income statement as follows:

	Years ended 31st December,			Six months ended 30th June,	
	2004	**2005**	**2006**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (*unaudited*)	*HK$'000*
Profit before tax	23,956	37,964	28,794	15,694	502
Tax at the PRC enterprise income tax rate of 15% (2004: Hong Kong Profits Tax rate of 17.5%) *(note)*	4,192	5,695	4,319	2,354	75
Tax effect of (income) expense that are not taxable/deductible for tax purposes	338	(377)	(400)	450	(549)
Tax effect of tax losses not recognised	1,390	1,143	796	480	929
Tax effect of PRC income tax relieves	(2,169)	(4,573)	(1,638)	(1,312)	–
Effect of different tax rates of the Company and its subsidiaries operating in other jurisdictions	(840)	907	78	(48)	386
Effect of tax exemptions granted to Macao subsidiary	–	(2,366)	(2,822)	(1,740)	(1,631)
Tax exemptions granted to a PRC subsidiary	(2,520)	–	–	–	–
Underprovision in respect of prior years	174	224	268	–	–
Effect of change in PRC Tax law	–	–	–	–	(5,011)
Others	(44)	(70)	–	(68)	(28)
Tax charge (credit) for the year/period	521	583	601	116	(5,829)

Note: Prior to 2005, the Group's business was mainly carried out in Hong Kong. For the year ended 31st December, 2004, no provision for Hong Kong Profits Tax has been made in the Financial Information as the Company and its subsidiaries incurred a tax loss for that year. Starting from the year ended 31st December, 2005, the Group's business was mainly carried out in the PRC which was then subject to the PRC enterprise income tax.

For the years ended 31st December, 2005, 2006 and six months ended 30th June, 2006 and 2007, no provision for Hong Kong Profits Tax has been made as the Group's income neither arises in, nor is derived from Hong Kong. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

In accordance with the applicable enterprise income tax law of the PRC and the relevant rules promulgated by the Shenzhen municipal government, Jetup, the Company's PRC subsidiary is subject to a tax rate of 15% on the assessable profits for each of the Relevant Periods. However, Jetup 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. In addition, if a FIE exports 70% or more of the production value of its product ("Export Enterprise"), it is able to enjoy a reduced tax rate of 10%. For the year ended 31st December, 2004, 2005 and 2006, Jetup exported more than 70% of the production value of its products and was qualified as Export Enterprises and was subject to a reduced tax rate of 10%. The directors expect that Jetup will also qualify for a reduced tax rate of 10% for 2007.

Furthermore, if a foreign investor directly reinvests by way of capital injection of its share of profits obtained from a FIE in establishing or expanding an export-oriented or technologically advanced enterprise in the PRC for a minimum period of five years, a refund of significant amount of the taxes already paid on those profits may be obtained by the foreign investor, i.e. the Group. As at 31st December, 2004, 2005 and 2006 and at 30th June, 2007, income taxes recoverable under such arrangements were HK$4,633,000, HK$4,575,000, HK$5,512,000 and HK$5,573,000, respectively, which are included in tax recoverable in the consolidated balance sheet.

Under the newly promulgated PRC Unified Income Tax Law which will become effective from 1st January, 2008, the tax refund under the capital reinvestment scheme as described above may be removed. Enterprise income tax has not been provided for the six months ended 30th June, 2007 as the Group did not have assessable profit in the PRC for that period.

The deferred tax credit for the six months ended 30th June, 2007 and deferred tax assets as at 30th June, 2007 mainly represent recognition of deferred tax assets on accelerated depreciation of property, plant and equipment.

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 No. 58/99/M.

8. PROFIT FOR THE YEAR/PERIOD

	Years ended 31st December,			Six months ended 30th June,	
	2004	**2005**	**2006**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* *(unaudited)*	*HK$'000*
Profit for the year/period has been arrived at after charging (crediting):					
Allowance (reversal of allowance) for inventories, net *(note)*	136	458	(522)	(690)	(123)
Auditor's remuneration	673	770	882	396	697
Cost of inventories recognised as an expense	311,431	365,725	420,142	186,616	272,620
Depreciation of property, plant and equipment	18,448	26,500	30,713	15,269	15,925
Foreign exchange losses (gain), net	136	(4,348)	206	907	(1,085)
Impairment loss (reversed) recognised in respect of trade receivables, net	(484)	3,361	(2,806)	(3,532)	(457)
Loss on disposal of property, plant and equipment	25	581	19	18	333
Staff costs, including directors' emoluments:					
– Salaries and other benefits	47,718	57,700	66,798	30,475	44,918
– Retirement benefit scheme contributions, including directors' emoluments	3,127	4,189	4,393	1,982	2,985
Total staff costs	50,845	61,889	71,191	32,457	47,903
Less: Staff costs included in research and development expenditure	(2,163)	(4,267)	(6,131)	(2,959)	(3,115)
	48,682	57,622	65,060	29,498	44,788

Note: Previous write-downs have been reversed as a result of increase in sales prices.

9. 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 directors were as follows:

Year ended 31st 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 *(note 1)*	–	–	–	–	522	–	–	–	–	522
Retirement benefit scheme contributions	–	–	–	9	12	–	–	–	–	21
Total emoluments	1,514	–	–	1,329	1,768	120	120	–	120	4,971

Year ended 31st December, 2005

	Seitaro Furukawa	Koo Ming Kown	Tadao Murakami	Li Shi Yuen, Joseph	Chui Kam Wai	Yeoh Teck Hooi	Cham Yau Nam	Leung Wai Hung	Cheng Chi Heng	Wong Toe Yeung	Total
	HK$'000	*HK$'000*	*HK$'000 (Note 2)*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000 (Note 3)*	*HK$'000*
Fee	225	–	–	–	–	225	120	120	–	90	780
Other emoluments											
Salaries and other benefits	1,352	–	–	–	1,500	1,083	–	–	–	–	3,935
Performance related incentive bonus *(note 1)*	461	–	–	–	576	345	–	–	–	–	1,382
Retirement benefit scheme contributions	–	–	–	–	12	12	–	–	–	–	24
Total emoluments	2,038	–	–	–	2,088	1,665	120	120	–	90	6,121

Year ended 31st December, 2006

	Seitaro Furukawa HK$'000	Koo Ming Kown HK$'000	Li Shi Yuen, Joseph HK$'000 (Note 4)	Chui Kam Wai HK$'000	Yeoh Teck Hooi HK$'000	Cham Yau Nam HK$'000	Leung Wai Hung HK$'000	Cheng Chi Heng HK$'000	Total HK$'000
Fee	270	–	–	–	540	120	120	–	1,050
Other emoluments									
Salaries and other benefits	1,284	–	–	1,534	1,132	–	–	–	3,950
Performance related incentive bonus *(note 1)*	153	–	–	309	203	–	–	–	665
Retirement benefit scheme contributions	–	–	–	12	12	–	–	–	24
Total emoluments	1,707	–	–	1,855	1,887	120	120	–	5,689

Six months ended 30th June, 2006 (unaudited)

	Seitaro Furukawa HK$'000	Koo Ming Kown HK$'000	Li Shi Yuen, Joseph HK$'000 (Note 4)	Chui Kam Wai HK$'000	Yeoh Teck Hooi HK$'000	Cham Yau Nam HK$'000	Leung Wai Hung HK$'000	Cheng Chi Heng HK$'000	Total HK$'000
Fee	120	–	–	–	270	60	60	–	510
Other emoluments									
Salaries and other benefits	851	–	–	784	577	–	–	–	2,212
Performance related incentive bonus *(note 1)*	–	–	–	–	–	–	–	–	–
Retirement benefit scheme contributions	–	–	–	6	6	–	–	–	12
	971	–	–	790	853	60	60	–	2,734

Six months ended 30th June, 2007

	Seitaro Furukawa HK$'000 (Note 6)	Koo Ming Kown HK$'000	Chui Kam Wai HK$'000	Yeoh Teck Hooi HK$'000	Cham Yau Nam HK$'000	Leung Wai Hung HK$'000	Cheng Chi Heng HK$'000 (Note 7)	Choi Man Chau HK$'000 (Note 8)	Lee Wa Lun Warren HK$'000 (Note 5)	Total HK$'000
Fee	60	–	–	270	60	60	–	17	–	467
Other emoluments										
Salaries and other benefits	148	–	759	599	–	–	–	–	–	1,506
Performance related incentive bonus *(note 1)*	–	–	–	–	–	–	–	–	–	–
Retirement benefit scheme contributions	–	–	6	6	–	–	–	–	–	12
	208	–	765	875	60	60	–	17	–	1,985

Notes:

1. The performance related incentive bonus is determined based on the performance of the Group.
2. Resigned as director on 5th July, 2005.
3. Resigned as director on 30th September, 2005.
4. Resigned as director on 1st March, 2006.
5. Appointed as director on 5th January, 2007 and resigned as director on 16th April, 2007.
6. Resigned as director on 1st August, 2007.
7. Resigned as director on 11th May, 2007.
8. Appointed as director on 11th May, 2007.

In the years ended 31st December, 2004, 2005, 2006 and six months ended 30th June, 2006 and 2007, one of the independent non-executive directors, Mr. Cheng Chi Heng waived emoluments of HK$120,000, HK$120,000, HK$120,000, HK$60,000 (unaudited) and HK$43,000 respectively.

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

(b) Employees' emoluments

The five highest paid individuals of the Group for each of the years ended 31st December, 2004, 2005, 2006 and six months ended 30th June, 2006 and 2007 included three, three, three, three and two directors respectively, details of whose emoluments are set out in (a) above. The emoluments of the remaining two, two, two, two and three individuals for each of the years ended 31st December, 2004, 2005, 2006 and six months ended 30th June, 2006 and 2007 were as follows:

	Years ended 31st December,			**Six months ended 30th June,**	
	2004	**2005**	**2006**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* *(unaudited)*	*HK$'000*
Salaries and other benefits	1,717	1,440	1,474	658	1,056
Retirement benefit scheme contribution	12	–	–	–	–
	1,729	1,440	1,474	658	1,056

The emoluments of the employees were with the following bands:

	Years ended 31st December,			**Six months ended 30th June,**	
	2004	**2005**	**2006**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* *(unaudited)*	*HK$'000*
Nil to HK$1,000,000	1	2	2	2	3
HK$1,000,001 to HK$1,500,000	1	–	–	–	–
	2	2	2	2	3

10. DIVIDENDS

	At 31st December,			At 30th June,	
	2004	2005	2006	2006	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* *(unaudited)*	*HK$'000*
Dividend recognised as distribution during the year/period:					
Final for 2003					
– HK$0.022 per ordinary share	7,756	–	–	–	–
– HK$0.022 per preference share	9,313	–	–	–	–
Interim for 2004					
– HK$0.015 per ordinary share	5,288	–	–	–	–
– HK$0.015 per preference share *(note)*	6,350	–	–	–	–
Interim for 2005					
– HK$0.020 per ordinary share	–	15,271	–	–	–
Final for 2005					
– HK$0.020 per ordinary share	–	–	15,271	15,271	–
	28,707	15,271	15,271	15,271	–

Note: All preference shares were converted into ordinary share in 2004.

No dividend was proposed during 2007, nor has any dividend been proposed since the 30th June, 2007 (proposed during years ended 31st December, 2004: Nil, 2005: HK$15,271,000, 2006: Nil, during six months ended 30th June, 2006: Nil).

11. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	Years ended 31st December,			Six months ended 30th June,	
	2004	2005	2006	2006	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* *(unaudited)*	*HK$'000*
Profit for the year/period attributable to equity holders of the Company	23,435	37,381	28,193	15,578	6,331
Dividends on preference shares	(15,663)	–	–	–	–
Earnings for the purposes of basic and diluted earnings per share	7,772	37,381	28,193	15,578	6,331
			Number of shares		
Number of ordinary shares for the purposes of basic and diluted earnings per share	356,647,176	763,534,755	763,534,755	763,534,755	763,534,755

Diluted earnings per share has not been disclosed as there were no potential shares in issue for the years ended 2005 and 2006 and the six months ended 2006 and 2007. The computation of diluted earnings per share for the year ended 2004 does not assume the conversion of the Company's outstanding convertible preference shares during that year as their conversion would result in an increase in earnings per share.

12. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
COST					
At 1st January, 2004	16,543	122,854	5,393	933	145,723
Additions	676	15,114	1,079	498	17,367
Disposals/write off	–	(9)	(154)	(3)	(166)
At 31st December, 2004 and 1st January, 2005	17,219	137,959	6,318	1,428	162,924
Additions	52,996	23,714	2,072	438	79,220
Disposals/write off	(3,482)	(579)	(619)	–	(4,680)
At 31st December, 2005 and 1st January, 2006	66,733	161,094	7,771	1,866	237,464
Additions	3,148	10,994	470	403	15,015
Disposals/write off	–	(142)	(11)	–	(153)
At 31st December, 2006 and 1st January, 2007	69,881	171,946	8,230	2,269	252,326
Additions	744	11,697	904	–	13,345
Disposals/write off	(492)	(5)	(94)	–	(591)
At 30th June, 2007	70,133	183,638	9,040	2,269	265,080
DEPRECIATION					
At 1st January, 2004	7,268	42,131	2,414	632	52,445
Provide for the year	2,270	15,129	862	187	18,448
Impairment loss	2,763	–	–	–	2,763
Eliminated on disposals/write off	–	(9)	(131)	(1)	(141)
At 31st December, 2004 and 1st January, 2005	12,301	57,251	3,145	818	73,515
Provided for the year	6,570	18,645	1,075	210	26,500
Eliminated on disposals/write off	(3,141)	(482)	(476)	–	(4,099)
At 31st December, 2005 and 1st January, 2006	15,730	75,414	3,744	1,028	95,916
Provided for the year	9,319	19,976	1,156	262	30,713
Eliminated on disposals/write off	–	(126)	(8)	–	(134)
At 31st December, 2006 and 1st January, 2007	25,049	95,264	4,892	1,290	126,495
Provided for the period	4,771	10,416	594	144	15,925
Eliminated on disposals/write off	(178)	(2)	(78)	–	(258)
At 30th June, 2007	29,642	105,678	5,408	1,434	142,162
CARRYING VALUES					
At 31st December, 2004	4,918	80,708	3,173	610	89,409
At 31st December, 2005	51,003	85,680	4,027	838	141,548
At 31st December, 2006	44,832	76,682	3,338	979	125,831
At 30th June, 2007	40,491	77,960	3,632	835	122,918

Depreciation is provided to write off the cost of items of property, plant and equipment, over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method, at the following rates per annum:

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

13. INVESTMENT IN AN ASSOCIATE

	At 31st December,			At 30th June,
	2004	**2005**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cost of investment in an associate	–	–	58	58
Share of post-acquisition losses	–	–	(58)	(58)
	–	–	–	–

As at 31st December, 2006 and 30th June, 2007, the Group had interests in the following associate:

Name of entity	Form of business structure	Country of incorporation	Principal place of operation	Class of share held	Proportion of nominal value of issued capital held by the Group %	Proportion of voting power held %	Principal activity
Nam Tai Solartech, Inc. ("Solartech")	Incorporated	Cayman Islands	the PRC	Ordinary	25	25	Investment holding

The summarised financial information in respect of the Group's associate is set out below:

	At 31st December,			At 30th June,
	2004	**2005**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Total assets	–	–	227	325
Total liabilities	–	–	(333)	(3,953)
Net liabilities	–	–	(106)	(3,628)
Group's share of net assets of an associate	–	–	–	–
Revenue	–	–	–	–
Loss for the year/period	–	–	(338)	(3,612)
Group's share of result of an associate for the year/period	–	–	(58)	(903)

For the year ended 31st December, 2006, the Group has discontinued recognition of its share of loss of this associate. For the period ended 30th June, 2007, the Group started to share the loss of this associate. The amount of unrecognised share of this associate, extracted from the relevant audited accounts of an associate, both for the year ended 31st December, 2006 and cumulatively, are as follows:

	At 31st December,			At 30th June,
	2004	**2005**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Unrecognised share of losses of an associate for the year/period	–	–	(27)	–
Accumulated unrecognised share of losses of an associate	–	–	(27)	(27)

14. IMPAIRMENT TESTING ON GOODWILL RESERVE

As explained in Note 6, the Group uses geographical segment as its primary segment for reporting segment information. For the purposes of impairment testing, goodwill with indefinite useful lives have been allocated to a cash generating unit ("CGU") which is the subsidiary of the Company in the PRC ("PRC Operation"). The carrying amounts of goodwill reserve as at 31st December, 2004, 2005 and 2006 and at 30th June, 2007 is allocated to the PRC Operation.

During the years ended 31st December, 2004, 2005, 2006 and six months ended 30th June, 2007, management of the Group determines that there are no impairments of this CGU containing goodwill with indefinite useful lives.

The basis of the recoverable amounts of the above CGU and its major underlying assumptions are summarised below:

PRC Operation

The recoverable amount of this unit has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a one-year period, and discount rate of 6.67%. CGU's cash flows beyond the one-year period are extrapolated without taking into account of any growth. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the CGU's past performance and management's expectations for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of CGU to exceed the aggregate recoverable amount of CGU.

15. INTANGIBLE ASSETS

The club membership currently has a second hand market and has no foreseeable limit to its useful life. The directors of the Company are of the opinion that the Group would continue to hold the club membership and has the ability to do so. The club membership has been tested for impairment in the Relevant Periods by reference to its second hand market value and no impairment loss was charged for the Relevant Periods.

16. MACHINERY UNDER INSTALLATION AND DEPOSITS PAID FOR THE ACQUISITION OF PLANT AND EQUIPMENT

	As at 31st December,			As at 30th June,
	2004	2005	2006	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Machinery and leasehold improvement under installation	39,157	–	–	–
Deposit paid for the acquisition of plant and equipment	5,518	7,911	3,722	5,865
	44,675	7,911	3,722	5,865

The machinery under installation was classified in the relevant category of plant and equipment upon completion of the installation and becomes fully operational.

17. INVENTORIES

	As at 31st December,			As at 30th June,
	2004	2005	2006	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Raw materials	32,280	39,508	48,225	51,004
Work in progress	2,696	5,442	4,632	5,137
Finished goods	1,177	2,220	1,720	4,600
	36,153	47,170	54,577	60,741

18. TRADE AND OTHER RECEIVABLES

	As at 31st December,			As at 30th June,
	2004	2005	2006	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade receivables	71,531	85,740	98,222	125,099
Less: accumulated impairment	(387)	(3,748)	(765)	(308)
	71,144	81,992	97,457	124,791
Other receivables	5,482	1,008	2,728	4,679
Total trade and other receivables	76,626	83,000	100,185	129,470

The Group allows an average credit periods normally ranging from 30 days to 90 days to its trade customers. The following is an aged analysis of trade receivables, net of impairment losses, at the balance sheet dates, prepared on the basis of sales invoice date:

	As at 31st December,			As at 30th June,
	2004	2005	2006	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within 30 days	32,326	27,586	42,569	57,310
More than 30 days and within 60 days	25,147	29,702	28,929	37,874
More than 60 days and within 90 days	10,876	15,519	17,548	23,264
More than 90 days	2,795	9,185	8,411	6,343
	71,144	81,992	97,457	124,791

Movement in the allowance for doubtful debts:

	As at 31st December,			As at 30th June,
	2004	2005	2006	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Balance at beginning of the year/period	871	387	3,748	765
Amounts written off during the year/period	–	–	(177)	–
Amounts recovered during the year/period	(484)	–	(2,806)	(457)
Allowance recognised in consolidated income statement	–	3,361	–	–
Balance at end of the year/period	387	3,748	765	308

The Group does not hold any collateral over these balances.

The Group reviews all receivables overdue more than 30 days for impairment loss because historical experience is such that receivables that are past due beyond 30 days are generally not recoverable. Trade receivables are provided for based on estimated irrecoverable amounts of discounted cash flow from the sales of goods, determined by reference to past default experience.

Before accepting any new customer, the Group has assessed the credit quality of each potential customer and defined credit rating and limited for each customer. In addition, the Group has reviewed the repayment history of receivables by each customer with reference to the payment terms stated in contracts to determine the recoverability of a trade receivable.

In order to minimise the credit risk, management continuously monitor the level of exposure to ensure that follow-up action and/or corrective actions are taken promptly to lower the risk exposure or to recover overdue balances. Accordingly, the directors believe that adequate credit provision has been made during the Relevant Periods.

Included in the Group's trade receivables are debtors with a carrying amount of Nil, HK$7,472,000, HK$7,363,000, HK$5,631,000 at 31st December, 2004, 2005 and 2006 and 30th June, 2007 which are past due at the balance sheet date for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances. The average age of these receivables are 90 days at 31st December, 2005, 2006 and 30th June, 2007.

19. AMOUNTS DUE FROM A FELLOW SUBSIDIARY/TO AN ASSOCIATE

The balance are unsecured, non-interest bearing and repayable on demand, besides the balance with a fellow subsidiary which has a credit period of 60 days.

20. BANK BALANCES AND CASH

Bank balances and cash of the Group comprise cash and short-term bank deposits with an original maturity of three months or less. The bank balances carry fixed interest rates ranging from 1.0% per annum to 3.5% per annum, 1.0% per annum to 3.9% per annum, 1.0% per annum to 3.6% per annum and 0.8% per annum to 1.2% per annum during the years ended 31st December, 2004, 2005 and 2006 and the six months ended 30th June, 2007, respectively.

21. 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:

	As at 31st December,			As at 30th June,
	2004	**2005**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within 30 days	30,636	35,012	58,676	67,214
More than 30 days and within 60 days	11,043	10,843	10,581	14,087
More than 60 days and within 90 days	8,908	2,349	6,894	8,661
More than 90 days	1,138	10,952	4	18
	51,725	59,156	76,155	89,980
Other payables	9,104	14,047	13,920	20,673
	60,829	73,203	90,075	110,653

Bills payable as at 31st December, 2004 were aged within 30 days.

22. BANK BORROWINGS

Bank borrowings are unsecured and comprise the followings:

	As at 31st December,			As at 30th June,
	2004	**2005**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Bank loans	62,692	57,639	22,088	15,405
Trust receipt loans	9,801	37,303	34,980	47,836
	72,493	94,942	57,068	63,241
Carrying amount repayable:				
Within one year	32,226	72,854	48,543	61,486
More than one year, but not exceeding two years	18,037	13,563	8,525	1,755
More than two years, but not exceeding three years	–	8,525	–	–
More than three years, but not exceeding four years	22,230	–	–	–
	72,493	94,942	57,068	63,241
Less: Amount due within one year (shown under current liabilities)	(32,226)	(72,854)	(48,543)	(61,486)
Amounts due after one year	40,267	22,088	8,525	1,755

The above borrowings are at annual interest rates ranging from 0.55% to 1.5% over Hong Kong/London/Singapore Interbank Offered Rate during the Relevant Periods.

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings for the years ended 31st December, 2004, 2005, 2006 and six months ended 30th June, 2007 are as follows:

	2004	**2005**	**2006**	**2007**
Effective interest rate	2.1% – 3.2%	3.2% – 5.2%	4.5% – 6.1%	4.4% – 6.1%

The Group's borrowings that are denominated in currencies other than the functional currency of the company are set out below:

	JPY	RMB	USD
	'000	*'000*	*'000*
As at 31st December, 2004	70,934	–	8,037
As at 31st December, 2005	127,817	11,500	5,764
As at 31st December, 2006	125,835	–	5,957
As at 30th June, 2007	117,129	–	1,975

The Group obtained new bank loans in the amount of approximately HK$54,600,000, HK$37,129,000, HK$26,910,000 and Nil for the years ended 31st December, 2004, 2005 and 2006 and six months ended 30th June, 2007. The loans bear interest at market rates. The proceeds were used to finance the acquisition of plant and equipment.

23. SHARE CAPITAL OF THE COMPANY

	Ordinary shares of HK$0.01 each		Non-redeemable convertible preference shares of HK$0.01 each *(note a)*		Total
	Number of shares	*HK$'000*	*Number of shares*	*HK$'000*	*HK$'000*
Authorised:					
At 1st January, 2004, 31st December, 2004, 31st December, 2005, 31st December, 2006 and 30th June, 2007	2,000,000,000	20,000	600,000,000	6,000	26,000
Issued and fully paid:					
At 1st January, 2004	352,544,465	3,526	423,320,000	4,233	7,759
Conversion of preference shares to ordinary shares during the year *(note b)*	410,990,290	4,109	(423,320,000)	(4,233)	(124)
At 31st December, 2004, 31st December, 2005, 31st December, 2006 and 30th June, 2007	763,534,755	7,635	–	–	7,635

Notes:

(a) The preference shares were not redeemable and the holders of which should not be entitled to vote. At any time after allotment, each holder of the preference shares should be entitled to convert all or a portion of his/her 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 should 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 should rank pari passu with the ordinary shares.

(b) During the year ended 31st December, 2004, NTE Inc. 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.

24. CAPITAL COMMITMENTS

	As at 31st December,			As at 30th June,
	2004	2005	2006	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Capital expenditure in respect of acquisition of property, plant and equipment:				
Contracted for but not provided in the Financial Information	9,236	3,203	930	3,539
Authorised but not contracted for	8,908	8,037	2,439	11,196
	18,144	11,240	3,369	14,735

25. OPERATING LEASE COMMITMENTS

As lessee

Minimum lease payments paid under operating leases in respect of office and factory premises amounted to approximately HK$5,989,000, HK$8,085,000, HK$8,872,000, HK$4,409,000 (unaudited), HK$4,615,000 for the years ended 31st December, 2004, 2005 and 2006 and the six months ended 30th June, 2006 and 2007, respectively.

At the respective balance sheet dates, the Group had commitments for the following future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	As at 31st December,			As at 30th June,
	2004	2005	2006	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within one year	10,400	8,821	9,415	10,268
In the second to fifth year inclusive	36,769	38,733	41,247	42,617
After five years	24,794	14,999	4,564	–
	71,963	62,553	55,226	52,885

Leases are negotiated for terms ranging from one to six years. Monthly rent is negotiated every three years with a maximum increase of 10% on prior year's monthly rent.

26. RETIREMENT BENEFIT SCHEMES

According to the relevant laws and regulations in the PRC, Jetup is required to contribute 8% to 11% and 1% to 2% of the stipulated salary set by the local government of Shenzhen, the PRC, to PRC Scheme to fund the retirement benefits and social benefits respectively of their employees. The principal obligation of the Group with respect to the PRC Scheme is to make the required contributions under the scheme. The total contributions incurred in this connection for the year ended 31st December, 2004, 2005 and 2006 and six months ended 30th June, 2006 and 2007 were approximately HK$2,929,000, HK$4,086,000, HK$4,328,000, HK$1,944,000 (unaudited) and HK$2,958,000 respectively.

The Group operates the Macao Scheme for all qualifying employees in Macao and MPF Scheme for all qualifying employees in Hong Kong. The assets of the Macao Scheme and the MPF 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 costs to the MPF Scheme and the Macao Scheme, which contribution is matched by employees. The total contributions incurred in this connection for the year ended 31st December, 2004, 2005 and 2006 and six months ended 30th June, 2006 and 2007 were approximately HK$198,000, HK$103,000, HK$65,000, HK$38,000 (unaudited) and HK$27,000 respectively.

27. SHARE-BASED PAYMENT TRANSACTIONS

Equity – settled share options scheme:

(a) Share option schemes adopted by NTE Inc.

In May 2001, the board of directors of NTE Inc. approved a stock option plan ("2001 Scheme") which would grant 15,000 options to each independent director of NTE Inc. elected at each annual general meeting of shareholders, and might grant options to key employees, consultants or advisors of NTE Inc. 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 3,300,000 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 NTE Inc. 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 NTE Inc. 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 NTE Inc. 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 NTE Inc. No consideration is payable on the grant of an option.

In February 2006, the board of directors of NTE Inc. approved another stock option plan with basically the same terms and conditions of the 2001 Scheme. The maximum number of shares to be issued pursuant to the exercise of options granted was 2,000,000 shares.

The following tables disclosed details of the share option granted to the directors of the Company for services performed as directors of NTE Inc. and movements in such holdings during the years/period:

Directors

	2001 Scheme				
Exercise price per share	**US$19.400**	**US$20.840**	**US$21.620**	**US$22.250**	**US$12.420**
Number of options:					
Outstanding at 1st January, 2004	–	–	–	–	–
Granted during the year	390,000	–	–	–	–
Outstanding at 31st December, 2004 and 1st January, 2005	390,000	–	–	–	–
Granted during the year	–	750,000	30,000	–	–
Resigned as director of the Company during the year	(180,000)	(350,000)	(15,000)	–	–
Exercised during the year	(180,000)	(350,000)	(15,000)	–	–
Outstanding at 31st December 2005 and 1st January, 2006	30,000	50,000	–	–	–
Granted during the year	–	–	–	15,000	–
Resigned as director of the Company during the year	(30,000)	(50,000)	–	–	–
Outstanding at 31st December, 2006 and 1st January, 2007	–	–	–	15,000	–
Granted during the year	–	–	–	–	15,000
Outstanding at 30th June, 2007	–	–	–	15,000	15,000
(unaudited)					
Outstanding at 1st January, 2006	30,000	50,000	–	–	–
Granted during the period	–	–	–	15,000	–
Resigned as director of the Company during the period	(30,000)	(50,000)	–	–	–
Outstanding at 30th June, 2006	–	–	–	15,000	–

Note: The director concerned exercised the options subsequent to resignation.

Details of specific categories of options are as follows:

Date of grant	Exercisable period	Exercise price per share *US$*
30th July, 2004	30th July, 2004 to 30th July, 2006	19.400
4th February, 2005	4th February, 2005 to 4th February, 2007	20.840
6th June, 2005	6th June, 2005 to 6th June, 2008	21.620
9th June, 2006	9th June, 2006 to 8th June, 2009	22.250
8th June, 2007	8th June, 2007 to 7th June, 2008	12.420

The weighted average closing price of NTE Inc.'s shares on the dates in which the share options were exercised was approximately US$23.38 for the year ended 31st December, 2005 and US$21.68 for the year ended 31st December, 2006 and six months ended 30th June, 2006. No share option was exercised during the year ended 31st December, 2004 and the six months ended 30th June, 2007.

(b) Share option scheme adopted by the Company

On 16th 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 those 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 the Company's subsidiaries. The Scheme became effective on 4th June, 2002, the date on which the Company's 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 payment of a nominal consideration of 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.

28. RELATED PARTY TRANSACTIONS

During the Relevant Periods, the Group entered into transactions with the following fellow subsidiaries.

Name of related party	Nature of transactions	Year ended 31st December, 2004 HK$'000	2005 HK$'000	2006 HK$'000	Six months ended 30th June, 2006 HK$'000 (unaudited)	2007 HK$'000
Namtai Electronic (Shenzhen) Co. Ltd.	Sales of finished goods by the Group	4,393	5,216	3,218	2,291	1,138
Nam Tai Group Management Limited	Service fees paid by the Group	5,910	2,230	–	–	–
Zastron Electronic (Shenzhen) Co. Ltd.	Purchase of processed goods by the Group	34,264	–	–	–	–
	Sales of raw materials by the Group	24,400	–	–	–	–
Zastron Precision-Tech Limited	Recharge of office expense	–	–	2,165	1,066	1,196
Namtek Japan Company Limited	Sales commission expense	–	–	20	–	18

Two directors of the Company had provided guarantees for repayment of certain trade receivables of a subsidiary amounted to approximately HK$423,000, Nil, Nil, Nil and Nil at nil consideration at 31st December, 2004, 2005, 2006 and 30th June, 2006 and 2007 respectively.

From October 2005 onwards, Zastron Precision-Tech Limited also provided certain administrative services to the Group, for which no charge was made until the end of year 2005.

During 2006, the Company and its fellow subsidiary, Nam Tai Electronic & Electrical Products Limited, jointly incorporated a company, Solartech in which the Company has 25% shareholding. This investment has been accounted as an associate.

Details of the balances with related parties at the balance sheet date are set out in the consolidated balance sheet on page II-5 and note 19.

Compensation to key management personnel

The emoluments of directors which represent key management personnel of the Group during the Relevant Periods was as follows:

	Years ended 31st December, 2004 HK$'000	2005 HK$'000	2006 HK$'000	Six months ended 30th June, 2006 HK$'000 (unaudited)	2007 HK$'000
Short-term benefits	4,950	6,097	5,665	2,782	2,016
Post-employment benefits	21	24	24	12	12
	4,971	6,121	5,689	2,794	2,028

The emoluments of directors is determined by the remuneration committee having regard to the performance of individuals and market trend.

II. SUBSEQUENT EVENTS

On 24th September, 2007, 5th October, 2007 and 28th November, 2007, the Company entered into agreements with NTE Inc., its immediate and ultimate holding company (the "Agreements"). Pursuant to the Agreements, the Company has conditionally agreed to sell 100% equity interest in Jetup for cash consideration of approximately HK$381.8 million to NTE Inc. subject to the terms and conditions of the Agreements. Upon the completion of the above transactions, the Company will not have any shareholding in Jetup and Jetup will cease to be a subsidiary of the Company.

(i) Included below are the results of Jetup during the years ended 31st December 2004, 2005, 2006 and the six months ended 30th June, 2006 and 2007:

	Year ended 31st December,			Six months ended 30th June,	
	2004	**2005**	**2006**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* *(unaudited)*	*HK$'000*
Revenue	371,416	422,658	504,297	226,534	304,179
Cost of sales	(311,461)	(361,219)	(420,226)	(186,533)	(272,497)
Gross profit	59,955	61,439	84,071	40,001	31,682
Bank interest income	14	37	193	71	88
Other (expenses) income	(421)	5,092	–	(786)	1,356
Selling and distribution costs	(1,763)	(9,088)	(31,340)	(13,480)	(19,920)
Administrative expenses	(12,797)	(15,699)	(19,169)	(9,149)	(10,156)
Research and development expenditure	(7,282)	(9,074)	(11,893)	(5,699)	(6,711)
Interests on bank borrowings	(237)	(897)	(2,856)	(1,430)	(1,027)
Impairment loss in respect of property, plant and equipment	(2,763)	–	–	–	–
Profit (loss) before tax	34,706	31,810	19,006	9,528	(4,688)
Income tax (expense) credit	(2,475)	(2,081)	(1,258)	(761)	816
Profit (loss) for the year/period attributable to equity holder of Jetup	32,231	29,729	17,748	8,767	(3,872)
Dividends	22,213	35,183	17,434	–	22,693

(ii) Included below are the assets and liabilities of Jetup as at 31st December, 2004, 2005 and 2006 and 30th June, 2007:

	As at 31st December,			As at 30th June,
	2004	**2005**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
NON-CURRENT ASSETS				
Property, plant and equipment	88,949	141,277	125,689	122,801
Machinery under installation and deposit paid for acquisition of plant and equipment	44,675	7,911	3,720	5,865
Intangible asset	–	381	381	381
Deferred tax assets	2,568	3,852	5,016	5,829
	136,192	153,421	134,806	134,876
CURRENT ASSETS				
Inventories	37,185	47,170	54,577	60,741
Trade and other receivables	4,840	73,572	99,956	129,099
Amount due from a fellow subsidiary	–	1,149	538	328
Taxation recoverable	4,476	3,575	5,513	5,754
Bank balances and cash	6,217	21,300	23,906	18,702
	52,718	146,766	184,490	214,624
CURRENT LIABILITIES				
Trade and other payables	34,435	57,798	87,392	108,459
Amount due to immediate holding company	24,766	27,774	26,896	26,896
Amount due to a fellow subsidiary	–	10,046	2,641	2,797
Bank borrowings	9,801	54,932	34,980	47,836
	69,002	150,550	151,909	185,988
NET CURRENT (LIABILITIES) ASSETS	(16,284)	(3,784)	32,581	28,636
NET ASSETS	119,908	149,637	167,387	163,512
CAPITAL AND RESERVES				
Paid-in capital	100,669	135,854	153,291	175,990
Reserves	19,239	13,783	14,096	(12,478)
EQUITY ATTRIBUTABLE TO EQUITY HOLDER OF JETUP	119,908	149,637	167,387	163,512

(iii) Included below are cash flows of Jetup during the years ended 31st December, 2004, 2005 and 2006 and the six months ended 30th June, 2006 and 2007:

	Year ended 31st December,			Six months ended 30th June,	
	2004	**2005**	**2006**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
OPERATING ACTIVITIES					
Profit (loss) before tax	34,706	31,810	19,006	9,528	(4,688)
Adjustments for:					
Allowance (reversal of allowance) for inventories	–	1,056	(522)	(690)	(123)
Bank interest income	(14)	(37)	(193)	(71)	(88)
Interest expense	237	897	2,856	1,430	1,027
Depreciation of property, plant and equipment	17,856	25,914	30,585	15,191	15,896
Loss on disposal of property, plant and equipment	8	20	19	18	333
Impairment losses recognised (reversed) in respect of trade receivables	–	–	765	–	(457)
Impairment loss in respect of property, plant and equipment	2,763	–	–	–	–
Operating cash flows before movements in working capital	55,556	59,660	52,516	25,406	11,900
Increase in inventories	(10,989)	(11,041)	(6,885)	(2,903)	(6,041)
Increase in trade and other receivables	(2,477)	(68,732)	(27,150)	(20,604)	(28,686)
(Increase) decrease in amount due from a fellow subsidiary	–	(1,149)	606	–	210
Increase (decrease) in amount due to a fellow subsidiary	18,548	10,046	(7,392)	(8,827)	156
Increase (decrease) in trade and other payables	10,808	23,363	29,596	14,206	21,067
Cash generated from (used in) operations	71,446	12,147	41,291	7,278	(1,394)
PRC enterprise income tax paid	(4,238)	(3,914)	(4,176)	(1,294)	(241)
PRC enterprise income tax refunded	190	4,458	1,638	–	–
NET CASH GENERATED FROM (USED IN) OPERATING ACTIVITIES	67,398	12,691	38,753	5,984	(1,635)
INVESTING ACTIVITIES					
Purchase of machinery under installation and deposits paid for the acquisition of plant and equipment	(44,675)	(7,911)	(3,722)	(783)	(5,865)
Purchase of property, plant and equipment	(16,475)	(33,968)	(7,104)	(3,740)	(9,621)
Interest received	14	37	193	71	88
NET CASH USED IN INVESTING ACTIVITIES	(61,136)	(41,842)	(10,633)	(4,452)	(15,398)

	Year ended 31st December,			Six months ended 30th June,	
	2004	2005	2006	2006	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
FINANCING ACTIVITIES					
(Decrease) increase in trust receipt loans	(2,140)	27,502	(2,322)	(2,181)	12,954
Interest paid	(237)	(897)	(2,856)	(1,430)	(1,027)
Repayment of bank loans	–	–	(39,019)	(14,025)	(98)
Proceeds from bank loans	–	17,629	21,390	21,410	–
Repayment to immediate holding company	–	–	(2,707)	(2,707)	–
NET CASH (USED IN) GENERATED FROM FINANCING ACTIVITIES	(2,377)	44,234	(25,514)	1,067	11,829
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,885	15,083	2,606	2,599	(5,204)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR/PERIOD	2,332	6,217	21,300	21,300	23,906
CASH AND CASH EQUIVALENTS AT END OF THE YEAR/PERIOD, represented by bank balances and cash	6,217	21,300	23,906	23,899	18,702

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited consolidated financial statements of the Group have been prepared in respect of any period subsequent to 30th June, 2007.

Yours faithfully
Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

2. INDEBTEDNESS STATEMENT

At the close of business on 30th September, 2007, being the latest practicable date for the purpose of ascertaining related information to this indebtedness statement prior to the printing of this circular, the Enlarged JIC had bank borrowings of approximately HK$11,992,500 representing term loans. Included in the bank borrowings of approximately HK$11,115,000 would be due within one year and HK$877,500 would be due over one year. In addition, J.I.C. Technology Company Limited issued corporate guarantees in favour of banks to secure the banking facilities granted to Jetup Electronic (Shenzhen) Company Limited at which approximately HK$57,700,000 was utilised at 30th September, 2007.

Save as aforesaid and apart from intra-group liabilities, the Enlarged JIC did not have outstanding, at close of business on 30th September, 2007, any debt securities (whether outstanding, and authorized or otherwise created but unissued), term loans (whether guaranteed, unguaranteed, secured or unsecured), any other borrowings or indebtedness in the nature of borrowings such as overdrafts, liabilities under acceptable or acceptable credits, hire purchase commitments (whether guaranteed, unguaranteed, secured or unsecured), mortgages, charges, guarantees or other contingent liabilities.

3. WORKING CAPITAL

The Directors are of the opinion that after taking into account the financial resources available to the Enlarged JIC, including internally generated funds and the available banking facilities, the Enlarged JIC has sufficient working capital for at least the next 12 months from the date of this circular, in the absence of unforeseeable circumstances.

The following is the text of a report, prepared for inclusion in this circular, received from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants.

Deloitte.
德勤

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5th December, 2007

The Directors
J.I.C. Technology Company Limited

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") regarding Shenzhen Namtek Company Limited ("Namtek (Shenzhen)") for each of the three years ended 31st December, 2004, 2005 and 2006 and for the six months ended 30th June, 2007 ("the Relevant Periods") for inclusion in the circular dated 5th December, 2007 issued by J.I.C. Technology Company Limited ("JIC") in connection with the proposed acquisitions of the 100% equity interest in Namtek (Shenzhen) and Kabushiki Kaisha Namtek Japan (expressed in English as Namtek Japan Company Limited) and the disposal of 100% equity interest in Jetup Electronic (Shenzhen) Co., Ltd. (the "Circular").

Namtek (Shenzhen) was established as a limited liability company in the Peoples Republic of China (the "PRC") on 20th December, 1995 and is a wholly owned foreign investment enterprise ("FIE"). Namtek (Shenzhen) is a solution provider mainly for digital dictionary software development in Japanese electronic industry.

The statutory financial statements of Namtek (Shenzhen) were prepared in accordance with the relevant accounting principles and financial regulations applicable in the PRC ("PRC GAAP"). Deloitte Touche Tohmatsu CPA Limited, certified public accountants in the PRC, is the statutory auditor of Namtek (Shenzhen) for each of the two years ended 31st December, 2006. 深圳永明會計師事務所有限責任公司 Yongming Certified Public Accountants Shenzhen, certified public accountants in the PRC, was the statutory auditor of Namtek (Shenzhen) for the year ended 31st December, 2004.

For the purpose of this report, the directors of Namtek (Shenzhen) have prepared the financial statements of Namtek (Shenzhen) for the Relevant Periods, in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") (the "Underlying Financial Statements").

We have performed an independent audit on the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA and have examined the Underlying Financial Statements for the Relevant Periods in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" as recommended by the HKICPA.

The Financial Information of the Namtek (Shenzhen) for the Relevant Periods set out in this report has been prepared based on the Underlying Financial Statements for the purpose of preparing our report for inclusion in the Circular. No adjustments were deemed necessary by us to the Underlying Financial Statements in preparing our report for inclusion in the Circular.

The Underlying Financial Statements are the responsibility of the directors of Namtek (Shenzhen) who approve their issue. The directors of JIC are responsible for the contents of the Circular in which this report is included. It is our responsibilities to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

In our opinion, the Financial Information gives, for the purpose of this report, a true and fair view of the state of affairs of Namtek (Shenzhen) as at 31st December, 2004, 2005 and 2006 and 30th June, 2007 and of the results and cash flows of Namtek (Shenzhen) for the Relevant Periods.

The comparative income statement, statement of changes in equity and cash flow statement of Namtek (Shenzhen) for the six months ended 30th June, 2006 together with the notes thereon have been extracted from Namtek (Shenzhen)'s unaudited financial information for the same period (the "30th June, 2006 Financial Information") which was prepared by the directors of Namtek (Shenzhen) solely for the purpose of this report. We have reviewed the 30th June, 2006 Financial Information in accordance with the Statement of Auditing Standards 700 "Engagements to review interim financial reports" issued by the HKICPA. Our review consisted principally of making enquiries of the Namtek (Shenzhen)'s management and applying analytical procedures to the 30th June, 2006 Financial Information and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the 30th June, 2006 Financial Information. On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the 30th June, 2006 Financial Information.

I. FINANCIAL INFORMATION

INCOME STATEMENTS

	Notes	Years ended 31st December, 2004 HK$'000	2005 HK$'000	2006 HK$'000	Six months ended 30th June, 2006 HK$'000 (unaudited)	2007 HK$'000
Revenue		37,839	42,024	23,253	14,604	9,017
Cost of sales		(7,941)	(8,003)	(5,692)	(3,075)	(2,880)
Gross profit		29,898	34,021	17,561	11,529	6,137
Bank interest income		201	346	470	231	146
Other income		52	334	1,042	134	410
Selling and distribution costs		(1,892)	(2,101)	(3,178)	(1,786)	(908)
Administrative expenses		(4,174)	(4,381)	(4,449)	(2,242)	(1,826)
Research and development expenditure		(1,052)	(3,231)	(3,054)	(2,058)	(585)
Profit before tax	*7*	23,033	24,988	8,392	5,808	3,374
Income tax expense	*8*	(2,200)	(2,495)	(761)	(551)	(279)
Profit for the year/period attributable to equity holder of Namtek (Shenzhen)		20,833	22,493	7,631	5,257	3,095
Dividends	*9*	18,404	20,835	21,463	–	–

BALANCE SHEETS

		As at 31st December,			As at 30th June,
		2004	2005	2006	2007
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
NON-CURRENT ASSETS					
Property, plant and equipment	*10*	2,054	2,295	1,580	1,232
CURRENT ASSETS					
Trade and other receivables	*11*	3,771	2,651	2,610	1,876
Taxation recoverable		240	526	153	503
Bank balances and cash	*12*	25,418	28,216	14,627	17,939
		29,429	31,393	17,390	20,318
CURRENT LIABILITIES					
Other payables and accruals		1,057	1,449	1,075	560
Amount due to former immediate holding company	*13*	357	512	–	–
		1,414	1,961	1,075	560
NET CURRENT ASSETS		28,015	29,432	16,315	19,758
NET ASSETS		30,069	31,727	17,895	20,990
CAPITAL AND RESERVES					
Paid-in capital	*14*	6,213	6,213	6,213	6,213
Reserves		23,856	25,514	11,682	14,777
EQUITY ATTRIBUTABLE TO EQUITY HOLDER OF NAMTEK (SHENZHEN)		30,069	31,727	17,895	20,990

STATEMENTS OF CHANGES IN EQUITY

	Paid-in capital *HK$'000*	Translation reserve *HK$'000*	Statutory reserve *HK$'000* *(Note)*	Retained profits *HK$'000*	Total *HK$'000*
At 1st January, 2004	6,213	(8)	3,114	18,321	27,640
Profit for the year and total recognised income	–	–	–	20,833	20,833
Transfer	–	–	37	(37)	–
Dividend paid *(note 9)*	–	–	–	(18,404)	(18,404)
At 31st December, 2004 and 1st January, 2005	6,213	(8)	3,151	20,713	30,069
Profit for the year and total recognised income	–	–	–	22,493	22,493
Dividend paid *(note 9)*	–	–	–	(20,835)	(20,835)
At 31st December, 2005 and 1st January, 2006	6,213	(8)	3,151	22,371	31,727
Profit for the year and total recognised income	–	–	–	7,631	7,631
Dividend paid *(note 9)*	–	–	–	(21,463)	(21,463)
At 31st December, 2006 and 1st January, 2007	6,213	(8)	3,151	8,539	17,895
Profit for the period and total recognised income	–	–	–	3,095	3,095
At 30th June, 2007	6,213	(8)	3,151	11,634	20,990
(Unaudited)					
At 1st January, 2006	6,213	(8)	3,151	22,371	31,727
Profit for the period and total recognised income	–	–	–	5,257	5,257
At 30th June, 2006	6,213	(8)	3,151	27,628	36,984

Note: The statutory reserve is not distributable but can be capitalised as paid-in capital of Namtek (Shenzhen) subject to approvals by the relevant authorities. Appropriations to this reserve are made out of Namtek (Shenzhen)'s profit after tax calculated in accordance with PRC GAAP and shall not be less than 10% of profit after tax calculated in accordance with PRC GAAP.

CASH FLOW STATEMENTS

	Years ended 31st December,			Six months ended 30th June,	
	2004	2005	2006	2006	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* *(unaudited)*	*HK$'000*
OPERATING ACTIVITIES					
Profit before tax	23,033	24,988	8,392	5,808	3,374
Adjustments for:					
Bank interest income	(201)	(346)	(470)	(231)	(146)
Depreciation of property, plant and equipment	661	695	731	368	351
Loss on disposals of property, plant and equipment	97	3	17	–	–
Operating cash flows before movements in working capital	23,590	25,340	8,670	5,945	3,579
Decrease (increase) in trade and other receivables	2,087	1,120	75	(421)	740
Increase (decrease) in other payables and accruals	108	392	(374)	(608)	(515)
Increase (decrease) in amount due to former immediate holding company	357	155	(512)	(512)	–
Decrease in amount due to a fellow subsidiary	(282)	–	–	–	–
Cash generated from operations	25,860	27,007	7,859	4,404	3,804
PRC enterprise income tax paid	(2,868)	(3,945)	(1,638)	(1,152)	(629)
PRC enterprise income tax refunded	–	1,164	1,250	–	–
NET CASH GENERATED FROM OPERATING ACTIVITIES	22,992	24,226	7,471	3,252	3,175
INVESTING ACTIVITIES					
Repayment from a fellow subsidiary	21,365	–	–	–	–
Interest received	201	346	436	219	140
Purchase of property, plant and equipment	(878)	(939)	(33)	(5)	(3)
NET CASH (USED IN) GENERATED FROM INVESTING ACTIVITIES	20,688	(593)	403	214	137
CASH USED IN FINANCING ACTIVITIES					
Dividend paid	(18,404)	(20,835)	(21,463)	–	–
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	25,276	2,798	(13,589)	3,466	3,312
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR/PERIOD	142	25,418	28,216	28,216	14,627
CASH AND CASH EQUIVALENTS AT END OF THE YEAR/PERIOD, represented by bank balances and cash	25,418	28,216	14,627	31,682	17,939

NOTES TO THE FINANCIAL INFORMATION

1. GENERAL

Namtek (Shenzhen) was established as a limited liability company in the PRC on 20th December, 1995. Its immediate holding company is Nam Tai Electronic & Electrical Products Limited ("NTEEP"), a company incorporated in the Cayman Islands with its shares listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its ultimate holding company is Nam Tai Electronics, Inc. ("NTE Inc."), a company incorporated in the British Virgin Islands with its shares listed on the New York Stock Exchange. The address of the registered office and principal place of business of Namtek (Shenzhen) is C12, Ming Wah International Convention Centre, 8 Gui Shan Road, Shekou, Shenzhen, the PRC.

Namtek (Shenzhen) is a solution provider mainly for digital dictionary software development in the Japanese electronic industry.

The Financial Information is presented in Hong Kong dollars ("HK$"), which is the same as the functional and presentation currency of JIC for the convenience of the readers of the Circular.

The earnings per share for the years ended 31st December, 2004, 2005 and 2006 and for the six months ended 30th June, 2006 and 2007 are not presented as the directors considered that the information is not meaningful for the purpose of this report.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS

The HKICPA has issued a number of new or revised Hong Kong Accounting Standards ("HKASs"), Hong Kong Financial Reporting Standards ("HKFRSs"), amendments and Interpretations ("INTs") (hereinafter collectively referred to as "new HKFRSs") which are effective for Namtek (Shenzhen)'s financial year beginning 1st January, 2007. For the purposes of preparing and presenting the Financial Information of the Relevant Periods, Namtek (Shenzhen) has consistently applied all these new HKFRSs over the Relevant Periods.

At the date of this report, the HKICPA has issued the following new and revised standards or interpretations that are not yet effective. The directors of Namtek (Shenzhen) have considered the following standards or interpretations but do not expect that they will have a material impact on the results and the financial position of Namtek (Shenzhen).

HKAS 23 (Revised)	Borrowing Costs[1]
HKFRS 8	Operating Segments[1]
HK(IFRIC)-Int 11	HKFRS 2 - Group and Treasury Share Transactions[2]
HK(IFRIC)-Int 12	Service Concession Arrangements[3]
HK(IFRIC)-Int 13	Customer Loyalty Programmes[4]
HK(IFRIC)-Int 14	HKAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[3]

[1] Effective for annual periods beginning on or after 1st January, 2009
[2] Effective for annual periods beginning on or after 1st March, 2007
[3] Effective for annual periods beginning on or after 1st January, 2008
[4] Effective for annual periods beginning on or after 1st July, 2008

3. SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared under the historical cost basis and in accordance with the accounting policies set out below, which conform with HKFRSs issued by the HKICPA. In addition, the Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

Revenue recognition

Revenue is measured at fair value of the consideration received or receivable and represents amounts receivable from services provided in the normal course of business, net of discounts and sales related taxes.

Service income is recognised when services are provided.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that assets net carrying amount.

Property, plant and equipment

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

Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each balance sheet date, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the year/period in which the item is derecognised.

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Development expenditure is charged to profit or loss in the period in which it is incurred, unless it meets the recognition criteria of an intangible asset in which case it is capitalised.

Impairment

At each balance sheet date, Namtek (Shenzhen) 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. An 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 immediately recognised as income.

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/period. Taxable profit differs from 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 items that are never taxable or deductible. Namtek (Shenzhen)'s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the Financial Information 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 generally recognised for all deducible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction which affects neither the taxable profit nor the accounting profit.

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 rates that are expected to apply in the year/period when the liability is settled or the asset is realised. Deferred tax is charged or credited to profit or loss.

Foreign currencies

In preparing the financial statements of Namtek (Shenzhen), transactions in currencies other than the functional currency of Namtek (Shenzhen) (foreign currencies) are recorded in its functional currency (i.e. United States dollar, the currency of the primary economic environment in which Namtek (Shenzhen) operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are re-translated at the rates prevailing on the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purpose of presenting the Financial Information, the assets and liabilities of Namtek (Shenzhen) are translated into the presentation currency (i.e. HK$) at the rate of exchange prevailing at the balance sheet date, and the income and expenses are translated at the average exchange rates for the year/period , unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the translation reserve).

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Namtek (Shenzhen) as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Retirement benefits costs

Payments to state-managed retirement benefits schemes are charged as an expense when employees have rendered service entitling them to the contributions.

Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when Namtek (Shenzhen) becomes a party to the contracted provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction cost that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets and financial liabilities, as appropriate, on initial recognition.

Financial assets

Namtek (Shenzhen)'s financial assets are classified into loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including trade and other receivables and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the assets recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the assets at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity

Financial liabilities and equity instruments issued by Namtek (Shenzhen) are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of Namtek (Shenzhen) after deducting all of its liabilities.

Financial liabilities include other payables and amount due to former immediate holding company and are subsequently measured at amortised cost using the effective interest method.

Equity instruments issued by Namtek (Shenzhen) are recorded at the proceeds received, net of direct issue costs.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and Namtek (Shenzhen) has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the assets carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. FINANCIAL INSTRUMENTS

a. Financial risk management objectives and polices

Namtek (Shenzhen)'s major financial instruments include trade and other receivables, bank balances and cash, other payables and amount due to former immediate holding company. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit risk

Namtek (Shenzhen)'s maximum exposure to credit risk in the event of the counterparties failure to perform their obligations as at 31st December, 2004, 2005 and 2006 and 30th June, 2007 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the balance sheet. In order to minimise the credit risk, management of Namtek (Shenzhen) has credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In this regard, the directors of Namtek (Shenzhen) consider that Namtek (Shenzhen)'s credit risk is significantly reduced.

Namtek (Shenzhen) has been largely dependent on a small number of customers for a substantial portion of its business. Two customers accounted for a total of 81%, 86%, 100% and 84% of Namtek (Shenzhen)'s trades receivables at 31st December, 2004, 2005 and 2006 and 30th June, 2007, respectively. The failure of any of these customers to make required payments could have a substantial negative impact on the Namtek (Shenzhen)'s profits. Namtek (Shenzhen) manages this risk by applying a limit on the credit to these customers.

The credit risk on bank balances is limited because the counterparties are reputable banks in the PRC.

Market risk

Currency risk

Certain bank balances and other payables of Namtek (Shenzhen) are denominated in Renmenbi ("RMB"). Namtek (Shenzhen) currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Foreign currency sensitivity

At the respective balance sheet dates, if exchange rates of United States dollar against RMB had appreciated/depreciated by 1% and all other variables were held constant, Namtek (Shenzhen)'s profit would increase/decrease by approximately HK$218,000, HK$260,000, HK$125,000, HK$152,000 for the three years ended 31st December, 2006 and the six months ended 30th June, 2007, respectively.

Interest rate risk

Namtek (Shenzhen) has exposed to cash flow interest rate risk through the impact of rate changes on interest bearing bank balances. The interest rates of bank balances of Namtek (Shenzhen) are disclosed in note 12. Namtek (Shenzhen) currently does not enter into interest rate hedging policy. However, management monitors the cash flow interest rate risk and will consider hedging interest rate change exposure should the need arise.

Interest rate sensibility

At the respective balance sheet dates, if interest rates had increased/decreased by 70 basis points and all other variables were held constant, Namtek (Shenzhen)'s profit would increase/decrease by approximately HK$178,000, HK$198,000, HK$102,000 and HK$126,000 for the three years ended 31st December, 2006 and the six months ended 30th June, 2007, respectively.

Liquidity risk

In the management of liquidity risk, Namtek (Shenzhen) monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance Namtek (Shenzhen)'s operations and mitigate the effects of fluctuations in cash flows.

Liquidity risk tables

The following tables detail Namtek (Shenzhen)'s remaining contractual maturity for its non-derivative financial liabilities as at 31st December, 2004, 2005 and 2006 and 30th June, 2007. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest dates on which Namtek (Shenzhen) can be required to pay.

At 31st December, 2004

	Less than 30 days	**31–60 days**	**61–90 days**	**Over 90 days**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Other payables	1,031	–	–	–	1,031
Amount due to former immediate holding company	357	–	–	–	357
	1,388	–	–	–	1,388

At 31st December, 2005

	Less than 30 days	**31–60 days**	**61–90 days**	**Over 90 days**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Other payables	719	–	–	–	719
Amounts due to former immediate holding company	512	–	–	–	512
	1,231	–	–	–	1,231

At 31st December, 2006

	Less than 30 days	31–60 days	61–90 days	Over 90 days	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Other payables	582	–	–	–	582

At 30th June, 2007

	Less than 30 days	31–60 days	61–90 days	Over 90 days	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Other payables	525	–	–	–	525

b. Fair value

The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis, using prices or rates from observable current market transactions as input.

The directors consider that the carrying amounts of all financial assets and financial liabilities recorded at amortised cost in the Financial Information approximate their fair value at respective balance sheet date.

c. Capital risk management

Namtek (Shenzhen) manages its capital to ensure that Namtek (Shenzhen) will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of Namtek (Shenzhen) consists debt, which includes amount due to former immediate holding company, as disclosed in note 13, bank balances and equity attributable to equity holder of Namtek (Shenzhen), comprising paid-up capital, reserves and retained profits.

The directors of Namtek (Shenzhen) review the capital structure on an annual basis. As part of this review, the directors consider the cost of capital and the associated risks. Based on recommendations of the directors, Namtek (Shenzhen) will balance its overall capital structure through the raising of new borrowings.

d. Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial assets, financial liabilities and equity instrument are disclosed in note 3.

5. BUSINESS AND GEOGRAPHICAL SEGMENTS

No business segment information is presented for the Relevant Periods as Namtek (Shenzhen) only acted as a solution provider mainly for digital dictionary software development in the Japanese electronic industry during the Relevant Periods which is considered as a single segment.

No geographical segment information is presented as all the activities of Namtek (Shenzhen) during the Relevant Periods were carried out in the PRC and all assets and liabilities of Namtek (Shenzhen) were located in the PRC at the balance sheet dates.

6. DIRECTORS AND EMPLOYEES EMOLUMENTS

(a) Directors emoluments

Details of emoluments paid by Namtek (Shenzhen) to the directors of Namtek (Shenzhen) during the year/period are as follows:

Year ended 31st December, 2004

	Kazuhiro Asano	**Koo Ming Kown**	**Li Shi Yuen Joseph**	**Liu Xue Qing**	**Liu Pi Hao**	**Lei Lai Fong, Patinda**	**Fu Xiao Jiang**	**Total**
	HK$'000	*HK$'000*	*HK$'000* *(note 1)*	*HK$'000*	*HK'000* *(note 2)*	*HK$'000* *(note 3)*	*HK$'000* *(note 4)*	*HK$'000*
Fee	–	–	–	–	–	–	–	–
Other emoluments:								
Salaries and other benefits	–	–	–	604	–	–	–	604
Retirement benefit scheme contributions	–	–	–	7	–	–	–	7
	–	–	–	611	–	–	–	611

Year ended 31st December, 2005

	Kazuhiro Asano	**Koo Ming Kown**	**Li Shi Yuen, Joseph**	**Guy Jean Francois Bindels**	**Liu Xue Qing**	**Hsu Kar Hing, Joseph**	**Wong Kuen Ling, Karene**	**Fu Xiao Jiang**	**Total**
	HK$'000	*HK$'000* *(note 5)*	*HK$'000* *(note 5)*	*HK$"000* *(note 6)*	*HK$'000*	*HK$'000* *(note 6)*	*HK$'000* *(note 6)*	*HK$'000* *(note 5)*	*HK$'000*
Fee	–	–	–	–	–	–	–	–	–
Other emoluments:									
Salaries and other benefits	–	–	–	–	605	–	–	–	605
Retirement benefit scheme contributions	–	–	–	–	8	–	–	–	8
	–	–	–	–	613	–	–	–	613

Year ended 31st December, 2006

	Kazuhiro Asano	Wong Kuen Ling, Karene	Liu Xue Qing	Guy Jean Francois Bindels	Hsu Kar Hing, Joseph	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(note 7)	*(note 8)*	
Fee	–	–	–	–	–	–
Other emoluments:						
Salaries and other benefits	–	–	626	–	–	626
Retirement benefit scheme contributions	–	–	9	–	–	9
	–	–	635	–	–	635

Six months ended 30th June, 2006 (unaudited)

	Kazuhiro Asano	Wong Kuen Ling, Karene	Liu Xue Qing	Guy Jean Francois Bindels	Hsu Kar Hing, Joseph	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
					(note 8)	
Fee	–	–	–	–	–	–
Other emoluments:						
Salaries and other benefits	–	–	329	–	–	329
Retirement benefit scheme contributions	–	–	4	–	–	4
	–	–	333	–	–	333

Six months ended 30th June, 2007

	Kazuhiro Asano	Wong Kuen Ling, Karene	Liu Xue Qing	Koo Ming Kown	Lee Wa Lun, Warren	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(note 9)	*(note 10)*	
Fee	–	–	–	–	–	–
Other emoluments:						
Salaries and other benefits	–	–	324	–	–	324
Retirement benefit scheme contributions	–	–	5	–	–	5
	–	–	329	–	–	329

Notes:

1. Appointed on 7th April, 2004.
2. Resigned on 3rd February, 2004.
3. Resigned on 7th April, 2004.
4. Appointed on 3rd February, 2004.
5. Resigned on 15th July, 2005.
6. Appointed on 15th July, 2005.
7. Resigned on 7th July, 2006.
8. Resigned on 1st April, 2006.
9. Appointed on 16th April ,2007.
10. Appointed on 2 January 2007 and resigned on 16th April, 2007.

(b) Employees emoluments

The five highest paid individuals of Namtek (Shenzhen) included one director for each of the years ended 31st December, 2004, 2005 and 2006 and the six-month periods ended 30th June, 2006 and 2007, details of whose emoluments are set out in (a) above. The emoluments of the remaining four individuals for each of the year ended 31st December, 2004, 2005 and 2006 and the six-month periods ended 30th June, 2006 and 2007 were as follows:

	Years ended 31st December,			Six months ended 30th June,	
	2004	**2005**	**2006**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Salaries and other benefits	889	846	760	426	467
Retirement benefit scheme contribution	22	31	36	17	18
	911	877	796	443	485

The emoluments of the employees were with the following bands:

	Years ended 31st December,			Six months ended 30th June,	
	2004	**2005**	**2006**	**2006**	**2007**
				(unaudited)	
Nil to HK$1,000,000	4	4	4	4	4

During the Relevant Periods, no emoluments was paid by Namtek (Shenzhen) to any of Namtek (Shenzhen)'s directors or the five highest paid individuals as an inducement to join or upon joining Namtek (Shenzhen) or as compensation for loss of office. None of the directors waived any remuneration during the Relevant Periods.

7. PROFIT BEFORE TAX

	Years ended 31st December,			Six months ended 30th June,	
	2004	2005	2006	2006	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Profit before tax has been arrived at after charging:					
Auditor's remuneration	9	28	51	17	18
Depreciation of property, plant and equipment	661	695	731	368	351
Loss on disposal of property, plant and equipment	97	3	17	–	–
Staff costs, including directors' remunerations					
– Salaries and other benefits	9,998	11,142	8,703	4,676	4,014
– Retirement benefit scheme contributions	452	562	535	270	231
Total staff costs	10,450	11,704	9,238	4,946	4,245
Less: Staff costs included in research and development expenditure	(1,029)	(2,101)	(1,942)	(1,043)	(578)
	9,421	9,603	7,296	3,903	3,667

8. INCOME TAX EXPENSE

	Years ended 31st December,			Six months ended 30th June,	
	2004	2005	2006	2006	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
PRC enterprise income tax	2,200	2,495	761	551	279

In accordance with the applicable enterprise income tax law of the PRC and the relevant rules promulgated by the Shenzhen municipal government, Namtek (Shenzhen) is subject to a tax rate of 15% on the assessable profits for each of the Relevant Periods. In addition, if a FIE exports 70% or more of the production value of its product ("Export Enterprise"), it is able to enjoy a reduced tax rate of 10%. For the years ended 31st December, 2004, 2005 and 2006, Namtek (Shenzhen) exported more than 70% of the production value of its products and was qualified as Export Enterprises and was subject to a reduced tax rate of 10% ("Export Enterprise Tax Relief"). The directors expect that Namtek (Shenzhen) will also qualify for a reduced tax rate of 10% for 2007.

No provision for Hong Kong Profits tax has been made as Nemtek (Shenzhen) did not have any assessable profit arising in Hong Kong for the Relevant Periods.

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

	Years ended 31st December,			Six months ended 30th June,	
	2004	**2005**	**2006**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* *(unaudited)*	*HK$'000*
Profit before tax	23,033	24,988	8,392	5,808	3,374
Tax at the enterprise income tax rate of 15%	3,455	3,748	1,259	871	506
Tax effect of income not taxable for tax purposes	(126)	(59)	(126)	(43)	(85)
Tax effect of expenses not deductible for tax purpose	23	55	18	–	–
Tax effect of Export Enterprise Tax Relief	(1,152)	(1,249)	(420)	(290)	(169)
Others	–	–	30	13	27
Tax charge for the year/period	2,200	2,495	761	551	279

9. DIVIDENDS

Dividend of approximately HK$18,404,000, HK$20,835,000 and HK$21,463,000 were paid during the years ended 31st December, 2004, 2005 and 2006, respectively. No other dividends were paid during the Relevant Periods.

10. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture, fixtures and equipment HK$'000	Total HK$'000
COST				
At 1st January, 2004	1,230	2,182	102	3,514
Additions	339	262	277	878
Disposals	(134)	(478)	–	(612)
At 31st December, 2004 and 1st January, 2005	1,435	1,966	379	3,780
Additions	576	351	12	939
Disposals	–	(248)	–	(248)
At 31st December, 2005 and 1st January, 2006	2,011	2,069	391	4,471
Additions	3	30	–	33
Disposals	(22)	(115)	–	(137)
At 31st December, 2006 and 1st January, 2007	1,992	1,984	391	4,367
Additions	–	3	–	3
Disposals	–	(45)	–	(45)
At 30th June, 2007	1,992	1,942	391	4,325
ACCUMULATED DEPRECIATION				
At 1st January, 2004	450	1,047	83	1,580
Provided for the year	198	446	17	661
Eliminated on disposals	(39)	(476)	–	(515)
At 31st December, 2004 and 1st January, 2005	609	1,017	100	1,726
Provided for the year	276	359	60	695
Eliminated on disposals	–	(245)	–	(245)
At 31st December, 2005 and 1st January, 2006	885	1,131	160	2,176
Provided for the year	339	332	60	731
Eliminated on disposals	(5)	(115)	–	(120)
At 31st December, 2006 and 1st January, 2007	1,219	1,348	220	2,787
Provided for the period	163	158	30	351
Eliminated on disposals	–	(45)	–	(45)
At 30th June, 2007	1,382	1,461	250	3,093
CARRYING VALUES				
At 31st December, 2004	826	949	279	2,054
At 31st December, 2005	1,126	938	231	2,295
At 31st December, 2006	773	636	171	1,580
At 30th June, 2007	610	481	141	1,232

Property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold improvements	Over the shorter of term of the lease or 20%
Other assets	20%-25%

11. TRADE AND OTHER RECEIVABLES

	As at 31st December,			As at 30th June,
	2004	2005	2006	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade receivables	3,650	2,291	2,408	1,689
Other receivables	121	360	202	187
Total trade and other receivables	3,771	2,651	2,610	1,876

Namtek (Shenzhen) allows its trade customers with credit period normally ranging from 30 days to 90 days.

The aged analysis of trade receivables at the balance sheet date is as follows:

	As at 31st December,			As at 30th June,
	2004	2005	2006	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Up to 30 days	3,650	1,941	2,291	1,650
31 to 60 days	–	350	–	39
Over 60 days	–	–	117	–
	3,650	2,291	2,408	1,689

Namtek (Shenzhen) does not hold any collateral over these balances.

Before accepting any new customer, Namtek (Shenzhen) has assessed the credit quality of each potential customer and defined credit rating and limit for each customer. In addition, Namtek (Shenzhen) has reviewed the repayment history of receivables by each customer with reference to the payment terms stated in contracts to determine the recoverability of a trade receivable.

In order to minimise the credit risk, management continuously monitors the level of exposure to ensure that follow-up actions and/or corrective actions are taken promptly to lower the risk exposure or to recover overdue balances. Accordingly, the directors of Namtek (Shenzhen) believe that no credit provision was necessary during the Relevant Periods.

12. BANK BALANCES AND CASH

Bank balances and cash of Namtek (Shenzhen) comprise cash and short-term bank deposits with an original maturity of three months or less. The bank balances carry variable interest rates ranging from 0.075% to 1.62% per annum, 0.075% to 1.08% per annum, 0.72% to 1.8% per annum and 0.72% to 2.07% per annum for the years ended 31st December, 2004, 2005 and 2006 and 30th June, 2007, respectively.

As at 31st December, 2004, 2005 and 2006 and 30th June, 2007, approximately HK$21,741,000, HK$26,405,000, HK$12,769,000 and HK$15,448,000, respectively of the bank balances and cash were denominated in RMB.

13. AMOUNT DUE TO FORMER IMMEDIATE HOLDING COMPANY

The amount was unsecured, non-interest bearing, repayable on demand and fully repaid during the Relevant Periods.

14. PAID-IN CAPITAL

	As at 1st January, 2004, 31st December, 2004, 2005 and 2006, and 30th June, 2007
	US$'000
Registered and paid-in capital	800
	HK$000
Shown in the Financial Information as	6,213

15. OPERATING LEASE COMMITMENTS

As lessee

Minimum lease payments paid under operating leases in respect of office premises amounted to approximately HK$782,000, HK$837,000, HK$865,000, HK$462,000 (unaudited) and HK380,000 for the years ended 31st December, 2004, 2005 and 2006 and the six months ended 30th June, 2006 and 2007, respectively.

At the respective balance sheet dates, Namtek (Shenzhen) had commitments for the following future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	As at 31st December,			As at 30th June,
	2004	2005	2006	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within one year	386	921	409	32
In the second to fifth year inclusive	–	499	–	–
	386	1,420	409	32

Leases are negotiated for terms ranging from one to two years and rent is fixed over the relevant lease period.

16. EMPLOYEES BENEFITS

Retirement benefits schemes

According to the relevant laws and regulations in the PRC, Namtek (Shenzhen) is required to contribute 8% to 11% of the stipulated salary set by the local government of Shenzhen, PRC, to the retirement benefit schemes ("PRC Scheme") to fund the retirement benefits of their employees. The principal obligation of Namtek (Shenzhen) with respect to the PRC Scheme is to make the required contributions under the scheme. The total contributions incurred in this connection were approximately HK$452,000, HK$562,000, HK$535,000, HK$270,000 (unaudited) and HK$231,000 for the years ended 31st December, 2004, 2005 and 2006 and the six months ended 30th June, 2006 and 2007, respectively.

Share option scheme

In May 2001, the board of directors of NTE Inc. approved a stock option plan ("2001 Scheme") which would grant 15,000 options to each non-employee director of NTE Inc. elected at each annual general meeting of shareholders, and might grant options to key employees, consultants or advisors of NTE Inc. 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 3,300,000 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 NTE Inc. 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 NTE Inc. 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 NTE Inc. 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 NTE Inc. No consideration is payable on the grant of an option.

In February 2006, the board of directors of NTE Inc. approved another stock option plan with basically the same terms and conditions of the 2001 Scheme. The maximum number of shares to be issued pursuant to the exercise of options granted was 2,000,000 shares.

The following table discloses details of the share options granted to the directors of Namtek (Shenzhen) for services provided to NTE Inc. and movements in such holdings during the Relevant Periods:

Directors of Namtek (Shenzhen)

	2001 Scheme				
Exercise price per share	**US$19.400**	**US$20.840**	**US$21.620**	**US$22.250**	**US$12.420**
Number of options:					
Outstanding at 1st January, 2004	–	–	–	–	–
Granted during the year	222,000	–	–	–	–
Outstanding at 31st December, 2004 and 1st January, 2005	222,000	–	–	–	–
Granted during the year	–	420,000	15,000	–	–
Resigned as director during the year	(222,000)	(420,000)	(15,000)	–	–
Outstanding at 31st December, 2005, 1st January 2006, 31st December, 2006 and 1st January, 2007	–	–	–	–	–
Granted during the period	–	–	–	–	15,000
Appointed as director during the period	–	–	–	15,000	–
Outstanding at 30th June, 2007	–	–	–	15,000	15,000

No share options of NTE Inc. were granted to the directors of Namtek (Shenzhen) during the six months ended 30th June, 2006.

No share options of NTE Inc. were granted to employees of Namtek (Shenzhen).

Details of specific categories of options are as follows:

Date of grant	Exercise period	Exercise price *US$*
30th July, 2004	30th July, 2004 to 30th July, 2006	19.400
4th February, 2005	4th February, 2005 to 4th February, 2007	20.840
6th June, 2005	6th June, 2005 to 6th June, 2008	21.620
9th June, 2006	9th June, 2006 to 8th June, 2009	22.250
8th June, 2007	8th June, 2007 to 7th June, 2010	12.420

No share option was exercised for the Relevant Periods.

17. RELATED PARTY TRANSACTIONS

Apart from details of the balance with former immediate holding company disclosed elsewhere in the Financial Information, Namtek (Shenzhen) had also entered into the following transactions with related parties during the Relevant Periods:

Name	Nature of transaction	Years ended 31st December, 2004	2005	2006	Six months ended 30th June, 2006	2007
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000* *(unaudited)*	*HK$'000*
Former immediate holding company:						
Namtek Software Development Company Limited	Dividend paid	18,404	20,835	–	–	–
Namtek Software Development Company Limited	Commission paid	1,490	2,101	–	–	–
Fellow subsidiaries:						
Namtek Japan Company Limited	Service fee paid	–	–	3,174	1,786	908
Namtai Electronic (Shenzhen) Co., Ltd.	Purchase	–	8	18	18	–
Nam Tai Investments Consultants (Macao Commercial Offshore) Company Limited	Commission paid	402	–	–	–	–
Immediate holding company:						
Nam Tai Electronic & Electrical Products Limited	Dividend paid	–	–	21,463	–	–

Compensation of key management personnel

Other than the emoluments paid to directors as disclosed in note 6(a), no other remuneration was paid to key management during the Relevant Periods.

II. SUBSEQUENT EVENTS

Subsequent to 30th June, 2007, JIC and NTEEP entered into a conditional sale and purchase agreement (the "Namtek Agreement"). Pursuant to the Namtek Agreement, JIC will acquire 100% equity interest of Namtek (Shenzhen) and Namtek Japan Company Limited from NTEEP at a consideration of HK$80,500,000, to be settled by cash.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of Namtek (Shenzhen) have been prepared in respect of any period subsequent to 30th June, 2007.

Yours faithfully
Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

The following is the text of a report, prepared for inclusion in this circular, received from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants.

Deloitte.
德勤

德勤・關黃陳方會計師行
香港金鐘道88號
太古廣場一座35樓

Deloitte Touche Tohmatsu
35/F One Pacific Place
88 Queensway
Hong Kong

5th December, 2007

The Directors
J.I.C. Technology Company Limited

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") regarding Kabushiki Kaisha Namtek Japan (expressed in English as Namtek Japan Company Limited, ("Namtek (Japan)") for each of the three years ended 31st December, 2004, 2005 and 2006 and for the six months ended 30th June, 2007 (the "Relevant Periods") for inclusion in the circular dated 5th December, 2007 issued by J.I.C. Technology Company Limited ("JIC") in connection with the proposed acquisitions of 100% equity interest in Namtek (Japan) and Shenzhen Namtek Company Limited and the disposal of 100% equity interest in Jetup Electronic (Shenzhen) Co., Ltd. (the "Circular").

Namtek (Japan) was established as a limited liability company in Japan on 30th June, 2003. Namtek (Japan) is engaged in provision of sales co-ordination and marketing services to fellow subsidiaries.

No audited statutory financial statements of Namtek (Japan) have been prepared for the Relevant Periods as there are no statutory audit requirements in Japan. For the purpose of this report, the directors of Namtek (Japan) have prepared the financial statements of Namtek (Japan) for the Relevant Periods, in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") (the "Underlying Financial Statements").

We have performed an independent audit on the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA and have examined the Underlying Financial Statements for the Relevant Periods in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" as recommended by the HKICPA.

The Financial Information of Namtek (Japan) for the Relevant Periods set out in this report has been prepared based on the Underlying Financial Statements for the purpose of preparing our report for inclusion in the Circular. No adjustments were deemed necessary by us to the Underlying Financial Statements in preparing our report for inclusion in the Circular.

The Underlying Financial Statements are the responsibility of the directors of Namtek (Japan). The directors of JIC are responsible for the contents of the Circular in which this report is included. It is our responsibilities to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

In our opinion, the Financial Information gives, for the purpose of this report, a true and fair view of the state of affairs of Namtek (Japan) as at 31st December, 2004, 2005 and 2006 and 30th June, 2007 and of the results and cash flows of Namtek (Japan) for the Relevant Periods.

The comparative income statement, statement of changes in equity and cash flow statement of Namtek (Japan) for the six months ended 30th June, 2006 together with the notes thereon have been extracted from Namtek (Japan)'s unaudited financial information for the same period (the "30th June, 2006 Financial Information") which was prepared by the directors of Namtek (Japan) solely for the purpose of this report. We have reviewed the 30th June, 2006 Financial Information in accordance with the Statement of Auditing Standards 700 "Engagements to review interim financial reports" issued by the HKICPA. Our review consisted principally of making enquiries of management and applying analytical procedures to the 30th June, 2006 Financial Information and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the 30th June, 2006 Financial Information. On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the 30th June, 2006 Financial Information.

I. FINANCIAL INFORMATION

INCOME STATEMENTS

		Years ended 31st December,			Six months ended 30th June,	
		2004	**2005**	**2006**	**2006**	**2007**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
					(unaudited)	
Revenue		2,830	3,806	3,646	1,786	1,835
Other income	7	102	1	–	–	–
Administrative expenses		(3,668)	(2,853)	(3,246)	(1,565)	(2,005)
(Loss) profit before tax	*8*	(736)	954	400	221	(170)
Income tax expense	*9*	–	–	(6)	–	–
(Loss) profit for the year/ period attributable to equity holder of Namtek (Japan)		(736)	954	394	221	(170)

BALANCE SHEETS

		As at 31st December,			As at 30th June,
		2004	**2005**	**2006**	**2007**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
NON-CURRENT ASSET					
Property, plant and equipment	*10*	36	31	26	24
CURRENT ASSETS					
Other receivables		207	130	168	167
Bank balances and cash	*11*	635	358	821	860
		842	488	989	1,027
CURRENT LIABILITIES					
Other payables and accruals		270	253	354	516
Amount due to former immediate holding company	*12*	2,480	–	–	–
Amount due to immediate holding company	*12*	–	–	–	65
Income taxation payable		–	–	6	–
		2,750	253	360	581
NET CURRENT (LIABILITIES) ASSETS		(1,908)	235	629	446
NET (LIABILITIES) ASSETS		(1,872)	266	655	470
CAPITAL AND RESERVES					
Share capital	*13*	660	660	660	660
Reserves		(2,532)	(394)	(5)	(190)
(DEFICIENCY IN) EQUITY ATTRIBUTABLE TO EQUITY HOLDER OF NAMTEK (JAPAN)		(1,872)	266	655	470

STATEMENTS OF CHANGES IN EQUITY

	Share capital	Capital reserve	Translation reserve	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1st January, 2004	660	–	–	(1,730)	(1,070)
Loss for the year	–	–	–	(736)	(736)
Exchange differences arising from translation of Financial Information recognised directly in equity	–	–	(66)	–	(66)
Total recognised expense for the year	–	–	(66)	(736)	(802)
At 31st December, 2004 and 1st January, 2005	660	–	(66)	(2,466)	(1,872)
Profit for the year	–	–	–	954	954
Exchange differences arising from translation of Financial Information recognised directly in equity	–	–	21	–	21
Total recognised income for the year	–	–	21	954	975
Deemed capital contribution *(note 12)*	–	1,163	–	–	1,163
At 31st December, 2005 and 1st January, 2006	660	1,163	(45)	(1,512)	266
Profit for the year	–	–	–	394	394
Exchange differences arising from translation of Financial Information recognised directly in equity	–	–	(5)	–	(5)
Total recognised (expense) income for the year	–	–	(5)	394	389
At 31st December, 2006 and 1st January, 2007	660	1,163	(50)	(1,118)	655
Loss for the period	–	–	–	(170)	(170)
Exchange differences arising from translation of Financial Information recognised directly in equity	–	–	(15)	–	(15)
Total recognised expense for the period	–	–	(15)	(170)	(185)
At 30th June, 2007	660	1,163	(65)	(1,288)	470
(Unaudited)					
At 1st January, 2006	660	1,163	(45)	(1,512)	266
Profit for the period	–	–	–	221	221
Exchange differences arising from translation of Financial Information recognised directly in equity	–	–	15	–	15
Total recognised income for the period	–	–	15	221	236
At 30th June, 2006	660	1,163	(30)	(1,291)	502

CASH FLOW STATEMENTS

	Years ended 31st December,			Six months ended 30th June,	
	2004	2005	2006	2006	2007
	HK$'000	HK$'000	HK$'000	HK$'000 (unaudited)	HK$'000
OPERATING ACTIVITIES					
(Loss) profit before tax	(736)	954	400	221	(170)
Adjustment for:					
Depreciation of property, plant and equipment	5	5	5	2	2
Operating cash flows before movements in working capital	(731)	959	405	223	(168)
(Increase) decrease in other receivables	(24)	77	(38)	(28)	1
(Decrease) increase in other payables and accruals	(64)	(17)	101	111	162
Increase in amount due to immediate holding company	–	–	–	–	65
Cash (used in) generated from operations	(819)	1,019	468	306	60
Japan income tax paid	–	–	–	–	(6)
NET CASH (USED IN) GENERATED FROM OPERATING ACTIVITIES	(819)	1,019	468	306	54
CASH PROVIDED BY (USED IN) FINANCIAL ACTIVITIES					
Increase (decrease) in amount due to former immediate holding company	1,057	(1,317)	–	–	–
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	238	(298)	468	306	54
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR/PERIOD	463	635	358	358	821
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(66)	21	(5)	15	(15)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR/PERIOD, represented by bank balances and cash	635	358	821	679	860

NOTES TO THE FINANCIAL INFORMATION

1. GENERAL

Namtek (Japan) was established as a limited liability company in Japan on 30th June, 2003. Its immediate holding company is Nam Tai Electronic & Electrical Products Limited ("NTEEP"), a company incorporated in the Cayman Islands with its shares listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its ultimate holding company is Nam Tai Electronics, Inc. ("NTE Inc."), a company incorporated in the British Virgin Islands with its shares listed on the New York Stock Exchange. The address of the registered office and principal place of business of Namtek (Japan) is 6/F, Sakura-Masamune Higashi-Nihonbashi Building, 3-12-12 Higashi-Nihonbashi, Chuo-Ku, Tokyo, Japan.

Namtek (Japan) is engaged in the provision of sales co-ordination and marketing services to fellow subsidiaries.

The Financial Information is presented in Hong Kong dollars ("HK$"), which is the same as the functional and presentation currency of JIC for the convenience of the readers of the Circular.

The earnings per share for the years ended 31st December, 2004, 2005 and 2006 and for the six months ended 30th June, 2006 and 2007 are not presented as the directors considered that the information is not meaningful for the purpose of this report.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS

The HKICPA has issued a number of new or revised Hong Kong Accounting Standards ("HKAS"), Hong Kong Financial Reporting Standards ("HKFRSs"), amendments and Interpretations ("INTs") (hereinafter collectively referred to as "new HKFRSs") which are effective for Namtek (Japan)'s financial year beginning 1st January, 2007. For the purposes of preparing and presenting the Financial Information of the Relevant Periods, Namtek (Japan) has consistently applied all these new HKFRSs over the Relevant Periods.

At the date of this report, the HKICPA has issued the following new and revised standards or interpretations that are not yet effective. The directors of Namtek (Japan) have considered the following standards or interpretations but do not expect that they will have a material impact on the results and the financial position of Namtek (Japan).

HKAS 23 (Revised)	Borrowing Costs[1]
HKFRS 8	Operating Segments[1]
HK(IFRIC)-Int 11	HKFRS 2 - Group and Treasury Share Transactions[2]
HK(IFRIC)-Int 12	Service Concession Arrangements[3]
HK(IFRIC)-Int 13	Customer Loyalty Programmes[4]
HK(IFRIC)-Int 14	HKAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[3]

[1] Effective for annual periods beginning on or after 1st January, 2009
[2] Effective for annual periods beginning on or after 1st March, 2007
[3] Effective for annual periods beginning on or after 1st January, 2008
[4] Effective for annual periods beginning on or after 1st July, 2008

3. SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared under the historical cost basis and in accordance with the accounting policies set out below, which conform with HKFRSs issued by the HKICPA. In addition, the Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on Stock Exchange and by the Hong Kong Companies Ordinance.

Revenue recognition

Revenue is measured at fair value of the consideration received or receivable and represents amounts receivable from services provided in the normal course of business, net of discounts and sales related taxes.

Service income is recognised when services are provided.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Property, plant and equipment

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

Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each balance sheet date, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the year/period in which the item is derecognised.

Impairment

At each balance sheet date, Namtek (Japan) 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. An 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 immediately recognised as income.

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/period. Taxable profit differs from 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 items that are never taxable or deductible. Namtek (Japan)'s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the Financial Information 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 generally recognised for all deducible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction which affects neither the taxable profit nor the accounting profit.

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 rates that are expected to apply in the year/period when the liability is settled or the asset is realised. Deferred tax is charged or credited to profit or loss.

Foreign currencies

In preparing the financial statements of Namtek (Japan), transactions in currencies other than the functional currency of Namtek (Japan) (foreign currencies) are recorded in its functional currency (i.e. Japanese Yen, the currency of the primary economic environment in which Namtek (Japan) operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are re-translated at the rates prevailing on the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purpose of presenting the Financial Information, the assets and liabilities of Namtek (Japan) are translated into the presentation currency (i.e. HK$) at the rate of exchange prevailing at the balance sheet date, and the income and expenses are translated at the average exchange rates for the year/period, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the translation reserve).

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Namtek (Japan) as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Government grants

Government grants are recognised as income over the periods necessary to match them with the related costs. Grants related to expense items are recognised in the same period as those expenses are charged in the income statement and are reported separately as other income.

Retirement benefits costs

Payments to employee's pension fund are charged as an expense when employees have rendered service entitling them to the contributions.

Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when Namtek (Japan) becomes a party to the contracted provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction cost that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets and financial liabilities, as appropriate, on initial recognition.

Financial assets

Namtek (Japan)'s financial assets are classified into loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including other receivables and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the assets at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity

Financial liabilities and equity instruments issued by Namtek (Japan) are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of Namtek (Japan) after deducting all of its liabilities.

Financial liabilities include other payables, amounts due to former immediate holding company and immediate holding company and are subsequently measured at amortised cost using the effective interest method.

Equity instruments issued by Namtek (Japan) are recorded at the proceeds received, net of direct issue costs.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and Namtek (Japan) has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. FINANCIAL INSTRUMENTS

a. Financial risk management objectives and polices

Namtek (Japan)'s major financial instruments include other receivables, bank balances and cash, amounts due to former immediate holding company and immediate holding company and other payables. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit risk

Namtek (Japan)'s maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at 31st December, 2004, 2005 and 2006 and 30th June, 2007 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the balance sheet. In order to minimise the credit risk, management of Namtek (Japan) has credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In this regard, the directors of Namtek (Japan) consider that Namtek (Japan)'s credit risk is significantly reduced.

Namtek (Japan) has no significant concentration of credit risk. The credit risk on bank balances is limited because the counterparties are reputable banks in Japan.

Market risk

Currency risk

Majority of Namtek (Japan)'s assets and liabilities are denominated in Japanese Yen, as such, Namtek (Japan) currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Foreign currency sensitivity

The directors of Namtek (Japan) are of the opinion that Namtek (Japan)'s sensitivity to the change in foreign currency is low.

Interest rate risk

Namtek (Japan) has exposed to cash flow interest rate risk through the impact of rate changes on interest bearing bank balances. The interest rates of bank balances of Namtek (Japan) are disclosed in note 11. Namtek (Japan) currently does not enter into interest rate hedging policy. However, management monitors the cash flow interest rate risk and will consider hedging interest rate change exposure should the need arise.

Interest rate sensitivity

At the respective balance sheet dates, if interest rates had increased by 70 basis points and all other variables were held constant, Namtek (Japan)'s profit would increase by approximately HK$4,000, HK$3,000, HK$6,000, HK$6,000 for the three years ended 31st December, 2006 and the six months ended 30th June, 2007, respectively.

No presentation of the financial impact on the decrease in interest rate is made as there cannot be negative interest rates.

There has been no change to Namtek (Japan)'s exposure to market risks or the manner in which it manages and measures the risks.

Liquidity risk

In the management of liquidity risk, Namtek (Japan) monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance Namtek (Japan)'s operations and mitigate the effects of fluctuations in cash flows.

Liquidity risk tables

The following tables detail Namtek (Japan)'s remaining contractual maturity for its non-derivative financial liabilities as at 31st December, 2004, 2005 and 2006 and 30th June, 2007. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest dates on which Namtek (Japan) can be required to pay.

At 31st December, 2004

	Less than 30 days	**31–60 days**	**61–90 days**	**Over 90 days**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Other payables	185	–	–	–	185
Amount due to former immediate holding company	2,480	–	–	–	2,480
	2,665	–	–	–	2,665

At 31st December, 2005

	Less than 30 days	**31–60 days**	**61–90 days**	**Over 90 days**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Other payables	164	–	–	–	164

At 31st December, 2006

	Less than 30 days	**31–60 days**	**61–90 days**	**Over 90 days**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Other payables	234	–	–	–	234

At 30th June, 2007

	Less than 30 days	31–60 days	61–90 days	Over 90 days	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Other payables	462	–	–	–	462
Amount due to immediate holding company	65	–	–	–	65
	527	–	–	–	527

b. Fair value

The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis, using prices or rates from observable current market transactions as input.

The directors consider that the carrying amounts of all financial assets and financial liabilities recorded at amortised cost in the Financial Information approximate their fair value at respective balance sheet dates.

c. Capital risk management

Namtek (Japan) manages its capital to ensure that Namtek (Japan) will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of Namtek (Japan) consists debt, which includes amount due to former immediate holding company, as disclosed in note 12, bank balances and equity attributable to equity holder of Namtek (Japan), comprising issued capital, accumulated losses and other reserves.

The directors of Namtek (Japan) review the capital structure on an annual basis. As part of this review, the directors consider that cost of capital and the associated risks. Based on recommendations of the directors, Namtek (Japan) will balance its overall capital structure through the raising of new borrowings.

d. Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial assets, financial liabilities and equity instrument are disclosed in note 3.

5. BUSINESS AND GEOGRAPHICAL SEGMENTS

No business segment information is presented for the Relevant Periods as Namtek (Japan) is only engaged in the provision of sales co-ordination and marketing services to its former immediate holding company, immediate holding company and fellow subsidiaries during the Relevant Periods which is considered as a single segment.

No geographical segment information is presented as all activities of Namtek (Japan) during the Relevant Periods were carried out in Japan and all assets and liabilities of Namtek (Japan) were located in the Japan at the balance sheet dates.

6. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' emoluments

Details of emoluments paid by Namtek (Japan) to its directors during the year/period are as follows:

Year ended 31st December, 2004

	Kazuhiro Asano *HK$'000*	Toshiaki Sunahara *HK$'000*	Li Shi Yuen, Joseph *HK$'000*	Lei Lai Fong, Patinda *HK$'000* *(note 1)*	Total *HK$'000*
Fee	–	–	–	–	–
Other emoluments					
Salaries and other benefits	1,248	473	–	–	1,721
Retirement benefit scheme contributions	37	31	–	–	68
	1,285	504	–	–	1,789

Year ended 31st December, 2005

	Kazuhiro Asano *HK$'000*	Toshiaki Sunahara *HK$'000*	Li Shi Yuen, Joseph *HK$'000*	Lei Lai Fong, Patinda *HK$'000* *(note 1)*	Wong Kuen Ling, Karene *HK$'000* *(note 2)*	Hsu Kar Hing, Joseph *HK$'000* *(note 3)*	Total *HK$'000*
Fee	–	–	–	–	–	–	–
Other emoluments							
Salaries and other benefits	1,434	500	–	–	–	–	1,934
Retirement benefit scheme contributions	38	33	–	–	–	–	71
	1,472	533	–	–	–	–	2,005

Year ended 31st December, 2006

	Kazuhiro Asano *HK$'000*	Toshiaki Sunahara *HK$'000*	Li Shi Yuen, Joseph *HK$'000* *(note 4)*	Wong Kuen Ling, Karene *HK$'000*	Hsu Kar Hing, Joseph *HK$'000* *(note 3)*	Total *HK$'000*
Fee	–	–	–	–	–	–
Other emoluments						
Salaries and other benefits	1,281	471	–	–	–	1,752
Retirement benefit scheme contributions	35	32	–	–	–	67
	1,316	503	–	–	–	1,819

Six months ended 30th June, 2006 (unaudited)

	Kazuhiro Asano	Toshiaki Sunahara	Li Shi Yuen, Joseph	Wong Kuen Ling, Karene	Hsu Kar Hing, Joseph	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
			(note 4)		*(note 3)*	
Fee	–	–	–	–	–	–
Other emoluments						
Salaries and other benefits	631	248	–	–	–	879
Retirement benefit scheme contributions	17	16	–	–	–	33
	648	264	–	–	–	912

Six months ended 30th June, 2007

	Kazuhiro Asano	Toshiaki Sunahara	Wong Kuen Ling, Karene	Lei Lai Fong, Patinda	Lee Wa Lun, Warren	Koo Ming Kown	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(note 1)	*(note 5)*	*(note 6)*	
Fee	–	–	–	–	–	–	–
Other emoluments							
Salaries and other benefits	820	254	–	–	–	–	1,074
Retirement benefit scheme contributions	18	17	–	–	–	–	35
	838	271	–	–	–	–	1,109

Notes:

1. Appointed on 10th May, 2004 and resigned on 5th July, 2005 and re-appointed on 2nd January, 2007.

2. Appointed on 5th July, 2005.

3. Appointed on 5th July, 2005 and resigned on 15th March, 2006.

4. Resigned on 1st March, 2006.

5. Appointed on 2nd January, 2007 and resigned on 16th April, 2007.

6. Appointed on 10th April, 2007.

(b) Employees' emoluments

There were less than five employees in each of the Relevant Periods. The highest paid individuals of Namtek (Japan) included two directors for each of the years ended 31st December, 2004, 2005 and 2006 and the six months ended 30th June, 2006 and 2007, details of whose emoluments are set out in (a) above. The emoluments of the remaining two, nil, one, one and two individual(s) for each of the years ended 31st December, 2004, 2005 and 2006 and the six months ended 30th June, 2006 and 2007, respectively were as follows:

	Years ended 31st December,			Six months ended 30th June,	
	2004	**2005**	**2006**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Salaries and other benefits	874	–	638	250	438
Retirement benefit scheme contributions	58	–	26	9	18
	932	–	664	259	456

The emoluments of the employees were with the following bands:

	Years ended 31st December,			Six months ended 30th June,	
	2004	**2005**	**2006**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Nil to HK$1,000,000	2	–	1	1	2

During the Relevant Periods, no remuneration was paid by Namtek (Japan) to any of Namtek (Japan)'s directors or the five highest paid individuals as an inducement to join or upon joining Namtek (Japan) or as compensation for loss of office. None of the directors waived any remuneration during the Relevant Periods.

7. OTHER INCOME

	Years ended 31st December,			Six months ended 30th June,	
	2004	**2005**	**2006**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Government grants	102	–	–	–	–
Sundry income	–	1	–	–	–
	102	1	–	–	–

8. (LOSS) PROFIT BEFORE TAX

	Years ended 31st December,			Six months ended 30th June,	
	2004	**2005**	**2006**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* *(unaudited)*	*HK$'000*
(Loss) profit before tax has been arrived at after charging:					
Auditor's remuneration	–	–	–	–	–
Depreciation of property, plant and equipment	5	5	5	2	2
Staff costs, including directors' remunerations					
– Salaries and other benefits	2,595	1,934	2,390	1,129	1,512
– Retirement benefit scheme contributions	126	71	93	42	53
Total staff costs	2,721	2,005	2,483	1,171	1,565

9. INCOME TAX EXPENSE

	Years ended 31st December,			Six months ended 30th June,	
	2004	**2005**	**2006**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* *(unaudited)*	*HK$'000*
Japan Corporate Tax charged at 22%	–	–	6	–	–

For the year ended 31st December, 2004 and the six months ended 30th June, 2007, no tax provision has been made as Namtek (Japan) did not have any assessable profit.

No tax was payable on the profits for the year 31st December, 2005 and the six months ended 30th June, 2006 arising in Japan since the assessable profits were wholly absorbed by tax losses brought forward.

No provision for Hong Kong Profits tax has been made as Namtek (Japan) did not have any assessable profit arising in Hong Kong for the Relevant Periods.

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

	Years ended 31st December,			Six months ended 30th June,	
	2004	**2005**	**2006**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* *(unaudited)*	*HK$'000*
(Loss) profit before tax	(736)	954	400	221	(170)
Tax at the income tax rate of 22%	(162)	210	88	49	(37)
Tax effect of expenses not deductible for tax purposes	3	1	2	–	–
Tax losses not recognised in current year/period	159	–	–	–	37
Utilisation of tax loss previously not recognised	–	(466)	(84)	(49)	–
Tax effect of waiver of amount due to former immediate holding company	–	255	–	–	–
Tax charge for the year/period	–	–	6	–	–

As at 31st December, 2004, 2005, 2006 and 30th June, 2007, Namtek (Japan) had unused tax losses of approximately HK$2,499,000, HK$381,000, nil and HK$168,000, respectively. No deferred tax asset had been recognised in respect of these tax losses due to unpredictability of future profit streams. Tax losses may be carried forward for seven years.

10. PROPERTY, PLANT AND EQUIPMENT

	Furniture, fixtures and equipment *HK$'000*
COST	
At 1st January, 2004, 31st December, 2004, 1st January, 2005, 31st December, 2005, 1st January, 2006, 31st December, 2006, 1st January, 2007 and 30th June, 2007	43
ACCUMULATED DEPRECIATION	
At 1st January, 2004	2
Provided for the year	5
At 31st December, 2004 and 1st January, 2005	7
Provided for the year	5
At 31st December, 2005 and 1st January, 2006	12
Provided for the year	5
At 31st December, 2006 and 1st January, 2007	17
Provided for the period	2
At 30th June, 2007	19
CARRYING VALUES	
At 31st December, 2004	36
At 31st December, 2005	31
At 31st December, 2006	26
At 30th June, 2007	24

Property, plant and equipment are depreciated on a straight-line basis at 11.25% per annum.

11. BANK BALANCES AND CASH

The bank balances carry prevailing market interest rates ranging from 0% to 0.001% per annum, 0% to 0.001% per annum, 0.001% to 0.1% per annum and 0.001% to 0.1% per annum during the years ended 31st December, 2004, 2005 and 2006 and the six months ended 30th June, 2007, respectively.

12. AMOUNTS DUE TO FORMER IMMEDIATE HOLDING COMPANY AND IMMEDIATE HOLDING COMPANY

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

During the year ended 31st December, 2005, the amount due to former immediate holding company of approximately HK$1,163,000 was waived by the former immediate holding company, and was accounted for as deemed capital contribution from the former immediate holding company.

13. SHARE CAPITAL

	Number of shares	Amount
		JPY'000
Ordinary shares of JPY100 each		
At 1st January, 2004, 31st December, 2004, 2005, 2006 and 30th June, 2007:		
Authorised	500,000	50,000
Issued and fully paid	100,000	10,000
		HK$'000
Shown in the Financial Information as		660

14. OPERATING LEASE COMMITMENTS

As lessee

Minimum lease payments paid under operating leases in respect of office premises amounted to approximately HK$178,000, HK$179,000, HK$160,000, HK$79,000 (unaudited) and HK$80,000 for the years ended 31st December, 2004, 2005 and 2006 and the six months ended 30th June, 2006 and 2007, respectively.

At the respective balance sheet dates, Namtek (Japan) had commitments for the following future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	As at 31st December,			As at 30th June,
	2004	2005	2006	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within one year	92	161	80	154
In the second to fifth year inclusive	–	81	–	153
	92	242	80	307

Leases are negotiated for terms ranging from one to three years and rental is fixed over the relevant lease period.

15. EMPLOYEES BENEFITS

Retirement benefits schemes

According to the relevant laws and regulations in Japan, Namtek (Japan) is required to contribute approximately 7% of the relevant payroll costs to retirement benefit schemes in Japan. The total contributions incurred in this connection were approximately HK$126,000, HK$71,000, HK$93,000, HK$42,000 (unaudited) and HK$53,000 for the years ended 31st December, 2004, 2005 and 2006 and the six months ended 30th June, 2006 and 2007, respectively.

Share option scheme

In May 2001, the board of directors of NTE Inc. approved a stock option plan ("2001 Scheme") which would grant 15,000 options to each non-employee director of NTE Inc. elected at each annual general meeting of shareholders, and might grant options to key employees, consultants or advisors of NTE Inc. 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 3,300,000 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 NTE Inc. 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 NTE Inc. 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 NTE Inc. 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 NTE Inc. No consideration is payable on the grant of an option.

In February 2006, the board of directors of NTE Inc. approved another stock option plan with basically the same terms and conditions of the 2001 Scheme. The maximum number of shares to be issued pursuant to the exercise of options granted was 2,000,000 shares.

The following table discloses details of the share options granted to the directors of Namtek (Japan) for services provided to NTE Inc. and movements in such holdings during the Relevant Periods:

Directors of Namtek (Japan)

	2001 Scheme			
Exercise price per share	**US$19.400**	**US$20.840**	**US$22.250**	**US$12.420**
Number of options:				
Outstanding at 1st January, 2004	–	–	–	–
Granted during the year	30,000	–	–	–
Outstanding at 31st December, 2004 and 1st January, 2005	30,000	–	–	–
Granted during the year	–	50,000	–	–
Outstanding at 31st December, 2005 and 1st January, 2006	30,000	50,000	–	–
Resigned as director during the year	(30,000)	(50,000)	–	–
Outstanding at 31st December, 2006 and 1st January, 2007	–	–	–	–
Granted during the period	–	–	–	15,000
Appointed as director during the period	–	–	15,000	–
Outstanding at 30th June, 2007	–	–	15,000	15,000
(Unaudited)				
Outstanding at 1st January, 2006	30,000	50,000	–	–
Resigned as director during the period	(30,000)	(50,000)	–	–
Outstanding at 30th June, 2006	–	–	–	–

No share options of NTE Inc. were granted to employees of Namtek (Japan).

Details of specific categories of options are as follows:

Date of grant	**Exercise period**	**Exercise price**
		US$
30th July, 2004	30th July, 2004 to 30th July, 2006	19.400
4th February, 2005	4th February 2005 to 4th February, 2007	20.840
9th June, 2006	9th June, 2006 to 8th June, 2009	22.250
8th June, 2007	8th June, 2007 to 7th June, 2010	12.420

No share option was exercised for the years ended 31st December, 2004, 2005 and 2006 and for the six months ended 30th June, 2006 and 2007.

16. RELATED PARTY TRANSACTIONS

Apart from details of the balances with former immediate holding company and immediate holding company disclosed elsewhere in the Financial Information, Namtek (Japan) had also entered into the following transactions with related parties during the Relevant Periods:

		Years ended 31st December,			Six months ended 30th June,	
Name	**Nature of transaction**	**2004**	**2005**	**2006**	**2006**	**2007**
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Former immediate holding company:						
Namtek Software Development Company Limited	Service fee income	2,830	3,794	–	–	–
Fellow subsidiaries:						
Shenzhen Namtek Company Limited	Service fee income	–	–	3,174	1,786	908
J. I. C. Technology Company Limited	Service fee income	–	12	20	–	18
Immediate holding company:						
Nam Tai Electronic & Electrical Products Limited	Service fee income	–	–	452	–	904

Compensation of key management personnel

Other than the emoluments paid to directors as disclosed in note 6(a), no other remuneration was paid to key management during the Relevant Periods.

II. SUBSEQUENT EVENTS

Subsequent to 30th June, 2007, JIC and NTEEP entered into a conditional sale and purchase agreement (the "Namtek Agreement"). Pursuant to the Namtek Agreement, JIC will acquire 100% equity interest of Namtek (Japan) and Shenzhen Namtek Company Limited from NTEEP at a consideration of HK$80,500,000, to be settled by cash.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of Namtek (Japan) have been prepared in respect of any period subsequent to 30th June, 2007.

Yours faithfully
Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

(1) INTRODUCTION OF THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The accompanying unaudited pro forma financial information ("Unaudited Pro Forma Financial Information") of the enlarged group ("Enlarged JIC") has been prepared giving effect to the proposed disposal of 100% equity interest in Jetup Electronic (Shenzhen) Co., Ltd. ("Jetup") (the "Disposal") and the proposed acquisitions of 100% equity interest in Shenzhen Namtek Co., Ltd. ("Namtek (Shenzhen)") and Kabushiki Kaisha Namtek Japan (expressed in English as Namtek Japan Company Limited, "Namtek (Japan)") (the "Acquisition") (collectively referred to as the "Transactions").

The Unaudited Pro Forma Financial Information of the Enlarged JIC which has been prepared by the directors of J.I.C. Technology Company Limited (the "Company") in accordance with paragraph 29 of Chapter 4 of the Listing Rules is for the purpose of illustrating the effect as if the Transactions had taken place on 1st January, 2006, 30th June, 2007 or 1st January, 2007.

The unaudited pro forma consolidated income statement and cash flow statement of the Enlarged JIC for the six months ended 30th June, 2007 are prepared by the directors of the Company based upon (i) the audited consolidated income statement and cash flow statement of the Company and its subsidiaries (the "Group") for the six months ended 30th June, 2007, which has been extracted from the accountants' report of the Company for the three years ended 31st December, 2006 and the six months ended 30th June, 2007 as set out in appendix II to the Circular; and (ii) the audited income statement and cash flow statement of Namtek (Shenzhen) for the six months ended 30th June, 2007 as extracted from the accountants' report on Namtek (Shenzhen) for the three years ended 31st December, 2006 and the six months ended 30th June, 2007 as set out in appendix III to the Circular; (iii) the audited income statement and cash flow statement of Namtek (Japan) for the six months ended 30th June, 2007 as extracted from the accountants' report on Namtek (Japan) for the three years ended 31st December, 2006 and the six months ended 30th June, 2007 as set out in appendix IV to the Circular, after making pro forma adjustments relating to the Transactions that are (i) directly attributable to the Transactions; and (ii) factually supportable, as if the Transactions have been completed on 1st January, 2007.

The unaudited pro forma consolidated income statement of the Enlarged JIC for the year ended 31st December, 2006 are prepared by the directors of the Company based upon (i) the audited consolidated income statement of the Group for the year ended 31st December, 2006, which has been extracted from the accountants' report of the Company for the three years ended 31st December, 2006 and the six months ended 30th June, 2007 as set out in appendix II to the Circular; and (ii) the audited income statement of Namtek (Shenzhen) for the year ended 31st December, 2006 as extracted from the accountants' report on Namtek (Shenzhen) for the three years ended 31st December, 2006 and the six months ended 30th June, 2007 as set out in appendix III to the Circular; (iii) the audited income statement of Namtek (Japan) for the year ended 31st December, 2006 as extracted from the accountants' report on Namtek (Japan) for the three years ended 31st December, 2006 and the six months ended 30th June, 2007 as set out in appendix IV to the Circular, after making pro forma adjustments relating to the Transactions that are (i) directly attributable to the Transactions; and (ii) factually supportable, as if the Transactions have been completed on 1st January, 2006.

The unaudited pro forma consolidated balance sheet of the Enlarged JIC is prepared by the directors of the Company based upon (i) the audited consolidated balance sheet of the Group at 30th June, 2007, which has been extracted from the accountants' report of the Company for the three years ended 31st December, 2006 and the six months ended 30th June, 2007 as set out in appendix II to the Circular; (ii) the audited balance sheet of Namtek (Shenzhen) at 30th June, 2007, which has been extracted from the accountants' report on Namtek (Shenzhen) for the three years ended 31st December, 2006 and the six months ended 30th June, 2007 as set out in appendix III to the Circular; and (iii) the audited balance sheet of Namtek (Japan) at 30th June, 2007, which has been extracted from the accountants' report on Namtek (Japan) for the three years ended 31st December, 2006 and the six months ended 30th June, 2007 as set out in appendix IV to the Circular, after making pro forma adjustments relating to the Transactions that are (i) directly attributable to the transactions; and (ii) factually supportable, as if the Transactions have been completed on 30th June, 2007.

The Unaudited Pro Forma Financial Information of the Enlarged JIC is prepared by the directors of the Company to provide information of the Group upon completion of the Transactions. As it is prepared for illustration purpose only, it does not purport to give a true picture of the financial position, results and cash flows of the Group following completion of the Transactions.

(2) UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET AS AT 30TH JUNE, 2007

	The Group *HK$'000*	Namtek (Shenzhen) *HK$'000*	Namtek (Japan) *HK$'000*	Combined *HK$'000*	Pro forma adjustments *HK$'000*	*Notes*	Pro forma Enlarged JIC after the Transactions *HK$'000*
Non-current assets							
Property, plant and equipment	122,918	1,232	24	124,174	(122,801)	*1a*	1,373
Deposits paid for the acquisition of plant and equipment	5,865	–	–	5,865	(5,865)	*1a*	–
Goodwill	–	–	–	–	59,918	2	59,918
Intangible asset	381	–	–	381	(381)	*1a*	–
Deferred tax asset	5,829	–	–	5,829	(5,829)	*1a*	–
	134,993	1,232	24	136,249	(74,958)		61,291
Current assets							
Inventories	60,741	–	–	60,741	(60,741)	*1a*	–
Trade and other receivables	129,470	1,876	167	131,513	(129,099)	*1a*	2,414
Amount due from a fellow subsidiary	328	–	–	328	29,365	*1a*	29,693
Taxation recoverable	5,861	503	–	6,364	(5,754)	*1a*	610
Bank balances and cash	19,925	17,939	860	38,724	280,809	*1,2*	319,533
	216,325	20,318	1,027	237,670	114,580		352,250
Current liabilities							
Trade and other payables	110,653	560	516	111,729	(108,459)	*1a*	3,270
Taxation payable	1,200	–	–	1,200	–		1,200
Amount due to a immediate holding company of Namtek (Japan)	–	–	65	65	–		65
Amount due to an associate	909	–	–	909	–		909
Bank borrowings – due within one year	61,486	–	–	61,486	(47,836)	*1a*	13,650
	174,248	560	581	175,389	(156,295)		19,094
Net current assets	42,077	19,758	446	62,281	270,875		333,156
Total assets less current liabilities	177,070	20,990	470	198,530	195,917		394,447
Non-current liabilities							
Bank borrowings – due after one year	1,755	–	–	1,755	–		1,755
Net Assets	175,315	20,990	470	196,775	195,917		392,692
Capital and reserves							
Share capital	7,635	6,213	660	14,508	(6,873)	2	7,635
Reserves	167,680	14,777	(190)	182,267	202,790	3	385,057
Equity attributable to equity holders of the Company	175,315	20,990	470	196,775	195,917		392,692

Notes:

1. The conditional sale and purchase agreement entered into between the Company and Nam Tai Electronics, Inc. ("NTEI"), on 24th September, 2007 as amended and supplemented by supplemental agreements entered into between the same parties on 5th October, 2007 and 28th November 2007 ("JIC Agreement") for the sale and purchase of equity interest of Jetup involves the disposal of 100% of the registered capital of Jetup by the Company to NTEI at a consideration of approximately HK$381,767,000 (US$48.9 million), payable by cash (the "Disposal"). The adjustment reflects:

   (a) the exclusion of the assets and liabilities attributable to Jetup as at 30th June, 2007, including bank balances and cash of approximately HK$18,702,000 at 30th June, 2007 as if the Disposal had been completed on 30th June, 2007;

   (b) The gain on the Disposal of approximately HK$217,377,000 attributable to Enlarged JIC which is calculated based on the differences between:

      (i) the cash consideration of approximately HK$381,767,000 (US$48.9 million); and

      (ii) the 100% of net assets of Jetup of approximately HK$163,512,000 at 30th June, 2007 and estimated legal and professional fees in relation to the Disposal of approximately HK$878,000, as if the Disposal had been completed on 30th June, 2007.

   The assets and liabilities, including bank balances and cash, and net assets of Jetup as at 30th June, 2007 were extracted from the financial information of Jetup as disclosed in note (ii) to Section II of Appendix II.

2. The conditional sale and purchase agreement entered into between the Company and NTEEP dated 5th October, 2007 as amended and supplemented by a supplemental agreement entered into between the same parties on 28th November, 2007 ("Namtek Agreement") involves the acquisitions of 100% equity interest in Namtek (Shenzhen) and Namtek (Japan) by the Company from NTEEP for approximately HK$80,500,000, payable in cash. The adjustment reflects goodwill of approximately HK$59,918,000 that would arise from the Acquisition, which is calculated as the difference between (i) the consideration of approximately HK$80,500,000 and the estimated legal and professional fees in relation to the Acquisition of approximately HK$878,000; and (ii) the aggregate net assets acquired of approximately HK$21,460,000.

   For the purpose of preparing the Unaudited Pro Forma Financial Information, the fair value of Namtek (Shenzhen)'s and Namtek (Japan)'s identifiable assets and liabilities as of 30th June, 2007 is assumed to be the same as their carrying value. The Group will assess the fair value of the identifiable assets, including intangible assets, liabilities and contingent liabilities of Namtek (Shenzhen) and Namtek (Japan) at date of acquisition. Accordingly, goodwill on Acquisition will be subject to further changes upon completion of the Acquisition.

3. The adjustment of approximately HK$202,790,000 to reserves represent the adjustments to (i) the gain on Disposal of Jetup of approximately HK$217,377,000; less (ii) pre-acquisition reserves of approximately HK$14,587,000 of Namtek (Shenzhen) and Namtek (Japan).

(3) UNAUDITED PRO FORMA CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30TH JUNE, 2007

	The Group	Namtek (Shenzhen)	Namtek (Japan)	Combined	Pro forma adjustments	Notes	Pro forma Enlarged JIC after the Transactions
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*Notes*	*HK$'000*
Revenue	304,179	9,017	1,835	315,031	(291,847)	*1a,2a*	23,184
Cost of sales	(272,497)	(2,880)	–	(275,377)	272,497	*1a*	(2,880)
Gross profit	31,682	6,137	1,835	39,654	(19,350)		20,304
Bank interest income	107	146	–	253	(88)	*1a*	165
Other income	–	410	–	410	–		410
Selling and distribution costs	(7,676)	(908)	–	(8,584)	7,588	*1a, 2a*	(996)
Administrative expenses	(14,368)	(1,826)	(2,005)	(18,199)	8,800	*1a*	(9,399)
Research and development expenditure	(6,711)	(585)	–	(7,296)	6,711	*1a*	(585)
Gain on disposal of Jetup	–	–	–	–	213,502	*1b*	213,502
Share of loss of an associate	(903)	–	–	(903)	–		(903)
Interest on bank borrowings	(1,629)	–	–	(1,629)	1,027	*1a*	(602)
Profit before tax	502	3,374	(170)	3,706	218,190		221,896
Taxation	5,829	(279)	–	5,550	(816)	*1a*	4,734
Profit for the period attributable to equity holders of the Company	6,331	3,095	(170)	9,256	217,374		226,630

UNAUDITED PRO FORMA CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 30TH JUNE, 2007

	The Group	Namtek (Shenzhen)	Namtek (Japan)	Combined	Pro forma adjustments	Notes	Pro forma Enlarged JIC after the Transactions
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*Notes*	*HK$'000*
OPERATING ACTIVITIES							
Profit before taxation	502	3,374	(170)	3,706	218,190		221,896
Adjustments for:							
Interest on bank borrowings	1,629	–	–	1,629	(1,027)	*1c*	602
Bank interest income	(107)	(146)	–	(253)	88	*1c*	(165)
Share of loss of an associate	903	–	–	903	–		903
Depreciation of property, plant and equipment	15,925	351	2	16,278	(15,896)	*1c*	382
Loss on disposal of property, plant and equipment	333	–	–	333	(333)	*1c*	–
Gain on disposal of Jetup	–	–	–	–	(213,502)	*1b*	(213,502)
Impairment losses reversed in respect of trade receivables	(457)	–	–	(457)	457	*1c*	–
Reversal of allowance for inventories	(123)	–	–	(123)	123	*1c*	–
Operating cash flows before movements in working capital	18,605	3,579	(168)	22,016	(11,900)		10,116
Increase in inventories	(6,041)	–	–	(6,041)	6,041	*1c*	–
Increase in trade and other receivables	(28,828)	740	1	(28,087)	28,686	*1c*	599
Decrease in amount due from a fellow subsidiary	211	–	–	211	–		211
Increase in trade and other payables	20,578	(515)	162	20,225	(21,067)	*1c*	(842)
Increase in amount due to immediate holding company of Namtek (Japan)	–	–	65	65	–		65
Increase in amount due to a fellow subsidiary	–	–	–	–	(365)	*1c*	(365)
Cash generated from operations	4,525	3,804	60	8,389	1,395		9,784
People's Republic of China (other than Hong Kong and Macao) – enterprise income tax paid	(241)	(629)	–	(870)	241	*1c*	(629)
Japan enterprise income tax paid	–	–	(6)	(6)	–		(6)
NET CASH FROM OPERATING ACTIVITIES	4,284	3,175	54	7,513	1,636		9,149
INVESTING ACTIVITIES							
Purchase of property, plant and equipment	(9,623)	(3)	–	(9,626)	9,621	*1c*	(5)
Purchase of machinery under installation and deposits paid for the acquisition of plant and equipment	(5,865)	–	–	(5,865)	5,865	*1c*	–
Acquisition of subsidiaries	–	–	–	–	(65,930)	*2b*	(65,930)
Disposal of Jetup	–	–	–	–	356,982	*1c*	356,982
Interest received	107	140	–	247	(88)	*1c*	159
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(15,381)	137	–	(15,244)	306,450		291,206
FINANCING ACTIVITIES							
Repayment to an associate	(52)	–	–	(52)	–		(52)
Increase in trust receipt loans	12,954	–	–	12,954	(12,954)	*1c*	–
Repayment of bank loans	(6,781)	–	–	(6,781)	98	*1c*	(6,683)
Interest paid	(1,629)	–	–	(1,629)	1,027	*1c*	(602)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	4,492	–	–	4,492	(11,829)		(7,337)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(6,605)	3,312	54	(3,239)	296,257		293,018
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	26,530	14,627	821	41,978	(15,448)	*2b*	26,530
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	–	–	(15)	(15)	–		(15)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, representing bank balances and cash	19,925	17,939	860	38,724	280,809		319,533

Notes:

1. The JIC Agreement involves the disposal of 100% of the registered capital of Jetup by the Company to NTEI for approximately HK$381,767,000 (US$48.9 million), payable by cash. The adjustment reflects:

   (a) the exclusion of the income statement items attributable to Jetup for the six months ended 30th June, 2007 as if the Disposal had been completed on 1st January, 2007.

   (b) the gain on the Disposal of approximately HK$213,502,000 attributable to Enlarged JIC which is calculated based on the differences between:

      (i) the cash consideration of approximately HK$381,767,000 (US$48.9 million); and

      (ii) the 100% of net assets of Jetup of approximately HK$167,387,000 at 31st December, 2006 and estimated legal and professional fees in relation to the Disposal of approximately HK$878,000 as if the Disposal had been completed on 1st January, 2007;

   (c) the adjustment reflects the cash flows on the Disposal of Jetup for the six months ended 30th June, 2007 excluded from the Group with net proceeds of approximately HK$380,889,000 to be received immediately upon the completion of the Disposal less bank balances and cash of approximately HK$23,907,000 disposed of.

   The income statement items attributable to Jetup for the six months ended 30th June, 2007, the net assets of Jetup at 31st December, 2006, and the cash flow of Jetup for the six months ended 30th June, 2007 were extracted from the financial information of Jetup as disclosed in notes (i), (ii) and (iii) to Section II of Appendix II, respectively.

2. The Namtek Agreement involves the acquisitions of 100% equity interest of Namtek (Shenzhen) and Namtek (Japan) by the Company from NTEEP at a consideration of approximately HK$80,500,000, payable in cash. The adjustment reflects:

   (a) elimination of inter-companies' sales between Namtek (Shenzhen) and Namtek (Japan) for the six months ended 30th June, 2007 of approximately HK$908,000, and restatement of previously eliminated commission paid from Jetup to a subsidiary of the Company of approximately HK$13,240,000 as if the Acquisition had been completed on 1st January, 2007.

   (b) The amount represents net cash outflow arising from the Acquisition, which comprised cash consideration of approximately HK$80,500,000, and the payment of the estimated legal and professional fees of approximately HK$878,000, and bank balances and cash acquired of approximately HK$15,448,000 from the acquisitions of Namtek (Shenzhen) and Namtek (Japan) at 1st January, 2007.

(4) UNAUDITED PRO FORMA CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2006

	The Group	Namtek (Shenzhen)	Namtek (Japan)	Combined	Pro forma adjustments	Note	Pro forma Enlarged JIC after the Transactions
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*Note*	*HK$'000*
Revenue	504,297	23,253	3,646	531,196	(482,569)	*1a, 2a*	48,627
Cost of sales	(419,620)	(5,692)	–	(425,312)	420,226	*1a*	(5,086)
Gross profit	84,677	17,561	3,646	105,884	(62,343)		43,541
Bank interest income	648	470	–	1,118	(193)	*1a*	925
Other income	–	1,042	–	1,042	–		1,042
Selling and distribution costs	(10,252)	(3,178)	–	(13,430)	9,612	*1a, 2a*	(3,818)
Administrative expenses	(29,790)	(4,449)	(3,246)	(37,485)	19,168	*1a*	(18,317)
Research and development expenditure	(11,758)	(3,054)	–	(14,812)	11,893	*1a*	(2,919)
Gain on disposal of Jetup	–	–	–	–	231,249	*1b*	231,249
Share of loss of an associate	(58)	–	–	(58)	–		(58)
Interest on bank borrowings	(4,673)	–	–	(4,673)	2,856	*1a*	(1,817)
Profit before tax	28,794	8,392	400	37,586	212,242		249,828
Taxation	(601)	(761)	(6)	(1,368)	601	*1a*	(767)
Profit for the year attributable to equity holders of the Company	28,193	7,631	394	36,218	212,843		249,061

Notes:

1. The JIC Agreement involves the disposal of 100% of the registered capital of Jetup by the Company to NTEI for approximately HK$381,767,000 million (US$48.9 million), payable by cash. The adjustment reflects:

   (a) the exclusion of the income statement items attributable to Jetup for the year ended 31st December, 2006 as if the Disposal had been completed on 1st January, 2006.

   (b) the gain on the Disposal of approximately HK$231,249,000 attributable to Enlarged JIC which is calculated based on the differences between:

      (i) the cash consideration of approximately HK$381,767,000 (US$48.9 million); and

      (ii) the 100% of net assets of Jetup of approximately HK$149,640,000 at 31st December, 2005 and estimated legal and professional fees in relation to the Disposal of approximately HK$878,000 as if the Disposal had been completed on 1st January, 2006.

   The income statement items attributable to Jetup for the year ended 31st December, 2006 and the net assets of Jetup as at 31st December, 2005 were extracted from the financial information of Jetup as disclosed in notes (i) and (ii) to Section II of Appendix II, respectively.

2. The Namtek Agreement involves the acquisitions of 100% equity interest of Namtek (Shenzhen) and Namtek (Japan) by the Company from NTEEP at a consideration of approximately HK$80,500,000, payable in cash. The adjustment reflects:

   (a) elimination of inter-companies' sales between Namtek (Shenzhen) and Namtek (Japan) for the year ended 31st December, 2006 of approximately HK$3,174,000, and restatement of previously eliminated commission paid from Jetup to a subsidiary of the Company of approximately HK$24,902,000 as if the Acquisition had been completed on 1st January, 2006.

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(5) ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

TO THE DIRECTORS OF J.I.C. TECHNOLOGY COMPANY LIMITED

We report on the unaudited pro forma financial information ("Unaudited Pro Forma Financial Information") of J.I.C. Technology Company Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), which has been prepared by the directors of the Company for illustrative purposes only, to provide information about how the proposed disposal of 100% equity interest in Jetup Electronic (Shenzhen) Co., Ltd. and the proposed acquisitions of 100% equity interest in Shenzhen Namtek Co., Ltd. and Kabushiki Kaisha Namtek Japan (expressed in English as Namtek Japan Company Limited) (the "Transactions") might have affected the financial information presented, for inclusion in sections 2 to 4 of appendix V to the circular dated 5th December, 2007 (the "Circular"). The basis of preparation of the Unaudited Pro Forma Financial Information is set out in section 1 of appendix V to the Circular.

Respective responsibilities of directors of the Company and reporting accountants

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

The Unaudited Pro Forma Financial Information is for illustrative purpose only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in future and may not be indicative of:

- the financial position of the Group as at 30th June, 2007 or any future date;
- the results of the Group for the year ended 31st December, 2006, six months ended 30th June, 2007 or for any future period; or
- the cash flows of the Group for the six months ended 30th June, 2007 or for any future period.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
5th December, 2007

FOR THE SIX MONTHS ENDED 30TH JUNE, 2007

Liquidity, Financial Resources and Financial Ratios

As at 30th June, 2007, cash per share was 2.6 HK cents and net assets per share was 23.0 HK cents, based on 763,534,755 issued ordinary shares.

As at 30th June, 2007, JIC Group had a cash to current liabilities ratio of 0.1, a current ratio of 1.2 and a total assets to total liabilities ratio of 2.0, and HK$19.9 million of cash.

As at 30th June, 2007, JIC had issued corporate guarantees amounting to approximately HK$150.0 million to certain banks in respect of banking facilities granted to its subsidiaries. Total banking facilities available for JIC Group was HK$203.2 million as at 30th June, 2007, out of which HK$63.2 million had been utilized. The banking facilities were utilized to fund trade and to improve production facilities.

The banking facilities are in either US$, HK$ or Japanese Yen, total of which 97.2% and 2.8% are repayable on demand within one year and in the second year respectively. All of the facilities are on floating interest rates.

JIC's gearing ratio (total bank borrowings/total shareholders' equity) was 0.4. During the six months ended 30th June, 2007, JIC Group has acquired a total of approximately HK$13.3 million of capital assets for purchase of new manufacturing facilities and equipment, financial resources of which came from facilities granted by the banks.

JIC Group recorded debtors turnover of approximately 74 days for the six months ended 30th June, 2007 based on the amount of trade debtors as at the relevant period end divided by sales of the same period and multiplied by 181 days.

JIC Group recorded inventory turnover of approximately 40 days for the six months ended 30th June, 2007 based on the amount of inventories as at the relevant period end divided by cost of sales of the same period and multiplied by 181 days.

JIC Group recorded a creditors' turnover days of approximately 60 days for the six months ended 30th June, 2007 based on the amount of trade creditors as at the relevant period end divided by cost of sales of the same period and multiplied by 181 days.

Foreign Exchange Exposure

Since JIC Group usually conducted its business transactions in HK$ and US$, and over 97% of JIC Group's cash as at 30th June, 2007 was in either HK$ or US$, the management of JIC assessed that the exposure to exchange rate fluctuation was not significant and evaluated that commercial hedging exercise was not necessary. Nevertheless, JIC had been managing its foreign exchange risk through natural hedges when different assets and liabilities were denominated in similar foreign currencies. The management of JIC has recognized the impact of the appreciation of Rmb, though not significant, on JIC's operating costs in the PRC during 2007, and further considered any possible impact of depreciation of US$ against Rmb in the future.

Significant Investment Held

In the financial year 2006, JIC and its fellow company, NTEEP, jointly incorporated a company, Nam Tai Solartech, Inc., in the Cayman Islands for the purpose of developing new business of solar cell energy. The shareholding of JIC and NTEEP in this company was 25% and 75% respectively. However, there were technical problems which could not be resolved and in the second quarter of 2007 both parties agreed to put aside this project indefinitely and to deregister this company. JIC Group incurred a loss of HK$0.9 million as at 30th June, 2007 on this project.

Employee and Emolument Policy

Up to 30th June, 2007, JIC Group had a total of 3,274 dynamic and talented employees, among which 29 were marketing staff and 86 were research and development staff. All staff were dedicated to maintaining and advancing the quality and reliability of the operations. Total staff costs for the six months ended 30th June, 2007 was approximately HK$48.1 million. Remuneration policy of JIC Group was reviewed regularly, making reference to legal framework, market conditions, and performance of JIC Group and individual staff. The remuneration policy and remuneration packages of the executive Directors and members of the senior management were reviewed by the Remuneration Committee of JIC.

JIC operated a mandatory provident fund scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the Laws of Hong Kong) for all their employees under Hong Kong employment. The MPF Scheme was a defined contribution scheme pursuant to which JIC and its employees had to each contribute 5% of the relevant income of the employees to the MPF Scheme subject to the minimum and maximum levels of income of HK$5,000 and HK$20,000 respectively with a statutory cap of HK$1,000 per month. JIC's contributions were 100% vested in the employees' accounts once they were paid into the MPF Scheme until the employee reached the retirement age of 65 subject to a few exceptions.

With regard to JIC Group's employees under Macao employment, JIC Group operated a retirement benefit scheme (the "Macao Scheme") which was also a defined contribution scheme administered by independent trustees. Although the Macao Scheme was not a mandatory scheme, JIC Group had adopted terms identical to the MPF Scheme in terms of contributory amount, operation of the scheme and retirement age for the Macao Scheme.

JIC Group's local employees in the PRC under PRC employment were covered under a local statutory retirement insurance policy operated by local government (the "PRC Scheme"). Both JIC Group and the employees were required to contribute a designated percentage of the employees' monthly salary to the PRC Scheme.

Share Option Scheme

A share option scheme was established on 4th June, 2002 in order for JIC to grant options to eligible participants for the purpose of providing incentives and rewards to those who contribute to the success of JIC Group's operations. Details of the share option scheme were set out in the section "Share Option Scheme" below. No option has been granted by JIC under the Scheme since its adoption.

FOR THE YEAR ENDED 31ST DECEMBER, 2006

Liquidity, Financial Resources and Financial Ratios

As at 31st December, 2006, cash per share was 3.5 HK cents and net assets per share was 22.1 HK cents, based on 763,534,755 issued ordinary shares.

As at 31st December, 2006, JIC Group had a cash to current liabilities ratio of 0.2, a current ratio of 1.3 and a total assets to total liabilities ratio of 2.1, and approximately HK$26.5 million of cash.

As at 31st December, 2006, JIC had issued corporate guarantees amounting to approximately HK$138.8 million to certain banks in respect of banking facilities granted to its subsidiaries. Total banking facilities available for JIC Group was HK$203.2 million as at 31st December, 2006, out of which HK$57.1 million had been utilized. The gearing ratio (total bank borrowings/total shareholders' equity) was 0.3. The fall in bank borrowings was attributable to retirement of loans previously raised for trade finance and factory expansion because JIC Group was able to gradually generate cash from its operation. JIC Group's borrowings were arranged at certain fixed rates over the usual inter-bank money market offer rates which were floating for periods ranging from one month to six months and they were denominated in HK$, US$ and Rmb. The average interest rate paid during the year was 5.2%.

JIC Group recorded a debtors' turnover days of approximately 71 days for the 12 months ended 31st December, 2006 based on the amount of trade debtors as at the relevant period end divided by sales of the same period and multiplied by 365 days.

JIC Group recorded an inventory turnover days of approximately 47 days for the 12 months ended 31st December, 2006 based on the amount of inventories as at the relevant period end divided by cost of sales of the same period and multiplied by 365 days.

JIC Group recorded a creditors' turnover days of approximately 66 days for the 12 months ended 31st December, 2006 based on the amount of trade creditors as at the relevant period end divided by cost of sales of the same period and multiplied by 365 days.

Foreign Exchange Exposure

Since JIC Group usually conducted its business transactions in HK$ and US$, and about 98.1% of JIC Group's cash as at 31st December, 2006 was in either HK$ or US$, the management of JIC assessed that the exposure to exchange rate fluctuation was not significant and evaluated that a commercial hedging exercise was not necessary. Nevertheless, JIC had been managing its foreign exchange risk through natural hedges when different assets and liabilities were denominated in similar foreign currencies. The management of JIC had recognized the impact of the appreciation of Rmb, though not significant, on JIC's operating costs in the PRC during the year 2006, and further considered any possible impact of depreciation of US$ against Rmb in the future.

Employee and Emolument Policy

Up to 31st December, 2006, JIC Group had a total of 2,393 dynamic and talented employees, among which 25 were marketing staff and 85 were research and development staff. All staff were dedicated to maintaining and advancing the quality and reliability of the operations. Total staff costs for the year ended 31st December, 2006 was approximately HK$71.2 million. Remuneration policy of JIC Group was reviewed regularly, making reference to legal framework, market conditions, and performance of JIC Group and individual staff. The remuneration policy and remuneration packages of the executive Directors and members of the senior management were reviewed by the Remuneration Committee of JIC.

JIC operated the MPF Scheme under the Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the Laws of Hong Kong) for all their employees under Hong Kong employment. The MPF Scheme was a defined contribution scheme pursuant to which JIC and its employees had to each contribute 5% of the relevant income of the employees to the MPF Scheme subject to the minimum and maximum levels of income of HK$5,000 and HK$20,000 respectively with a statutory cap of HK$1,000 per month. JIC's contributions were 100% vested in the employees' accounts once they were paid into the MPF Scheme until the employee reached the retirement age of 65 subject to a few exceptions.

With regard to JIC Group's employees under Macao employment, JIC Group operated the Macao Scheme which was also a defined contribution scheme administered by independent trustees. Although the Macao Scheme was not a mandatory scheme, JIC Group had adopted terms identical to the MPF Scheme in terms of contributory amount, operation of the scheme and retirement age for the Macao Scheme.

JIC Group's local employees in the PRC under PRC employment were covered under the PRC Scheme. Both JIC Group and the employees were required to contribute a designated percentage of the employees' monthly salary to the PRC Scheme.

Share Option Scheme

A share option scheme was established on 4th June, 2002 in order for JIC to grant options to eligible participants for the purpose of providing incentives and rewards to those who contribute to the success of JIC Group's operations. Details of the share option scheme were set out in the section "Share Option Scheme" below. No option has been granted by JIC under the Scheme since its adoption.

FOR THE YEAR ENDED 31ST DECEMBER, 2005

Liquidity, Financial Resources and Financial Ratios

As at 31st December, 2005, cash per share was 5.3 HK cents and net assets per share was 20.4 HK cents, based on 763,534,755 issued ordinary shares.

As at 31st December, 2005, JIC Group had a cash to current liabilities ratio of 0.3, a current ratio of 1.2 and a total assets to total liabilities ratio of 1.9, and approximately HK$40.6 million of cash.

As at 31st December, 2005, JIC had issued corporate guarantees amounting to approximately HK$146.0 million to certain banks in respect of banking facilities granted to its subsidiaries. Total banking facilities available for JIC Group was HK$229.9 million as at 31st December, 2005, out of which HK$94.9 million had been utilized. The gearing ratio (total bank borrowings/total shareholders' equity) was 0.6. The rise in bank borrowings was attributable to increased trade finance for growing sales as well as funds required for factory expansion. JIC Group's borrowings were arranged at certain fixed interest rates over the usual inter bank money market offer rates which were floating for periods ranging from one month to six months and were denominated in HK$, US$ and Rmb. The average interest rate paid during the year was 4.1%.

JIC Group recorded a debtors' turnover days of approximately 65 days for the 12 months ended 31st December, 2005 based on the amount of trade debtors as at the relevant period end divided by sales of the same period and multiplied by 365 days.

JIC Group recorded an inventory turnover days of approximately 47 days for the 12 months ended 31st December, 2005 based on the amount of inventories as at the relevant period end divided by cost of sales of the same period and multiplied by 365 days. The rise was attributable to JIC's diversification into Chip-On-Glass products which required certain materials of longer lead time.

JIC Group recorded a creditors' turnover days of approximately 59 days for the 12 months ended 31st December, 2005 based on the amount of trade creditors as at the relevant period end divided by cost of sales of the same period and multiplied by 365 days.

Foreign Exchange Exposure

Since JIC Group usually conducted its business transactions in HK$ and US$, and approximately 73.2% of JIC Group's cash as at 31st December, 2005 was in either HK$ or US$, the management of JIC assessed that the exposure to exchange rate fluctuation was not significant and evaluated that a commercial hedging exercise was not necessary. Nevertheless, JIC had been managing its foreign exchange risk through natural hedges in that different assets and liabilities were denominated in similar foreign currencies. The management of JIC had recognized the impact of the appreciation of Rmb, though not significant, on JIC's operating costs in the PRC during the year 2005, and further considered any possible depreciation of US$ against Rmb in the future.

Development Strategies

JIC continued to expand its customer base, especially in Europe and Asia-Pacific markets. Besides having well backed technology and manufacturing capabilities, JIC also recognized the importance of management culture and system. JIC who had already obtained compliance with ISO-9001 in 2002 and ISO-14001 in 2005 was set to obtain compliance with TS-16949 in 2006. This would build up a road map en route to become a preferred global supplier that was capable of meeting good quality requirements, and supporting a "green" environment and automotive business.

Driven by the growth in the business from newly acquired and potentially new customers, JIC planned for further expansion in the manufacturing capacity and the necessary resources to support it, especially in the category of LCD modules. The management of JIC was considering expanding the existing Chip-On-Glass bonding capacity by another 30-40%.

Larger and higher resolution colour LCD products continued to be a growth driver. JIC was pleased to announce its pursuit in the development of TFT-LCD modules. Apart from monochrome LCD products, JIC would expand product portfolio to include more colour solutions in terms of sizes and viewing features. This would allow JIC to capture future and wider market opportunities while providing customers with diverse custom requirements.

Employee and Emolument Policy

Up to 31st December, 2005, JIC Group had a total of 2,137 dynamic and talented employees, among which 18 were marketing staff and 69 were research and development staff. All staff were dedicated to maintaining and advancing the quality and reliability of our operations. Total staff costs for the year ended 31st December, 2005 were approximately HK$61.9 million. Remuneration policy of JIC Group was reviewed regularly, making reference to legal framework, market conditions and performance of JIC Group and individual staff. The remuneration policy and remuneration packages of the executive Directors and members of the senior management were reviewed by the Remuneration Committee of JIC.

JIC operated the MPF Scheme under the Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the Laws of Hong Kong) for all their employees under Hong Kong employment. The MPF Scheme was a defined contribution scheme pursuant to which JIC and its employees had to each contribute 5% of the relevant income of the employees to the MPF Scheme subject to the minimum and maximum levels of income of HK$5,000 and HK$20,000 respectively with a statutory cap of HK$1,000 per month. JIC's contributions were 100% vested in the employees' accounts once they were paid into the MPF Scheme until the employee reached the retirement age of 65 subject to a few exceptions.

With regard to JIC Group's employees under Macao employment, JIC Group operated the Macao Scheme which was also a defined contribution scheme administered by independent trustees. Although the Macao Scheme was not a mandatory scheme, JIC Group had adopted terms identical to the MPF Scheme in terms of contributory amount, operation of the scheme and retirement age for the Macao Scheme.

JIC Group's local employees in the PRC under PRC employment were covered under the PRC Scheme. Both JIC Group and the employees were required to contribute a designated percentage of the employees' monthly salary to the PRC Scheme.

Share Option Schemes

A share option scheme was established on 4th June, 2002 in order for JIC to grant options to eligible participants for the purpose of providing incentives and rewards to those who contribute to the success of JIC Group's operations. Details of the share option scheme were set out in the section "Share Option Scheme" below. No option has been granted by JIC under the Scheme since its adoption.

FOR THE YEAR ENDED 31ST DECEMBER, 2004

Liquidity, Financial Resources and Financial Ratios

As at 31st December, 2004, cash per share was 2.9 HK cents and net assets per share was 17.5 HK cents, based on 763,534,755 issued ordinary shares.

As at 31st December, 2004, JIC Group had a cash to current liabilities ratio of 0.2, a current ratio of 1.4 and a total assets to total liabilities ratio of 1.9, and approximately HK$22.2 million of cash.

As at 31st December, 2004, JIC had issued corporate guarantees amounting to approximately HK$144.6 million to certain banks in respect of banking facilities granted to its subsidiaries. Total banking facilities available for JIC Group was HK$144.6 million as at 31st December, 2004, out of which HK$72.5 million had been utilized . The gearing ratio (total bank borrowings/total shareholders' equity) was 0.5.

JIC Group recorded a debtors' turnover days of approximately 68 days for the 12 months ended 31st December, 2004 based on the amount of trade debtors as at the relevant period end divided by sales of the same period and multiplied by 365 days.

JIC Group recorded an inventory turnover days of approximately 42 days for the 12 months ended 31st December, 2004 based on the amount of inventories as at the relevant period end divided by cost of sales of the same period and multiplied by 365 days.

JIC Group recorded a creditors' turnover days of approximately 61 days for the 12 months ended 31st December, 2004 based on the amount of trade creditors as at the relevant period and divided by cost of sales of the same period and multiplied by 365 days.

Foreign Exchange Exposure

Since JIC Group usually conducted its business transactions in HK$ and US$, and over 90% of JIC Group's cash as at 31st December, 2004 was in either HK$ or US$, the management of JIC assessed that the exposure to exchange rate fluctuation was not significant and evaluated that a commercial hedging exercise was not necessary.

Investment in iMagic Infomedia Technology Limited

On 20th January, 2003, JIC entered into a subscription agreement with iMagic Infomedia Technology Limited ("iMagic") pursuant to which JIC agreed to subscribe for 60 shares of HK$1 each in iMagic (the "iMagic Shares"), representing 5.4% of the total issued capital of iMagic, for a cash consideration of HK$3,000,000. On the same date, JIC also entered into a deed of put option with Mr. Tsang Cheung, a then shareholder and director of iMagic, under which he granted to JIC an option to require him to purchase the iMagic Shares from JIC at a consideration of HK$3,000,000. The put option was exercisable from 31st December, 2004 up to 30th January, 2005.

In October 2004, JIC 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.

Employee and Emolument Policy

Up to 31st December, 2004, JIC Group had a total of 1,929 dynamic and talented employees, among which 12 were marketing staff and 59 were research and development staff. All staff were dedicated to maintaining and advancing the quality and reliability of our operations. Total staff costs for the year ended 31st December, 2004 was approximately HK$50.8 million. Remuneration policy of JIC Group was reviewed regularly, making reference to legal framework, market conditions and performance of JIC Group and individual staff. The remuneration policy and remuneration packages of the executive Directors and members of the senior management were reviewed by the Remuneration Committee of JIC.

Share Option Scheme

On 16th April, 2002, a share option scheme ("the Scheme") was approved by the board of directors and enables JIC to grant options to eligible participants for the purpose of providing incentives and rewards to who contribute to the success of JIC Group's operations. Eligible participants of the Scheme include any employee of JIC Group (including any director of JIC or any of its subsidiaries) and those companies in the equity share capital of which JIC, directly or indirectly, has a 20 percent or greater beneficial interest but excluding Company's subsidiaries. The Scheme became effective on 4th June, 2002, the date on which JIC shares were 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 JIC'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 JIC'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 JIC 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% (the "Mandate Limit") of the issued ordinary share capital of JIC in issue from time to time. The maximum number of ordinary shares issuable under the Scheme to each eligible participant within any 12-month period is limited to 1% of the ordinary shares of JIC in issue unless separate approval by the shareholders in general meeting is obtained.

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 JIC in the amount specified in the offer, as being the consideration for the grant of the option, is received by JIC 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.

Liquidity, Financial Resources and Financial Ratio

As at 30th June, 2007, net asset value per share of the Enlarged JIC was HK$0.51, based on 763,534,755 issued ordinary shares. Enlarged JIC had, as at 30th June, 2007, a total assets to total liabilities ratio of 19.8.

Foreign Exchange Exposure

The Enlarged JIC will have no bank borrowings denominated in currencies other than the presentation currency, HK$.

Employee and Emolument Policy

After the Reorganization, the Enlarged JIC will have approximately 80 employees. Total staff cost for the six months ended 30th June, 2007 were approximately HK$9.5 million (US$1.2 million).

Share Option Scheme

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

As at 30th June, 2007, no option has been granted by JIC under the Scheme since its adoption.

FOR THE SIX MONTHS ENDED 30TH JUNE, 2007

Liquidity, Financial Resources and Financial Ratios

As at 30th June, 2007, Namtek (Shenzhen) maintained a financial position with HK$17.9 million (US$2.3 million) of cash and HK$21.0 million (US$2.7 million) of net assets. As at 30th June, 2007, Namtek (Shenzhen) had a cash to current liabilities ratio of 32.0, current ratio of 36.3, a total assets to total liabilities ratio of 38.5.

As at 30th June, 2007, Namtek (Shenzhen) had no bank borrowings. Namtek (Shenzhen) recorded debtors' turnover days of approximately 34 days for the six months ended 30th June, 2007 based on the amount of trade debtors as at the relevant period end divided by sales of the same period and multiplied by 181 days.

For the six months ended 30th June, 2007, Namtek (Shenzhen) received orders amounted HK$5.1 million (US$0.6 million). Within which HK$1.2 million (US$154,000) would be invoiced in second half of year 2007, HK$195,000 (US$25,000) would be invoiced in year 2008.

Foreign Exchange Exposure

As at 30th June, 2007, there was no bank borrowings. Certain bank balances and other payables of Namtek (Shenzhen) were denominated in Rmb. Namtek (Shenzhen) did not have a foreign currency hedging policy. However, the management monitored foreign exchange exposure and would consider hedging significant foreign currency exposure should the need arise.

Employee and Emolument Policy

Up to 30th June, 2007, Namtek (Shenzhen) had 70 employees approximately. Total staff cost for the six months ended 30th June, 2007 was HK$4.2 million (US$0.5 million).

Remuneration policy of Namtek (Shenzhen) was reviewed regularly, making reference to legal framework, market condition and performance of Namtek (Shenzhen) and individual staff.

Training programme would be provided to staff upon job commencement. It would also be provided periodically when need arises.

According to the relevant laws and regulations in the PRC, Namtek (Shenzhen) was required to contribute 8% to 11% of the stipulated salary set by the local government of Shenzhen, PRC, to the retirement benefit schemes ("PRC Scheme") to fund the retirement benefits of their employees. The principal obligation of Namtek (Shenzhen) with respect to the PRC Scheme was to make the required contributions under the PRC Scheme. The total contributions incurred in this connection for the six months ended 30th June, 2007 were HK$231,000 (US$30,000).

For details of share option schemes, please refer to later paragraph – "Share Option Schemes for the years ended 31st December, 2004, 2005, 2006, and the six months ended 30th June, 2007".

FOR THE YEAR ENDED 31ST DECEMBER, 2006

Liquidity, Financial Resources and Financial Ratios

As at 31st December, 2006, Namtek (Shenzhen) maintained a financial position with HK$14.6 million (US$1.9 million) of cash and HK$17.9 million (US$2.3 million) of net assets. As at 31st December, 2006, Namtek (Shenzhen) had a cash to current liabilities ratio of 13.6, current ratio of 16.2, a total assets to total liabilities ratio of 17.6.

As at 31st December, 2006, Namtek (Shenzhen) had no bank borrowings. Namtek (Shenzhen) recorded debtors' turnover days of approximately 38 days for the year ended 31st December, 2006 based on the amount of trade debtors as at the relevant period end divided by sales of the same period and multiplied by 365 days.

For the year ended 31st December, 2006, Namtek (Shenzhen) received orders amounted HK$23.1 million (US$3.0 million). Within which HK$5.4 million (US$692,000) would be invoiced in the first half of year 2007.

Foreign Exchange Exposure

As at 31st December, 2006, there was no bank borrowings. Certain bank balances and other payables of Namtek (Shenzhen) were denominated in Rmb. Namtek (Shenzhen) did not have a foreign currency hedging policy. However, the management monitored foreign exchange exposure and would consider hedging significant foreign currency exposure should the need arise.

Employee and Emolument Policy

Up to 31st December, 2006, Namtek (Shenzhen) had 76 employees approximately. Total staff cost for the year ended 31st December, 2006 was HK$9.2 million (US$1.2 million).

Remuneration policy of Namtek (Shenzhen) was reviewed regularly, making reference to legal framework, market condition and performance of Namtek (Shenzhen) and individual staff.

Training programme would be provided to staff upon job commencement, it would also be provided periodically when need arises.

According to the relevant laws and regulations in the PRC, Namtek (Shenzhen) was required to contribute 8% to 11% of the stipulated salary set by the local government of Shenzhen, PRC, to the PRC Scheme to fund the retirement benefits of their employees. The principal obligation of Namtek (Shenzhen) with respect to the PRC Scheme was to make the required contributions under the PRC Scheme. The total contributions incurred in this connection for the year ended 31st December, 2006 were HK$535,000 (US$69,000).

For details of share option schemes, please refer to later paragraph – "Share Option Schemes for the years ended 31st December, 2004, 2005, 2006, and the six months ended 30th June, 2007".

FOR THE YEAR ENDED 31ST DECEMBER, 2005

Liquidity, Financial Resources and Financial Ratios

As at 31st December, 2005, Namtek (Shenzhen) maintained a financial position with HK$28.2 million (US$3.6 million) of cash and HK$31.7 million (US$4.1 million) of net assets. As at 31st December, 2005, Namtek (Shenzhen) had a cash to current liabilities ratio of 14.4, current ratio of 16.0, a total assets to total liabilities ratio of 17.2.

As at 31st December, 2005, Namtek (Shenzhen) had no bank borrowings. Namtek (Shenzhen) recorded debtors' turnover days of approximately 20 days for the year ended 31st December, 2005 based on the amount of trade debtors as at the relevant period end divided by sales of the same period and multiplied by 365 days.

For the year ended 31st December, 2005, Namtek (Shenzhen) received orders amounted HK$38.8 million (US$5.0 million). Within which HK$5.6 million (US$718,000) would be invoiced in year 2006.

Foreign Exchange Exposure

As at 31st December, 2005, there was no bank borrowings. Certain bank balances and other payables of Namtek (Shenzhen) were denominated in Rmb. Namtek (Shenzhen) did not have a foreign currency hedging policy. However, the management monitored foreign exchange exposure and would consider hedging significant foreign currency exposure should the need arise.

Employee and Emolument Policy

Up to 31st December, 2005, Namtek (Shenzhen) had 110 employees approximately. Total staff cost for the year ended 31st December, 2005 was HK$11.7 million (US$1.5 million).

Remuneration policy of Namtek (Shenzhen) was reviewed regularly, making reference to legal framework, market condition and performance of Namtek (Shenzhen) and individual staff.

Training programme would be provided to staff upon job commencement, it would also be provided periodically when need arises.

According to the relevant laws and regulations in the PRC, Namtek (Shenzhen) was required to contribute 8% to 11% of the stipulated salary set by the local government of Shenzhen, PRC, to the PRC Scheme to fund the retirement benefits of their employees. The principal obligation of Namtek (Shenzhen) with respect to the PRC Scheme was to make the required contributions under the PRC Scheme. The total contributions incurred in this connection for the year ended 31st December, 2005 were approximately HK$562,000 (US$72,000).

For details of share option schemes, please refer to later paragraph – "Share Option Schemes for the years ended 31st December, 2004, 2005, 2006, and the six months ended 30th June, 2007".

FOR THE YEAR ENDED 31ST DECEMBER, 2004

Liquidity, Financial Resources and Financial Ratios

As at 31st December, 2004, Namtek (Shenzhen) maintained a financial position with HK$25.4 million (US$3.3 million) of cash and HK$30.1 million (US$3.9 million) of net assets. As at 31st December, 2004, Namtek (Shenzhen) had a cash to current liabilities ratio of 18.0, current ratio of 20.8, a total assets to total liabilities ratio of 22.3.

As at 31st December, 2004, Namtek (Shenzhen) had no bank borrowings. Namtek (Shenzhen) recorded debtors' turnover days of approximately 35 days for the year ended 31st December, 2004 based on the amount of trade debtors as at the relevant period end divided by sales of the same period and multiplied by 365 days.

For the year ended 31st December, 2004, Namtek (Shenzhen) received orders amounted HK$41.6 million (US$5.3 million). Within which HK$9.0 million (US$1.2 million) would be invoiced in year 2005.

Foreign Exchange Exposure

As at 31st December, 2004, there was no bank borrowings. Certain bank balances and other payables of Namtek (Shenzhen) were denominated in Rmb. Namtek (Shenzhen) did not have a foreign currency hedging policy. However, the management monitored foreign exchange exposure and would consider hedging significant foreign currency exposure should the need arise.

Employee and Emolument Policy

Up to 31st December, 2004, Namtek (Shenzhen) had 100 employees approximately. Total staff cost for the year ended 31st December, 2004 was HK$10.5 million (US$1.3 million).

Remuneration policy of Namtek (Shenzhen) was reviewed regularly, making reference to legal framework, market condition and performance of Namtek (Shenzhen) and individual staff.

Training programme would be provided to staff upon job commencement, it would also be provided periodically when need arises.

According to the relevant laws and regulations in the PRC, Namtek (Shenzhen) was required to contribute 8% to 11% of the stipulated salary set by the local government of Shenzhen, PRC, to the PRC Scheme to fund the retirement benefits of their employees. The principal obligation of Namtek (Shenzhen) with respect to the PRC Scheme was to make the required contributions under the PRC Scheme. The total contributions incurred in this connection for the year ended 31st December, 2004 were approximately HK$452,000 (US$58,000).

Share Option Schemes for the years ended 31st December, 2004, 2005, 2006, and the six months ended 30th June, 2007

In May 2001, the board of directors of NTEI approved a stock option plan ("2001 Scheme") which would grant 15,000 options to each non-employee director of NTEI elected at each annual general meeting of shareholders, and might grant options to key employees, consultants or advisors of NTEI 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 3,300,000 shares. There was no maximum entitlement for each of the key employee under this stock option plan. The option price granted to directors should be equal to 100% of the market value of the common shares of NTEI on the date of grant. The option price granted to other eligible participants other than directors should not normally be less than market value of the common shares of NTEI on the date of grant. The options granted under this plan vested immediately and generally had a term of three years, subject to the discretion of the board of directors of NTEI to prescribe the time or times which the option might be exercised, but could not exceed ten years. The options were granted to nonemployee directors based on past performance and/or expected contributions to NTEI. No consideration was payable on the grant of an option.

In February 2006, the board of directors of NTEI approved another stock option plan with basically the same terms and conditions of the 2001 Scheme. The maximum number of shares to be issued pursuant to the exercise of options granted was 2,000,000 shares.

The following table discloses details of the share options granted to the directors and employees of Namtek (Shenzhen) for services provided to NTEI and movements in such holdings during the years ended 31st December, 2004, 2005, 2006 and six months ended 30th June 2007, respectively.

Directors of Namtek (Shenzhen)

	2001 Scheme				
Exercise price per share	US$19.400	US$20.840	US$21.620	US$22.250	US$12.420
Number of options:					
Outstanding at 1st January, 2004	–	–	–	–	–
Granted during the year	222,000	–	–	–	–
Outstanding at 31st December, 2004 and 1st January, 2005	222,000	–	–	–	–
Granted during the year	–	420,000	15,000	–	–
Resigned as director during the year	(222,000)	(420,000)	(15,000)	–	–
Outstanding at 31st December, 2005 and 1st January, 2006, 31st December, 2006 and 1st January, 2007	–	–	–	–	–
Granted during the period	–	–	–	–	15,000
Appointed as director during the period	–	–	–	15,000	–
Outstanding at 30th June, 2007	–	–	–	15,000	15,000

Employees of Namtek (Shenzhen)

No shares options were granted to employees of Namtek (Shenzhen) for the years ended 31st December, 2004, 2005, 2006 and for the six months ended 30th June, 2007, respectively.

Details of specific categories of options were as follows:

Date of grant	Exercise period	Exercise price *US$*
30th July, 2004	30th July, 2004 to 30th July, 2006	19.400
4th February, 2005	4th February, 2005 to 4th February, 2007	20.840
6th June, 2005	6th June, 2005 to 6th June, 2008	21.620
9th June, 2006	9th June, 2006 to 8th June, 2009	22.250
8th June, 2007	8th June, 2007 to 7th June, 2010	12.420

FOR THE SIX MONTHS ENDED 30TH JUNE, 2007

Liquidity, Financial Resources and Financial Ratios

As at 30th June, 2007, Namtek (Japan) maintained a financial position with HK$860,000 (US$110,000) of cash and HK$470,000 (US$60,000) of net assets. As at 30th June, 2007, Namtek (Japan) had a cash to current liabilities ratio of 1.5, current ratio of 1.8, a total assets to total liabilities ratio of 1.8.

As at 30th June, 2007, Namtek (Japan) had no bank borrowings.

Foreign Exchange Exposure

Since Namtek (Japan) served only as sale support for Namtek (Shenzhen), Namtek (Japan)'s sensitivity to the charge in foreign currency was low. Namtek (Japan) did not have a foreign currency hedging policy.

Employee and Emolument Policy

Up to 30th June, 2007, Namtek (Japan) had 4 employees. Total staff cost for the six months ended 30th June, 2007 was HK$1.6 million (US$201,000).

According to the relevant laws and regulations in Japan, Namtek (Japan) is required to contribute approximately 7% of the relevant payroll costs to retirement benefit schemes in Japan. The total contributions incurred in this connection were HK$53,000 (US$7,000) for the six months ended 30th June, 2007.

Share Option Scheme

In May 2001, the board of directors of NTEI approved a stock option plan ("2001 Scheme") which would grant 15,000 options to each nonemployee director of NTEI elected at each annual general meeting of shareholders, and might grant options to key employees, consultants or advisors of NTEI 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 3,300,000 shares. There was no maximum entitlement for each of the key employee under this stock option plan. The option price granted to directors should be equal to 100% of the market value of the common shares of NTEI on the date of grant. The option price granted to other eligible participants other than directors should not normally be less than market value of the common shares of NTEI on the date of grant. The options granted under this plan vested immediately and generally had a term of three years, subject to the discretion of the board of directors of NTEI to prescribe the time or times which the option might be exercised, but could not exceed ten years. The options were granted to non-employee directors based on past performance and/or expected contributions to NTEI. No consideration was payable on the grant of an option.

In February 2006, the board of directors of NTEI approved another stock option plan with basically the same terms and conditions of the 2001 Scheme. The maximum number of shares to be issued pursuant to the exercise of options granted was 2,000,000 shares.

The following table discloses details of the share options granted to the directors of Namtek (Japan) for services provided to NTEI and movements in such holdings during the period:

Directors of Namtek (Japan)

	2001 Scheme	
Exercise price per share	US$22.250	US$12.420
Number of options:		
Granted during the period	–	15,000
Appointed as director during the period	15,000	–
Outstanding at 30th June, 2007	15,000	15,000

Details of specific categories of options are as follows:

Date of grant	**Exercise period**	**Exercise price** *US$*
9th June, 2006	9th June, 2006 to 8th June, 2009	22.250
8th June, 2007	8th June, 2007 to 7th June, 2010	12.420

No share option was exercised for the six months ended 30th June, 2007.

FOR THE YEAR ENDED 31ST DECEMBER, 2006

Liquidity, Financial Resources and Financial Ratios

As at 31st December, 2006, Namtek (Japan) maintained a financial position with HK$821,000 (US$105,000) of cash and HK$655,000 (US$84,000) of net assets. As at 31st December, 2006, Namtek (Japan) had a cash to current liabilities ratio of 2.3, current ratio of 2.7, a total assets to total liabilities ratio of 2.8.

As at 31st December, 2006, Namtek (Japan) had no bank borrowings.

Foreign Exchange Exposure

Since Namtek (Japan) served only as sales support for Namtek (Shenzhen), Namtek (Japan)'s sensitivity to the charge in foreign currency was low. Namtek (Japan) did not have a foreign currency hedging policy.

Employee and Emolument Policy

Up to 31st December, 2006, Namtek (Japan) had 3 employees. Total staff cost for the year ended 31st December, 2006 was HK$2.5 million (US$318,000).

According to the relevant laws and regulations in Japan, Namtek (Japan) is required to contribute approximately 7% of the relevant payroll costs to retirement benefit schemes in Japan. The total contributions incurred in this connection were HK$93,000 (US$12,000) for the year ended 31st December, 2006.

Share Option Scheme

In May 2001, the board of directors of NTEI approved the 2001 Scheme which would grant 15,000 options to each nonemployee director of NTEI elected at each annual general meeting of shareholders, and might grant options to key employees, consultants or advisors of NTEI 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 3,300,000 shares. There was no maximum entitlement for each of the key employee under this stock option plan. The option price granted to directors should be equal to 100% of the market value of the common shares of NTEI on the date of grant. The option price granted to other eligible participants other than directors should not normally be less than market value of the common shares of NTEI on the date of grant. The options granted under this plan vested immediately and generally had a term of three years, subject to the discretion of the board of directors of NTEI to prescribe the time or times which the option might be exercised, but could not exceed ten years. The options were granted to nonemployee directors based on past performance and/or expected contributions to NTEI. No consideration was payable on the grant of an option.

In February 2006, the board of directors of NTEI approved another stock option plan with basically the same terms and conditions of the 2001 Scheme. The maximum number of shares to be issued pursuant to the exercise of options granted was 2,000,000 shares.

The following table discloses details of the share options granted to the directors of Namtek (Japan) for services provided to NTEI and movements in such holdings during the year:

Directors of Namtek (Japan)

	2001 Scheme	
Exercise price per share	US$19.400	US$20.840
Number of options:		
Outstanding at 1 January, 2006	30,000	50,000
Resigned as director during the year	(30,000)	(50,000)
Outstanding at 31st December, 2006	–	–

Details of specific categories of options are as follows:

Date of grant	Exercise period	Exercise price
		US$
30th July, 2004	30th July, 2004 to 30th July, 2006	19.400
4th February, 2005	4th February, 2005 to 4th February, 2007	20.840

No share option was exercised for the year ended 31st December, 2006.

FOR THE YEAR ENDED 31ST DECEMBER, 2005

Liquidity, Financial Resources and Financial Ratios

As at 31st December, 2005, Namtek (Japan) maintained a financial position with HK$358,000 (US$46,000) of cash and HK$266,000 (US$34,000) of net assets. As at 31st December, 2005, Namtek (Japan) had a cash to current liabilities ratio of 1.4, current ratio of 1.9, a total assets to total liabilities ratio of 2.1.

As at 31st December, 2005, Namtek (Japan) had no bank borrowings.

Foreign Exchange Exposure

Since Namtek (Japan) served only as sales support for Namtek (Shenzhen), Namtek (Japan)'s sensitivity to the charge in foreign currency was low. Namtek (Japan) did not have a foreign currency hedging policy.

Employee and Emolument Policy

Up to 31st December, 2005, Namtek (Japan) had 2 employees. Total staff cost for the year ended 31st December, 2005 was HK$2.0 million (US$257,000).

According to the relevant laws and regulations in Japan, Namtek (Japan) is required to contribute approximately 7% of the relevant payroll costs to retirement benefit schemes in Japan. The total contributions incurred in this connection were HK$71,000 (US$9,000) for the year ended 31st December, 2005.

Share Option Scheme

In May 2001, the board of directors of NTEI approved the 2001 Scheme which would grant 15,000 options to each nonemployee director of NTEI elected at each annual general meeting of shareholders, and might grant options to key employees, consultants or advisors of NTEI 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 3,300,000 shares. There was no maximum entitlement for each of the key employee under this stock option plan. The option price granted to directors should be equal to 100% of the market value of the common shares of NTEI on the date of grant. The option price granted to other eligible participants other than directors should not normally be less than market value of the common shares of NTEI on the date of grant. The options granted under this plan vested immediately and generally had a term of three years, subject to the discretion of the board of directors of NTEI to prescribe the time or times which the option might be exercised, but could not exceed ten years. The options were granted to nonemployee directors based on past performance and/or expected contributions to NTEI. No consideration was payable on the grant of an option.

In February 2006, the board of directors of NTEI approved another stock option plan with basically the same terms and conditions of the 2001 Scheme. The maximum number of shares to be issued pursuant to the exercise of options granted was 2,000,000 shares.

The following table discloses details of the share options granted to the directors of Namtek (Japan) for services provided to NTEI and movements in such holdings during the year:

Directors of Namtek (Japan)

	2001 Scheme	
Exercise price per share	US$19.400	US$20.840
Number of options:		
Outstanding at 1st January, 2005	30,000	–
Granted during the year	–	50,000
Outstanding at 31st December, 2005	30,000	50,000

Details of specific categories of options are as follows:

Date of grant	**Exercise period**	**Exercise price** *US$*
30th July, 2004	30th July, 2004 to 30th July, 2006	19.400
4th February, 2005	4th February, 2005 to 4th February, 2007	20.840

No share option was exercised for the year ended 31st December, 2005.

FOR THE YEAR ENDED 31ST DECEMBER, 2004

Liquidity, Financial Resources and Financial Ratios

As at 31st December, 2004, Namtek (Japan) maintained a financial position with HK$635,000 (US$81,000) of cash and HK$1.9 million (US$240,000) of net liabilities. As at 31st December, 2004, Namtek (Japan) had a cash to current liabilities ratio of 0.2, current ratio of 0.3, a total assets to total liabilities ratio of 0.3.

As at 31st December, 2004, Namtek (Japan) had no bank borrowings.

Foreign Exchange Exposure

Since Namtek (Japan) served only as sales support of Namtek (Shenzhen), Namtek (Japan)'s sensitivity to the charge in foreign currency was low. Namtek (Japan) did not have a foreign currency hedging policy.

Employee and Emolument Policy

Up to 31st December, 2004, Namtek (Japan) had 2 employees. Total staff cost for the year ended 31st December, 2004 was HK$2.7 million (US$349,000).

According to the relevant laws and regulations in Japan, Namtek (Japan) is required to contribute approximately 7% of the relevant payroll costs to retirement benefit schemes in Japan. The total contributions incurred in this connection were HK$126,000 (US$16,000) for the year ended 31st December, 2004.

Share Option Scheme

In May 2001, the board of directors of NTEI approved the 2001 Scheme which would grant 15,000 options to each nonemployee director of NTEI elected at each annual general meeting of shareholders, and might grant options to key employees, consultants or advisors of NTEI 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 3,300,000 shares. There was no maximum entitlement for each of the key employee under this stock option plan. The option price granted to directors should be equal to 100% of the market value of the common shares of NTEI on the date of grant. The option price granted to other eligible participants other than directors should not normally be less than market value of the common shares of NTEI on the date of grant. The options granted under this plan vested immediately and generally had a term of three years, subject to the discretion of the board of directors of NTEI to prescribe the time or times which the option might be exercised, but could not exceed ten years. The options were granted to nonemployee directors based on past performance and/or expected contributions to NTEI No consideration was payable on the grant of an option.

In February 2006, the board of directors of NTEI approved another stock option plan with basically the same terms and conditions of the 2001 Scheme. The maximum number of shares to be issued pursuant to the exercise of options granted was 2,000,000 shares.

The following table discloses details of the share options granted to the directors of Namtek (Japan) for services provided to NTEI and movements in such holdings during the year:

Directors of Namtek (Japan)

	2001 Scheme
Exercise price per share	US$19.400
Number of options:	
Granted during the year and Outstanding at 31st December, 2004	30,000

Details of specific categories of options are as follows:

Date of grant	**Exercise period**	**Exercise price** *US$*
30th July, 2004	30th July, 2004 to 30th July, 2006	19.400

No share option was exercised for the year ended 31st December, 2004.

A. Property Interests of JIC Group

The following is the text of the letter, summary of values and valuation certificate on valuation of the property interests of JIC Group as at 30th September, 2007 prepared by LCH for the purpose of inclusion in this circular.

利駿行測量師有限公司
LCH (Asia-Pacific) Surveyors Limited
CHARTERED SURVEYORS
PLANT AND MACHINERY VALUERS
BUSINESS & FINANCIAL SERVICES VALUERS

The readers are reminded that the report which follows has been prepared in accordance with the guidelines set by the International Valuation Standards, Eighth Edition, 2007 (the "IVS") published by the International Valuation Standards Committee and the HKIS Valuation Standards on Properties, First Edition, 2005 ("HKIS Standards") published by the Hong Kong Institute of Surveyors (the "HKIS"). Both standards entitle the valuer to make assumptions which may on further investigation, for instance by the readers' legal representative, prove to be inaccurate. Any exception is clearly stated below. Headings are inserted for convenient reference only and have no effect in limiting or extending the language of the paragraphs to which they refer.

17th Floor
Champion Building
287 – 291 Des Voeux Road Central
Hong Kong

5th December, 2007

The Directors
J.I.C. Technology Company Limited
Suites 1506 – 1508, 15th Floor
One Exchange Square
No. 8 Connaught Place
Central
Hong Kong

Dear Sirs,

In accordance with the instructions given by the management of J.I.C. Technology Company Limited (hereinafter referred to as the "Company") and its subsidiaries (hereinafter together with the Company referred to as the "Group") to us to value the properties held by the Group in Hong Kong, Macao and the People's Republic of China (hereinafter referred to as the "PRC" or "China"), we confirm that we have made relevant enquiries and obtained such further information as we consider necessary to support our opinion of values of the properties as at 30th September, 2007 (hereinafter referred to as the "Date of Valuation") for the Company's internal management reference purpose.

We understand that the use of our work product (regardless of form of presentation) would form part of the Company's business due diligence to the properties and we have not been engaged to make specific sale or purchase recommendations. We further understand that the use of our work product will not supplant other due diligence which a rational investor should conduct in reaching business decisions regarding the properties. Our findings and conclusion in this valuation are documented in a valuation report and submitted to the Company at today's date.

At the request of the management of the Company, we prepared this summary report (including this letter and the valuation certificate) to summarise our findings and conclusion as documented in the valuation report for the purpose of inclusion in this circular at today's date for the Company's shareholders' reference. Terms herein used without definition shall have the same meanings as in the valuation report, and the assumptions and caveats adopted in this summary report also apply to the valuation report.

BASIS OF VALUATION AND ASSUMPTIONS

According to the IVS, which the HKIS Standards also follows, there are two valuation bases, namely market value basis and valuation bases other than market value. We considered that market value is the most appropriate basis of value for a wide range of applications, including the purpose of this engagement, thus, after discussed with the management of the Company, we have adopted the market value basis of the properties in our valuations. We confirmed that this is in line with the IVS and the HKIS Standards.

The term "Market Value" is defined as "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

Properties in Groups I, II and III are either licenced or rented by the Group in Hong Kong, in Macao and in the PRC, respectively, and have no commercial values due mainly to the short-term nature of the licence/tenancy agreements or prohibition against assignment or sub-letting or lack of substantial profit rents.

MATTERS THAT MIGHT AFFECT THE VALUES REPORTED

No allowance has been made in our valuations for any charges, mortgages, outstanding premium or amounts owing on the properties. Unless otherwise stated, it is assumed that the properties are free from all encumbrances, restrictions, and outgoings of an onerous nature which could affect their values.

As at the Latest Practicable Date of this circular, we are unable to identify any adverse news against the properties which may affect the reported values in our work product. Thus, we are not in the position to report and comment on its impact (if any) to the properties. However, should it be established subsequently that such news did exist at the Date of Valuation, we reserve the right to adjust the values reported herein.

ESTABLISHMENT OF TITLES

For the sake of valuation, we have been provided with copies of the tenancy agreements or licence agreement regarding the properties, but we have not been provided with title documents regarding the properties. We have conducted title searches of the properties in Groups I and II in the Land Registry of Hong Kong and Conservatoria do Registo Predial 物業登記局 of Macao, respectively. However, we have not examined the original documents to verify the ownership and encumbrances or to ascertain the existence of any lease amendments, which may not appear on the copies handed to us. All documents disclosed (if any) are for reference only and no responsibility is assumed for any legal matters concerning the legal title and the rights (if any) to the properties valued. Any responsibility for our misinterpretation of the documents cannot be accepted. However, for properties in Group III, the inherent defects in the land registration system of China forbidden us to inspect the original documents of property in Group III filed in the relevant authorities to verify ownership or to verify any amendment which may not appear on the copies handed to us. We need to state that we are not legal professions and are not qualified to ascertain the titles and to report any encumbrances that may be registered against the properties. However, we have complied with the requirements as stated in Practice Note No. 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and relied solely on the copy of the PRC legal opinion as provided by the Company with regard to the existing legally interested party in the property in Group III. We are given to understand that the PRC legal opinion was prepared by a qualified PRC legal adviser 北京市金杜律師事務所 King & Wood. No responsibility and liability is assumed in relation to those legal opinions.

INSPECTIONS AND INVESTIGATIONS OF THE PROPERTIES IN ACCORDANCE WITH VS4 OF THE HKIS STANDARDS

We have conducted inspection to the exterior, where possible, interior of the properties in respect of which we have been provided with such information as we have requested for the purpose of our valuations. We have not inspected those parts of the properties which were covered, unexposed or inaccessible and such parts have been assumed to be in reasonable condition. We cannot express an opinion about or advice upon the condition of the properties and our work product should not be taken as making any implied representation or statement about the condition of the properties. No structural survey, investigation or examination has been made, but in the course of our inspections, we did not note any serious defects in the properties inspected. We are not, however, able to report that the properties are free from rot, infestation or any other structural defects. No tests were carried out to the utilities (if any) and we are unable to identify those utilities covered, unexposed or inaccessible.

We have not carried out on-site measurements to verify the correctness of the areas of the properties, but have assumed that the areas shown on the documents and handed to us are correct. All dimensions, measurements and areas are approximations.

Our engagement and the agreed procedures to value the properties did not include an independent land survey to verify the legal boundaries of the properties. We need to state that we are not in the land survey profession, therefore, we are not in the position to verify or ascertain the correctness of the legal boundaries of such properties that appeared on the documents handed to us. No responsibility from our part is assumed. The management of the Company or interested party in the properties should conduct their own legal boundaries due diligence work.

We have not arranged for any investigation to be carried out to determine whether or not any deleterious or hazardous material has been used in the construction of the properties, or has since been incorporated, and we are therefore unable to report that the properties are free from risk in this respect. For the purpose of this valuation, we have assumed that such investigation would not disclose the presence of any such material to any significant extent.

We are not aware of the content of any environmental audit or other environmental investigation or soil survey which may have been carried out on the properties and which may draw attention to any contamination or the possibility of any such contamination. In undertaking our work, we have been instructed to assume that no contaminative or potentially contaminative uses have ever been carried out in the properties. We have not carried out any investigation into past or present uses, either of the properties or of any neighbouring land, to establish whether there is any contamination or potential for contamination to the properties from these uses or sites, and have therefore assumed that none exists. However, should it be established subsequently that contamination, seepage or pollution exists at the properties or on any neighbouring land, or that the premises have been or are being put to a contaminative use, this might reduce the values now reported.

SOURCES OF INFORMATION AND ITS VERIFICATION IN ACCORDANCE WITH VS5 OF THE HKIS STANDARDS

We have relied solely on the information provided by the management of the Company or its appointed personnel without further verification and have fully accepted advice given to us on such matters as planning approvals or statutory notices, locations, titles, easements, tenure, occupation, lettings, rental, site and floor areas and all other relevant matters.

The scope of valuations has been determined by reference to the property list provided by the management of the Company. All properties on the list have been included in our valuations. The management of the Company has confirmed to us that it has no property interests other than those specified on the list supplied to us.

Unless otherwise stated, we have not carried out any valuation on a redevelopment basis and the study of possible alternative development options and the related economics do not come within the scope of our work product.

Information furnished by others, upon which all or portions of our work product are based, is believed to be reliable but has not been verified in all cases. Our procedures to value or work do not constitute an audit, review, or compilation of the information provided. Thus, no warranty is made nor liability assumed for the accuracy of any data, advice, opinions, or estimates identified as being furnished by others which have been used in formulating our work product.

When we adopted the work products from other professions, external data providers and the management of the Company in our valuations, the assumptions and caveats that adopted by them in arriving at their figures also applied in our valuations. The procedures we have taken do not provide all the evidence that would be required in an audit and, as we have not performed an audit, accordingly, we do not express an audit opinion.

We are unable to accept any responsibility for the information that has not been supplied to us by the management of the Company or its appointed personnel. Also, we have sought and received confirmation from the management of the Company or its appointed personnel that no materials factors have been omitted from the information supplied. Our analysis and valuations are based upon full disclosure between us and the Company of material and latent facts that may affect the valuations.We have had no reason to doubt the truth and accuracy of the information provided to us by the management of the Company or its appointed personnel. We consider that we have been provided with sufficient information to reach an informed view, and have had no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary amounts are in Hong Kong dollars (HK$).

LIMITING CONDITIONS OF THIS SUMMARY REPORT

Our opinion of values of the properties in this summary report is valid only for the stated purpose and only for the Date of Valuation, and for the sole use of the named Company. We or our personnel shall not be required to give testimony or attendance in court or to any government agency by reason of this summary report, and the valuer accepts no responsibility whatsoever to any other person.

No responsibility is taken for changes in market conditions and local government policy and no obligation is assumed to revise the attached valuation certificate to reflect events or conditions, which occur or make known to us subsequent to the date hereof.

Neither the whole nor any part of this summary report or any reference made hereto may be included in any published documents, circular or statement, or published in any way, without our written approval of the form and context in which it may appear. Nonetheless, we consent to the publication of this summary report in this circular to the Company's shareholders' reference.

Our maximum liability relating to services rendered under this engagement (regardless of form of action, whether in contract, negligence or otherwise) shall be limited to the charges paid to us for the portion of its services or work products giving rise to liability. In no event shall we be liable for consequential, special, incidental or punitive loss, damage or expense (including without limitation, lost profits, opportunity costs, etc.), even if it has been advised of their possible existence.

The Company is required to indemnify and hold us and our personnel harmless from any claims, liabilities, costs and expenses (including, without limitation, attorney's fees and the time of our personnel involved) brought against, paid or incurred by us at a time and in any way based on the information made available in connection with our report except to the extent that any such loses, expenses, damages or liabilities are ultimately determined to be the result of gross negligence of our engagement team in conducting its work. This provision shall survive even after the termination of this engagement for any reason.

STATEMENTS

The attached valuation certificate is prepared in line with the requirements contained in Chapter 5 and Practice Note No. 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as well as the guidelines contained in the HKIS Standards. The valuations have been undertaken by valuers, acting as external valuers, qualified for the purpose of the valuations.

We retain a copy of this summary report and the detailed valuation report together with the data from which it was prepared, and these data and documents will, according to the Laws of Hong Kong, keep for a period of 6 years from the date of this report and to be destroyed thereafter. We considered these records confidential, and we do not permit access to them by anyone, with the exception for law enforcement authorities or court order, without the Company's authorisation and prior arrangement made with us.

The valuations of the properties depend solely on the assumptions made in this report and not all of which can be easily quantified or ascertained exactly. Should some or all of the assumptions prove to be inaccurate at a later date, it will affect the reported values significantly.

We hereby certify that the fee for this service is not contingent upon our conclusion of values and we have no significant interest in the properties, the Group or the values reported.

Our valuations are summarised below and the valuation certificate is attached.

Yours faithfully,
For and on behalf of
LCH (Asia-Pacific) Surveyors Limited

Joseph Ho Chin Choi
B.Sc. PgD RPS (GP)
Managing Director

Elsa Ng Hung Mui
B.Sc. M.Sc. RPS (GP)
Associate Director

Notes:

1. Mr. Joseph Ho Chin Choi has been conducting assets valuation (including real estate properties) and advisory work in Hong Kong, Macau, Taiwan, mainland China, Japan, South East Asia, Finland, Guyana, Canada and the United States of America for various purposes since 1988. He has more than 18 years of experience in valuing real estate properties in mainland China.

2. Ms. Elsa Ng Hung Mui is a Registered Professional Surveyor who has been conducting valuation of real estate properties in Hong Kong since 1994 and has more than 8 years of experience in valuing properties in mainland China.

3. Both Mr. Joseph Ho Chin Choi and Ms. Elsa Ng Hung Mui are valuers on the List of Property Valuers for Undertaking Valuation for Incorporation or Reference in Listing Particulars and Circulars and Valuations in Connection with Takeovers and Mergers published by the HKIS.

SUMMARY OF VALUES

Group I – Property occupied by the Group in Hong Kong under short-term licence agreement and valued on market value basis

	Property	Amount of Valuations in its existing state as at 30th September, 2007
		HK$
1.	A portion of Suites 1506 – 1508 15th Floor, One Exchange Square No. 8 Connaught Place Central Hong Kong	No commercial value
	Sub-total:	**Nil**

Group II – Properties rented by the Group in Macao and valued on market value basis

	Property	Amount of Valuations in its existing state as at 30th September, 2007
		HK$
2.	D-17 17º Andar Edificio Comercial Rodrigues No 599 da Avenida da Praia Grande Macao	No Commercial Value
3.	Car-parking Unit No. CV1-05 at subcave (Level -01) Edificio Comercial Rodrigues No 599 da Avenida da Praia Grande Macao	No Commercial Value
	Sub-total:	**Nil**

Group III – Property rented by the Group in the PRC and valued on market value basis

	Property	Amount of Valuations in its existing state as at 30th September, 2007 *HK$*
4.	A factory complex in Shenzhen Sanyidui Industrial Zone Zhoushi Road, Jiuwei Village Xixiang Town, Baoan District Shenzhen Guangdong Province The People's Republic of China	No Commercial Value
	Sub-total:	**Nil**
	Grand Total:	**Nil**

VALUATION CERTIFICATE

Group I – Property occupied by the Group in Hong Kong under short-term licence agreement and valued on market value basis

Property	Description and occupancy	Amount of valuations in its existing state as at 30th September, 2007 *HK$*
1. A portion of Suites 1506 – 1508 15th Floor One Exchange Square No. 8 Connaught Place Central Hong Kong	The property comprises a portion of three office units on the 15th Floor of a 53-storeyed (including mezzanine floor and basement) commercial building which was completed in 1984. The floor area currently occupied by the Group is approximately 195 sq.ft. (18.16 sq.m.). The Group is given a non-exclusive right to jointly use the entire Suites 1506 – 1508, which has a lettable floor area of approximately 3,482 sq.ft. (323.49 sq.m.), with the licensor and other licensee for a term commencing from 10th October, 2005 or such other date as the property is available for use and expiring on 31st August, 2008 at nil licence fee. Under the business facilities agreement, the Group shall enjoy the use of the public area of the entire Suites 1506 – 1508 together with all the existing fixtures and fittings therein and with the provisions of office equipment, services, facilities and utilities. The property is currently occupied by the Group for office purpose.	No commercial value

Notes:

1. The licensor of the property is Zastron Precision-Tech Limited, which is the tenant of the property.

2. The licensee of the property J.I.C. Technology Company Limited.

3. According to a tenancy agreement dated 25th July, 2005 entered between HongKong Land Property Company Limited, landlord of the property and Zastron Precision-Tech Limited, the tenant of the property, Zastron Precision-Tech Limited has leased Suites 1506 – 1508 for a term commencing from 1st September, 2005 and expiring on 31st August, 2008 for office usage.

4. According to a letter dated 25th July, 2005 given by the landlord of the property, the landlord gave consent for J.I.C. Technology Company Limited to use the property as a licensee throughout the term of the lease as mentioned in Note 3 above.

Group II – Properties rented by the Group in Macao and valued on market value basis

	Property	Description and occupancy	Amount of valuations in its existing state as at 30th September, 2007 *HK$*
2.	D-17 17º Andar Edificio Comercial Rodrigues No 599 da Avenida da Praia Grande Macao	The property comprises an office unit on the 17th Floor of an 18-storeyed office building which was completed in 1998. According to the information available to us, the property has an area of approximately 64.72 sq.m. The property is rented to the Group for a term of 2 years commencing from 10th July, 2007 to 9th July, 2009 at a monthly rental of HK$6,430 inclusive of the rental for 2 air-conditioners but exclusive of management fee and other utilities charges. The tenant has the right to terminate the tenancy agreement by giving 30 days advance written notice after the expiry of 1 year term. The tenancy agreement will automatically renew for 1 year if either parties do not serve the termination notice as mentioned above. The property is currently occupied by the Group for office purpose.	No commercial value

Notes:

1. The landlord of the property is F.Rodrigues (Sucessores) Limitada.

2. The tenant of the property is J.I.C. (Macao Commercial Offshore) Company Limited, which is a wholly-owned subsidiary of the Company.

	Property	Description and occupancy	Amount of valuations in its existing state as at 30th September, 2007 *HK$*
3.	Car-parking Unit No. CV1-05 at subcave (Level -01) Edificio Comercial Rodrigues No 599 da Avenida da Praia Grande Macao	The property comprises a car parking space at subcave Level 1 of a 18-storeyed office building which was completed in 1998. The property is rented to the Group for a term of 2 years commencing from 10th July, 2007 to 9th July, 2009 at an annual rental of HK$21,600 payable by monthly installment of HK$1,800. Either party is entitled to terminate the agreement by giving 30 days advance written notice to the other party. The property is currently occupied by the Group for car parking purpose.	No commercial value

Notes:

1. The landlord of the property is F.Rodrigues (Sucessores) Limitada.

2. The tenant of the property is J.I.C. (Macao Commercial Offshore) Company Limited, which is a wholly-owned subsidiary of the Company.

Group III – Property rented by the Group in the PRC and valued on market value basis

	Property	Description and occupancy	Amount of valuations in its existing state as at 30th September, 2007 *HK$*
4.	A factory complex in Shenzhen Sanyidui Industrial Zone Zhoushi Road Jiuwei Village Xixiang Town Baoan District Shenzhen Guangdong Province The People's Republic of China	The property a parcel of land having a site area of approximately 27,150 sq.m. and 12 various major buildings and structures erected thereon. The buildings and structures includes 3 various 6-storeyed workshop buildings, a 6-storeyed office building, 4 various 7-storeyed staff quarters, a 4-storeyed composite building and various single to 2-storeyed supporting facilities buildings having a total gross floor area of approximately 70,552.55 sq.m. erected thereon. The buildings and structures were completed in 2004 (see Note 3 below). The property is rented to the Group for a term till 31st May, 2012 at a current monthly rental of Rmb769,070 inclusive of tax and management fee and water charges but exclusive of electricity charge. The property is currently occupied by the Group for manufacturing, office, staff quarters and ancillary supporting facilities purposes.	No commercial value

Notes:

1. The lessor of the property is 深圳市愉盛股份合作公司 (previously known as 寶安區新安街道辦翻身村三(1) 隊經濟合作社) (no English translation is available).

2. The lessee of the property is Jetup Electronic (Shenzhen) Co., Ltd. (hereinafter referred to as "Jetup"), which is a wholly-owned subsidiary of the Company.

3. According to the information provided by the management of the Company, the gross floor area of the following major buildings and structures is as follows:

		Gross Floor Area *(sq.m.)*
(i)	a 6-storeyed workshop (Block A)	10,386.80
(ii)	a 6-storeyed workshop (Block B)	10,386.80
(iii)	a 6-storeyed office (Block C)	8,923.24
(iv)	a 6-storeyed workshop and its ancillary building (Block D)	15,286.88
(v)	a 7-storeyed staff quarters (Block E)	5,329.14
(vi)	a 7-storeyed staff quarters (Block F)	4,593.51
(vii)	a 7-storeyed staff quarters (Block G)	5,915.74
(viii)	a 4-storeyed composite building (Block J)	2,704
(ix)	a 7-storeyed senior staff quarters and the senior staff canteen (Block H1 – H3)	6,371
(x)	a single storeyed sewerage treatment plant	203.52
(xi)	a single storeyed pump room	24.96
(xii)	a 2-storeyed electricity room	426.96

4. According to a business registration certificate dated 8th March, 2007, Jetup is a wholly foreign owned enterprise with a valid Enterprise Legal Person Business License from 15th April, 1993 to 15th April, 2013.

5. According to the legal opinion as prepared by the Company's PRC legal adviser, 北京市金杜律師事務所 King & Wood, the main tenancy agreement has been registered in the relevant government authorities and all related agreements are legal and binding though some of the supplementary agreements have not been registered. The interest of the lessee under the tenancy agreements is protected under the PRC law and regulation.

B. Property Interests of Namtek

The following is the text of the letter, summary of values and valuation certificate on valuation of the property interests of Namtek as at 30th September, 2007 prepared by LCH for the purpose of inclusion in this circular.

利駿行測量師有限公司
LCH (Asia-Pacific) Surveyors Limited
CHARTERED SURVEYORS
PLANT AND MACHINERY VALUERS
BUSINESS & FINANCIAL SERVICES VALUERS

The readers are reminded that the report which follows has been prepared in accordance with the guidelines set by the International Valuation Standards, Eighth Edition, 2007 (the "IVS") published by the International Valuation Standards Committee and the HKIS Valuation Standards on Properties, First Edition, 2005 ("HKIS Standards") published by the Hong Kong Institute of Surveyors (the "HKIS"). Both standards entitle the valuer to make assumptions which may on further investigation, for instance by the readers' legal representative, prove to be inaccurate. Any exception is clearly stated below. Headings are inserted for convenient reference only and have no effect in limiting or extending the language of the paragraphs to which they refer.

17th Floor
Champion Building
287 – 291 Des Voeux Road Central
Hong Kong

5th December, 2007

The Directors
J.I.C. Technology Company Limited
Suites 1506 – 1508, 15th Floor
One Exchange Square
No. 8 Connaught Place
Central
Hong Kong

Dear Sirs,

In accordance with the instructions given by the management of J.I.C. Technology Company Limited (hereinafter referred to as the "Company") to us to value certain properties currently held by Namtek Japan Company Limited or Shenzhen Namtek Co., Ltd. (collectively, hereinafter referred to "Namtek") in Japan and the People's Republic of China (hereinafter referred to as the "PRC" or "China"), we confirm that we have made relevant enquiries and obtained such further information as we consider necessary to support our opinion of values of the properties as at 30th September, 2007 (hereinafter referred to as the "Date of Valuation") for the Company's internal management reference purpose.

We understand that the use of our work product (regardless of form of presentation) would form part of the Company's business due diligence to the properties and we have not been engaged to make specific sale or purchase recommendations. We further understand that the use of our work product will not supplant other due diligence which a rational investor should conduct in reaching business decisions regarding the properties. Our findings and conclusion in this valuation are documented in a valuation report and submitted to the Company at today's date.

At the request of the management of the Company, we prepared this summary report (including this letter and the valuation certificate) to summarise our findings and conclusion as documented in the valuation report for the purpose of inclusion in this circular at today's date for the Company's shareholders' reference. Terms herein used without definition shall have the same meanings as in the valuation report, and the assumptions and caveats adopted in this summary report also apply to the valuation report.

BASIS OF VALUATION AND ASSUMPTIONS

According to the IVS, which the HKIS Standards also follows, there are two valuation bases, namely market value basis and valuation bases other than market value. We considered that market value is the most appropriate basis of value for a wide range of applications, including the purpose of this engagement, thus, after discussed with the management of the Company, we have adopted the market value basis of the properties in our valuations. We confirmed that this is in line with the IVS and the HKIS Standards.

The term "Market Value" is defined as "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

Properties in Groups I and II are held under operating lease in Japan and in the PRC, respectively, and have no commercial values due mainly to the short-term nature of the tenancy agreements or prohibition against assignment or sub-letting or lack of substantial profit rents.

MATTERS THAT MIGHT AFFECT THE VALUES REPORTED

No allowance has been made in our valuations for any charges, mortgages, outstanding premium or amounts owing on the properties. Unless otherwise stated, it is assumed that the properties are free from all encumbrances, restrictions, and outgoings of an onerous nature which could affect their values.

As at the Latest Practicable Date of this circular, we are unable to identify any adverse news against the properties which may affect the reported values in our work product. Thus, we are not in the position to report and comment on its impact (if any) to the properties. However, should it be established subsequently that such news did exist at the date of valuation, we reserve the right to adjust the values reported herein.

ESTABLISHMENT OF TITLES

Due to the market value basis of valuation, the management of the Company provided us the necessary documents to support that the legally interested party in the properties has free and uninterrupted rights to assign, to mortgage or to let the properties (in this instance, an absolute title) free of all encumbrances and any premiums payable have already been paid in full or outstanding procedures have been completed. However, our procedures to value, as agreed with the management of the Company, did not require us to conduct legal due diligence on the legality and formality on the way that the legally interested party obtained the properties from the relevant authorities.

For the sake of valuation, we have been provided with lease agreements regarding the properties. However, we have not examined the original documents to verify the ownership and encumbrances or to ascertain the existence of any lease amendments, which may not appear on the copies handed to us. All documents disclosed (if any) are for reference only and no responsibility is assumed for any legal matters concerning the legal title and the rights (if any) to the properties valued. Any responsibility for our misinterpretation of the documents cannot be accepted. For property in Group II, the inherent defects in the land registration system of China forbidden us to inspect the original documents of property in Group II filed in the relevant authorities to verify ownership or to verify any amendment which may not appear on the copies handed to us. We need to state that we are not legal professionals and are not qualified to ascertain the titles and to report any encumbrances that may be registered against the properties. However, we have complied with the requirements as stated in Practice Note No. 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and relied solely on the copy of the PRC legal opinion as provided by the Company with regard to the existing legally interested party in the properties as disclosed in the attached valuation certificate. We are given to understand that the PRC legal opinion was prepared by a qualified PRC legal adviser, 北京市金杜律師事務所 King & Wood. No responsibility and liability is assumed in relation to those legal opinions.

INSPECTIONS AND INVESTIGATIONS OF THE PROPERTIES IN ACCORDANCE WITH VS4 OF THE HKIS STANDARDS

As part of our agreed-upon procedures, we have inspected some of the properties and made reference to our previous inspection records in respect of which we have been provided with such information as we have requested for the purpose of our valuations. We have not inspected those parts of the properties which were covered, unexposed or inaccessible and such parts have been assumed to be in reasonable condition. We cannot express an opinion about or advice upon the condition of the properties and our work product should not be taken as making any implied representation or statement about the condition of the properties. No structural survey, investigation or examination has been made, but in the course of our inspections, we did not note any serious defects in the properties inspected. We are not, however, able to report that the properties are free from rot, infestation or any other structural defects. No tests were carried out to the utilities (if any) and we are unable to identify those utilities covered, unexposed or inaccessible.

If the management of the Company is proposing to purchase the properties and wants to satisfy them as to the condition of it, then the management of the Company should obtain a surveyor's detailed inspection and report of their own before deciding whether or not to enter into an agreement for sale and purchase.

We have not carried out on-site measurements to verify the correctness of the areas of the properties, but have assumed that the areas shown on the documents and handed to us are correct. All dimensions, measurements and areas are approximations.

Our engagement and the agreed procedures to value the properties did not include an independent land survey to verify the legal boundaries of the properties. We need to state that we are not in the land survey profession, therefore, we are not in the position to verify or ascertain the correctness of the legal boundaries of such properties that appeared on the documents handed to us. No responsibility from our part is assumed. The management of the Company or interested party in the properties should conduct their own legal boundaries due diligence work.

SOURCES OF INFORMATION AND ITS VERIFICATION IN ACCORDANCE WITH VS5 OF THE HKIS STANDARDS

We have relied solely on the information provided by the management of the Company or its appointed personnel without further verification and have fully accepted advice given to us on such matters as planning approvals or statutory notices, locations, titles, easements, tenure, occupation, lettings, rental, site and floor areas and all other relevant matters.

The scope of valuations has been determined by reference to the property list provided by the management of the Company. All properties on the list have been included in our valuations. The management of the Company has confirmed to us that it has no property interests other than those specified on the list supplied to us.

Unless otherwise stated, we have not carried out any valuation on a redevelopment basis and the study of possible alternative development options and the related economics do not come within the scope of our work product.

Information furnished by others, upon which all or portions of our work product are based, is believed to be reliable but has not been verified in all cases. Our procedures to value or work do not constitute an audit, review, or compilation of the information provided. Thus, no warranty is made nor liability assumed for the accuracy of any data, advice, opinions, or estimates identified as being furnished by others which have been used in formulating our work product.

When we adopted the work products from other professions, external data providers and the management of the Company in our valuations, the assumptions and caveats that adopted by them in arriving at their figures also applied in our valuations. The procedures we have taken do not provide all the evidence that would be required in an audit and, as we have not performed an audit, accordingly, we do not express an audit opinion.

We are unable to accept any responsibility for the information that has not been supplied to us by the management of the Company or its appointed personnel. Also, we have sought and received confirmation from the management of the Company or its appointed personnel that no materials factors have been omitted from the information supplied. Our analysis and valuations are based upon full disclosure between us and the Company of material and latent facts that may affect the valuations. We have had no reason to doubt the truth and accuracy of the information provided to us by the management of the Company or its appointed personnel. We consider that we have been provided with sufficient information to reach an informed view, and have had no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary amounts are in Hong Kong dollars (HK$).

LIMITING CONDITIONS OF THIS SUMMARY REPORT

Our opinion of values of the properties in this summary report is valid only for the stated purpose and only for the Date of Valuation, and for the sole use of the named Company. We or our personnel shall not be required to give testimony or attendance in court or to any government agency by reason of this summary report, and the valuer accepts no responsibility whatsoever to any other person.

No responsibility is taken for changes in market conditions and local government policy and no obligation is assumed to revise the attached valuation certificate to reflect events or conditions, which occur or make known to us subsequent to the date hereof.

Neither the whole nor any part of this summary report or any reference made hereto may be included in any published documents, circular or statement, or published in any way, without our written approval of the form and context in which it may appear. Nonetheless, we consent to the publication of this summary report in this circular to the Company's shareholders' reference.

Our maximum liability relating to services rendered under this engagement (regardless of form of action, whether in contract, negligence or otherwise) shall be limited to the charges paid to us for the portion of its services or work products giving rise to liability. In no event shall we be liable for consequential, special, incidental or punitive loss, damage or expense (including without limitation, lost profits, opportunity costs, etc.), even if it has been advised of their possible existence.

The Company is required to indemnify and hold us and our personnel harmless from any claims, liabilities, costs and expenses (including, without limitation, attorney's fees and the time of our personnel involved) brought against, paid or incurred by us at a time and in any way based on the information made available in connection with our report except to the extent that any such loses, expenses, damages or liabilities are ultimately determined to be the result of gross negligence of our engagement team in conducting its work. This provision shall survive even after the termination of this engagement for any reason.

STATEMENTS

The attached valuation certificate is prepared in line with the requirements contained in Chapter 5 and Practice Note No. 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as well as the guidelines contained in the HKIS Standards. The valuations have been undertaken by valuers, acting as external valuers, qualified for the purpose of the valuations.

We retain a copy of this summary report and the detailed valuation report together with the data from which it was prepared, and these data and documents will, according to the Laws of Hong Kong, keep for a period of 6 years from the date of this report and to be destroyed thereafter. We considered these records confidential, and we do not permit access to them by anyone, with the exception for law enforcement authorities or court order, without the Company's authorisation and prior arrangement made with us.

The valuations of the properties depend solely on the assumptions made in this report and not all of which can be easily quantified or ascertained exactly. Should some or all of the assumptions prove to be inaccurate at a later date, it will affect the reported values significantly.

We hereby certify that the fee for this service is not contingent upon our conclusion of values and we have no significant interest in the properties, Namtek or the values reported.

Our valuations are summarised below and the valuation certificate is attached.

Yours faithfully,
For and on behalf of
LCH (Asia-Pacific) Surveyors Limited

Joseph Ho Chin Choi
B.Sc. PgD RPS (GP)
Managing Director

Elsa Ng Hung Mui
B.Sc. M.Sc. RPS (GP)
Associate Director

Notes:

1. Mr. Joseph Ho Chin Choi has been conducting assets valuation (including real estate properties) and advisory work in Hong Kong, Macau, Taiwan, mainland China, Japan, South East Asia, Finland, Guyana, Canada and the United States of America for various purposes since 1988. He has more than 18 years of experience in valuing real estate properties in mainland China.

2. Ms. Elsa Ng Hung Mui is a Registered Professional Surveyor who has been conducting valuation of real estate properties in Hong Kong since 1994 and has more than 8 years of experience in valuing properties in mainland China.

3. Both Mr. Joseph Ho Chin Choi and Ms. Elsa Ng Hung Mui are valuers on the List of Property Valuers for Undertaking Valuation for Incorporation or Reference in Listing Particulars and Circulars and Valuations in Connection with Takeovers and Mergers published by the HKIS.

SUMMARY OF VALUES

Group I – Property rented by Namtek in Japan and valued on market value basis

Property	Amount of Valuations in its existing state as at 30th September, 2007 *HK$*
1. The whole of 6th Floor 3-12-12, Higashi-Nihonbashi Chuo-Ku Tokyo Japan	No Commercial Value
Sub-total:	**Nil**

Group II – Property rented by Namtek in the PRC and valued on market value basis

Property	Amount of Valuations in its existing state as at 30th September, 2007 *HK$*
2. Whole of Level C12 Ming Wah International Conventional Centre No. 8 Gui Shan Road Shekou, Shenzhen Guangdong Province The People's Republic of China	No Commercial Value
Sub-total:	**Nil**
Grand Total:	**Nil**

VALUATION CERTIFICATE

Group I – Property rented by Namtek in Japan and valued on market value basis

	Property	Description and occupancy	Amount of valuations in its existing state as at 30th September, 2007 *HK$*
1.	The whole of 6th Floor 3-12-12 Higashi-Nihonbashi Chuo-Ku Tokyo Japan	The property comprises the whole of the 6th Floor of a 9-storeyed commercial building which was completed in 1991. The gross floor area and lettable area of the property are approximately 99.10 sq. m. and 84.03 sq.m., respectively. The property is leased to Namtek for a renewal term of 2 years commencing from 1st July, 2007 to 30th June, 2009 at a monthly rental of 203,360 yen exclusive of consumption tax, management fee and its consumption tax. The property is currently occupied by Namtek for office purpose.	No Commercial Value

Notes:

1. The lessor of the property is 櫻正宗株式會社 (Sakura-Masamune Co., Ltd.), which is the current registered owner of the property.

2. The lessee of the property is Namtek Japan Company Limited.

Group II – Property rented by Namtek in the PRC and valued on market value basis

	Property	Description and occupancy	Amount of valuations in its existing state as at 30th September, 2007 *HK$*
2.	Whole of Level C12 Ming Wah International Conventional Centre No. 8 Gui Shan Road Shekou, Shenzhen Guangdong Province The People's Republic of China	The property comprises the whole of Level 12 of a 26-storeyed office/ commercial building on top of 2 levels carpark podium which was completed in 1998. The property has a gross floor area of approximately 1,150 sq.m. The property is rented to Namtek for a term of 1 year commencing from 20th July, 2007 to 19th July, 2008 at a monthly rental of Rmb70,150 inclusive of tax and cleaning charges but exclusive of management fee and electricity charge for office purpose. The tenant has priority to renew the tenancy agreement by giving 1 month advance notice prior to lease expiry date. The property is currently occupied by Namtek for office and ancillary supporting facilities purposes.	No commercial value

Notes:

1. The lessor of the property is 明華（蛇口）海員服務公司明華國際會議中心 (no English translation is available).

2. The lessee of the property is Shenzhen Namtek Co., Ltd..

3. According to the legal opinion as prepared by the Company's PRC legal adviser, 北京市金杜律師事務所 King & Wood, the tenancy agreement has been registered in the relevant government authorities and is legal and binding. The interest of the lessee under the tenancy agreement is protected under the PRC law and regulation.

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to JIC. The directors of JIC collectively and individually accept full responsibility for the accuracy of information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2. DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITION IN SHARES AND UNDERLYING SHARES OR DEBENTURES

As at the Latest Practicable Date, the interests and short positions of the directors and chief executive of JIC in the shares, underlying shares or debentures of JIC or any of the associated corporations (within the meaning of the SFO) as required to be notified to JIC and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests which he was taken or deemed to have under such provisions of the SFO); or required to be recorded in the register required to be kept by JIC pursuant to Section 352 of the SFO; or as otherwise notified to JIC and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

(a) As at the Latest Practicable Date, none of the directors of JIC held any shares of JIC.

(b) Directors' Interests in shares of the associated corporation

Name of Director	Name of associated corporation	Nature of interest	Number of shares held	Approximate percentage of the issued share capital of the associated corporation
Mr. Chui Kam Wai	NTEI	Personal	545,870	1.22%
Dr. Yeoh Teck Hooi	NTEI	Personal	10,000	0.02%
Mr. Koo Ming Kown	NTEI	Personal	5,690,786	12.70%

(c) Share options granted by the associated corporation

Name of Director	Name of associated corporation	Number of options held	Number of underlying shares of the associated corporation
Mr. Koo Ming Kown[(i)]	NTEI	30,000	30,000
Mr. John Quinto Farina[(ii)]	NTEI	40,000	40,000

Notes:

(i) 5,690,786 Shares are held by Mr. Koo Ming Kown and his spouse of Ms. Cho Sui Sin.

(ii) The share options granted to Mr. Farina is subject a vesting period of 1 year with effect from 14th May, 2007.

Save as disclosed above, as at the Latest Practicable Date, none of the directors or chief executive of JIC or their respective associates had any interests and short positions in the share capital of JIC or any associated corporations as required to be notified to JIC and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests which he was taken or deemed to have under such provisions of the SFO) or required to be recorded in the register required to be kept by JIC pursuant to Section 352 of the SFO or as otherwise notified to JIC and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

3. OTHER INTERESTS OF DIRECTORS

(a) Interests in service contracts

As at the Latest Practicable Date, none of the directors of JIC had entered into any service contracts with JIC or any member of the JIC Group, other than contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation).

(b) Interests in assets of the JIC Group

Since 31st December, 2006, the date to which the latest published audited accounts of JIC have been made up, none of the directors of JIC has, or has had, any direct or indirect interest in any assets which have been acquired or disposed of by or leased to any member of the JIC Group or are proposed to be acquired or disposed of by or leased to, any member of the JIC Group.

(c) Interests in contracts or arrangements

Save as disclosed above, none of the directors of JIC is materially interested in any contract or arrangement subsisting at the date of this circular which is significant in relation to the business of the JIC Group taken as a whole.

4. SUBSTANTIAL SHAREHOLDER

As at the Latest Practicable Date, as far as is known to the directors of JIC and chief executive of JIC, the following persons (other than a Director or chief executive of JIC) had the following interests or short positions in shares or underlying shares of JIC which would fall to be disclosed to JIC under the provisions of Divisions 2 and 3 of the Part XV of SFO, or who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the JIC Group:

Long positions in the shares of JIC:

Name of Shareholder	Number of Shares	Approximate percentage of Shareholding
NTEI	527,594,988	74.99%

Save as disclosed above, as far as was known to the directors of JIC as at the Latest Practicable Date, no other person (other than a director or chief executive) had any interest or short positions in shares or underlying shares of JIC which would fall to be disclosed to JIC under the provisions of Divisions 2 and 3 of the Part XV of SFO, or who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the JIC Group.

5. COMPETING INTERESTS

As at the Latest Practicable Date, the directors of JIC were not aware that any of the directors of JIC has interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the JIC Group which falls to be disclosed under the Listing Rules.

6. LITIGATION

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

7. MATERIAL CONTRACTS

As at the Latest Practicable Date, there are no contracts, not being contracts entered into in the ordinary course of business of the JIC Group, have been entered into by the member of the Group within the two years immediately preceding the Latest Practicable Date and are, or may be material.

8. MATERIAL CHANGE

The Directors of JIC are not aware of any material adverse change in the financial or trading position of the JIC Group since 31st December, 2006 (being the date to which the latest published audited consolidated financial statements of the JIC Group were made up).

9. EXPERTS' DISCLOSE OF INTEREST AND CONSENT

(a) As at the Latest Practicable Date, TSC (a licensed corporation under SFO permitted to be engaged in type 6 regulated activity as stipulated in the SFO), LCH (an independent professional surveyor and property valuer) and Deloitte Touche Tohmatsu (certified public accountants) had no direct or indirect shareholding in any member of the JIC Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the JIC Group.

(b) As at the Latest Practicable Date, TSC, LCH and Deloitte Touche Tohmatsu had no direct or indirect interests in any assets which have since 31st December, 2006 (being the date to which the latest published audited consolidated accounts of the JIC Group were made up) been acquired or disposed of by or leased to or by JIC or any of its subsidiaries, or are proposed to be acquired or disposed of by or leased to or by JIC or any of its subsidiaries.

(c) TSC, LCH and Deloitte Touche Tohmatsu have given and have not withdrawn its written consent to the issue of this circular with the inclusion therein of their respective letters or reports and reference to its name in the form and context in which it appears.

10. MISCELLANEOUS

(a) JIC's branch share registrar and transfer office of JIC in Hong Kong is Computershare Hong Kong Investor Services Limited at Shops 1712–16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(b) The company secretary of JIC is Mr. Wong Long Kee. He is a solicitor of the High Court of the Hong Kong Special Administrative Region. He graduated from the University of Hong Kong with a Bachelor of Laws in 1994 and Postgraduate Certificate in Laws in 1995.

The qualified accountant of JIC is Mr. Lai Man Sing. He is a fellow of the Hong Kong Institute of Certified Public Accountants and a member of Australian Society of Certified Practicing Accountants. He also 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.

(c) In the event of any inconsistency, the English text of this circular shall prevail over the Chinese text.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at JIC's Hong Kong office at Suites 1506–1508, 15th Floor, One Exchange Square, 8 Connaught Place, Central, Hong Kong up to and including 20th December, 2007:

(a) the JIC Agreement, the Namtek Agreement and the NTEEP Agreement;

(b) the letter from TSC to the JIC Independent Board Committee and the JIC Independent Shareholders as set out on pages 34 to 49 of this circular;

(c) the valuation reports from LCH as set out in Appendix X of this circular;

(d) the written consents referred to in paragraph 9 of this Appendix;

(e) the memorandum of association and articles of association of JIC; and

(f) the annual report of JIC for the financial year ended 31st December, 2006.

J.I.C. Technology Company Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 987)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of the shareholders of J.I.C. Technology Company Limited (the "Company") will be held at The Mardarin Oriental Hong Kong, No. 5 Connaught Road, Central, Hong Kong on 20th December, 2007, Thursday, at 9:00 a.m. for the purpose of considering and, if it thought fit, passing the following resolutions as ordinary resolutions:

ORDINARY RESOLUTIONS

1. "**THAT** the JIC Agreement (as defined and described in the circular to the shareholders of J.I.C. Technology Company Limited dated 5th December, 2007, a copy of which has been produced to the meeting marked "A" and signed by the Chairman hereof for the purpose of identification) (the "Circular") and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed and any one of the directors of J.I.C. Technology Company Limited be and is hereby authorised to sign, execute and deliver all such documents and take all such actions as he may consider necessary or desirable for the purpose of or in connection with the JIC Agreement."

2. "**THAT** the Namtek Agreement (as defined and described in the Circular) and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed and any one of the directors of J.I.C. Technology Company Limited be and is hereby authorised to sign, execute and deliver all such documents and take all such actions as he may consider necessary or desirable for the purpose of or in connection with the Sale and Purchase Agreement."

By Order of the Board
Chui Kam Wai
Chairman

Dated 5th December, 2007

NOTICE OF EXTRAORDINARY GENERAL MEETING

Registered office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1–1111
Cayman Islands

Hong Kong Office:
Suites 1506–1508
15th Floor
One Exchange Square
8 Connaught Place
Hong Kong

Notes:

1. A member of JIC entitled to attend and vote at a meeting of JIC shall be entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at the above meeting of JIC. A proxy need not be a member of JIC. In addition, a proxy or proxies representing either a member who is an individual or a member which is a corporation shall be entitled to exercise the same powers on behalf of the member which he or they represent as such member could exercise.

2. Where there are joint holders of any share, any one of such joint holder may vote, either in person or by proxy in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at the meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of JIC in respect of the joint holding.

3. A form of proxy is enclosed herewith.

4. To be valid, a form of proxy, together with any power of attorney or other authority (if any) under which it is signed, or a certified copy of such power of authority, shall be delivered to the offices of JIC's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible, and in any event not less than 48 hours before the time appointed for holding the meeting or adjourned meeting and in default the instrument appointing a proxy shall not be treated as valid. Delivery of any instrument appointing a proxy shall not preclude a member from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.

5. The ordinary resolutions will be voted upon by way of a poll in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.