NAM TAI ELECTRONIC & ELECTRICAL PRODUCTS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2633)

Q2 2008 Sales up 93.0%, Operating income up 15.7% and EPS at 0.97 US cent

The board ("the Board") of directors (the "Directors") of Nam Tai Electronic & Electrical Products Limited (the "Company") announces the unaudited consolidated results of the Company and its subsidiaries (collectively the "Group") for the second quarter of 2008 and the six months ended 30 June 2008 respectively together with comparative figures for the corresponding periods of last year as follows:

KEY HIGHLIGHTS

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

	Quarterly Results[a]			Half-year Results[a]		
	Q2 2008	**Q2 2007**	**YoY (%)**	**1H 2008**	**1H 2007**	**YoY (%)**
Sales (Revenue)[b]	146,168	75,732	93.0	293,006	130,293	124.9
Gross Profit	21,712	13,412	61.9	42,016	22,312	88.3
% of sales	*14.9%*	*17.7%*		*14.3 %*	*17.1%*	
Operating income[c]	11,723	10,133	15.7	23,330	15,631	49.3
% of sales	*8.0%*	*13.4%*		*8.0%*	*12.0%*	
Per share (US cents)	1.33	1.15	15.7	2.65	1.77	49.7
Profit for the period attributable to equity holders of the Company[d]	8,560	25,602	(66.6)	17,082	32,073	(46.7)
% of sales	*5.9%*	*33.8%*		*5.8%*	*24.6%*	
Basic earnings per share *(US cent(s))*	0.97	2.90	(66.6)	1.94	3.64	(46.7)
Diluted earnings per share *(US cent(s))*	0.97	2.90	(66.6)	1.94	3.64	(46.7)
Weighted average number of shares ('000)						
Basic	881,671	881,671		881,671	881,671	
Diluted[e]	881,671	881,671		881,671	881,671	

Notes:

(a) Results in the first and second quarters of 2008 included the results of Consumer Electronic and Communication Products ("CECP") business segment ("NTEEP business unit"), Telecommunication Component Assembly ("TCA") business segment ("Zastron business unit") and Liquid Crystal Display ("LCD") Products ("LCDP") business segment ("Jetup business unit") upon the completion of reorganization of Nam Tai Electronics, Inc. (NYSE stock code: NTE) ("NTEI") and its subsidiaries on 31 December 2007 (the "Reorganization"). Results in the first and second quarters of 2007 included the results of CECP business segment only.

(b) Included sales from the TCA business segment and the LCDP business segment in the sum of US$150.1 million in the first half year of 2008. TCA business segment and LCDP business segment became part of the Group upon the completion of Reorganization. If such sales had been excluded, sales of the Group would have increased by 9.7% as compared with the first half year of 2007.

(c) Operating income = gross profit + other income - other expenses - selling and distribution costs - administrative expenses - research and development expenses.

(d) Included (i) a gain of US$43.8 million in the second quarter of 2007 on disposal of the investment in TCL Corporation ("TCL Corp."); and (ii) a non-cash impairment loss of US$24.3 million in the second quarter of 2007 on goodwill arising from the Group's acquisition of Namtek Group (comprising Namtek Japan Company Limited and Shenzhen Namtek Co., Ltd. ("Namtek Shenzhen") in May 2005.

(e) Excluded outstanding share options of 22,135,000 which had not been exercised as at 30 June 2008 (as at 30 June 2007: 14,520,000). These outstanding share options consist of (i) 2,720,000 share options under the Pre-IPO Share Option Scheme adopted on 22 March 2004; and (ii) 19,415,000 share options granted to several directors and certain employees of the Group on 5 February 2008 under the Share Option Scheme adopted on 8 April 2004. The exercise period and exercise price of these newly granted share options are from 5 February 2008 to 4 February 2011 and HK$1.85 per share, respectively.

(f) If the Reorganization had been completed on 1 January 2007, the unaudited pro forma financial information of the Enlarged NTEEP (including Zastron business unit and Jetup business unit) for the second quarter and the first half year of 2007 (which is for illustration purposes only) would be as follows:

(In thousands of US Dollars, except otherwise stated)

	Q2 2008 unaudited financial results	Q2 2007 unaudited financial results	Q2 2008 results versus Q2 2007 results (%)	Q2 2007 Enlarged NTEEP's unaudited pro forma financial results	Q2 2008 results versus Q2 2007 unaudited pro forma results (%)
Sales (Revenue)	146,168	75,732	93.0	197,414	(26.0)
Operating income	11,723	10,133	15.7	14,458	(18.9)
EBITDA[(g)]	18,194	12,706	43.2	20,830	(12.7)
Basic earnings per share (US cent(s)) [(g)]	0.97	0.69	40.6	1.23	(21.1)

	1H 2008 unaudited financial results	1H 2007 unaudited financial results	1H 2008 results versus 1H 2007 results (%)	1H 2007 Enlarged NTEEP's unaudited pro forma financial results	1H 2008 results versus 1H 2007 unaudited pro forma results (%)
Sales (Revenue)	293,006	130,293	124.9	388,240	(24.5)
Operating income	23,330	15,631	49.3	23,241	0.4
EBITDA[(g)]	36,277	20,407	77.8	35,370	2.6
Basic earnings per share (US cents) [(g)]	1.94	1.43	35.7	2.42	(19.8)

(g) The one-off transactions mentioned in Note (d) above had been excluded in the calculation of EBITDA and basic earnings per share.

SUPPLEMENTARY INFORMATION

1. Quarterly Sales Breakdown
(In thousands of US Dollars, except percentage)

Quarter	2008	2007	YoY(%) (Quarterly)	YoY(%) (Quarterly accumulated)
1st Quarter	146,838	54,561	169.1	169.1
2nd Quarter	146,168	75,732	93.0	124.9
3rd Quarter	N/A	90,276	-	-
4th Quarter	N/A	63,191	-	-
Total	293,006	283,760		

2. Breakdown of Sales by Business Segment (as a percentage of Sales)

	2008		2007	
Segments[(a)]	Q2 (%)	YTD (%)	Q2 (%)	YTD (%)
Consumer Electronic and Communication Products ("CECP")	50	49	100	100
Telecommunication Component Assembly ("TCA")	36	38	-	-
Liquid Crystal Display Products ("LCDP")	14	13	-	-
	100	100	100	100

3. Key Highlights of Financial Position

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

	As at 30 June		As at 31 December 2007
	2008	2007	
Cash on Hand[(b)]	151,208	130,796	154,236
Ratio of Cash[(b)] to Current Liabilities	1.10	1.94	0.98
Current Ratio	1.97	2.97	1.87
Ratio of Total Assets to Total Liabilities	1.46	3.77	1.45
Return on Equity	17%	36%	33%
Ratio of Total Liabilities to Equity[(c)]	2.18	0.36	2.24
Debtors Turnover	50 days	60 days	39 days[(d)]
Inventory Turnover	16 days	33 days	25 days[(d)]
Average Payable Period	56 days	90 days	57 days[(d)]

Notes:

(a) There was only one business segment, CECP, prior to the Reorganization in 2007.

(b) Includes cash equivalents.

(c) Ratio of Total Liabilities to Equity increased from 0.36 time as at 30 June 2007 to 2.18 times as at 30 June 2008 mainly because of the amount of US$311.4 million due to the ultimate holding company arising from the Reorganization.

(d) The debtors turnover, inventory turnover and average payable period as at 31 December 2007 were based on the data prior to the Reorganization.

MANAGEMENT DISCUSSION & ANALYSIS

Business Review

During the three months ended 30 June 2008, the Group recorded sales of US$146.2 million, representing an increase of 93.0%. Sales of the TCA segment (Zastron business unit) and LCDP segment (Jetup business unit) for the second quarter of 2008 decreased by 48.0% and 6.1% respectively when compared with the same period of 2007. These two business segments, TCA (Zastron business unit) and LCDP (Jetup business unit), acquired under the Reorganization contributed sales of US$72.8 million. As compared with the same period last year, sales of CECP segment (NTEEP business unit) decreased by 3.1%, which was mainly due to the significant decrease in sales of mobile phone accessories, offset by the increase in sales of home entertainment devices.

Gross profit for the three months ended 30 June 2008 increased by 61.9% from US$13.4 million to US$21.7 million as compared with the same period last year, primarily driven by the results of TCA and LCDP segments which had not been included in the same period last year as the Reorganization was completed only on 31 December 2007.

As compared with the same period last year, operating income for the three months ended 30 June 2008 increased by 15.7% while profit for the period attributable to the equity holders of the Company for the three months ended 30 June 2008 decreased by 66.6% because the profit for the period attributable to the equity holders of the Company of the same period last year included the gain on disposal of investment in TCL Corp.

For the six months ended 30 June 2008, sales of the Group increased by approximately 124.9% from US$130.3 million to US$293.0 million when compared with the same period last year. Gross profit and operating income increased by approximately 88.3% and 49.3% respectively as compared with the same period last year. For the same reasons as stated in the paragraph above, profit attributable to the equity holders of the Company for the interim period of year 2008 decreased by approximately 46.7% as compared with the same period last year.

According to the pro forma information mentioned in note (f) of Key Highlights, if the impact of the one-off transaction about the gain on disposal of investment in TCL Corp. and impairment loss on goodwill had been excluded, EBITDA for the second quarter and the first half year of 2008 would have increased by 43.2% and 77.8% respectively as compared with the same period last year. Furthermore, if the Reorganization had been completed on 1 January 2007, on an unaudited basis, total group sales for the second quarter of 2007 would have been US$197.4 million, operating income and EBITDA (the impact of the one-off transactions mentioned above was excluded) would have been US$14.5 million and US$20.8 million respectively. Compared with this unaudited pro forma information for the second quarter of 2007, sales for the second quarter of 2008 would have decreased by 26.0%, operating income and EBITDA would have decreased by 18.9% and 12.7% respectively. The unaudited information is for illustrative purposes only and is not necessarily an indication of sales and results of operations of the Group that actually would have been achieved had the Reorganization been completed on 1 January 2007, nor is it intended to be a projection of future results.

Liquidity and Financial Resources

The Group had cash of US$151.2 million which was mainly located in the People's Republic of China (the "PRC"). As at the end of the period under review, it also had an external debt of US$322.2 million, including an unsecured loan of US$311.4 million borrowed from NTEI as a result of the Reorganization, a bank borrowing of US$2.6 million, and an entrusted loan arrangement with a bank of US$8.2 million between the Company's two PRC subsidiaries.

Outlook

Recent global adverse economic conditions (which, we believe, have been primarily driven by the sub-prime crisis in the US) aggravated the Company's results in the past quarter and may exacerbate the difficult business environment we currently face and could result in negative effects on our results of operations over the next several quarters. Additionally, we also face issues such as the continuing appreciation of the exchange rate of Renminbi against US dollar, the effects of changing tax and labour laws in the PRC, shortages of electricity supply and increases in overhead expenses resulting from inflation.

To respond to the challenges surfacing from the current business environment, management has continued to focus efforts to optimize operating efficiencies by realigning production capacity to higher margin product offerings and has sought to diversify the Company's customer base. Management believes that the Company has begun to realize limited benefits from the Company's simpler organizational structure implemented at the beginning of 2008, which management believes has fostered, and will continue to foster a more efficient and effective exchange of know-how and technology among our group companies, reduced overhead costs and facilitated stronger management controls.

During the second quarter of 2008, the foundation of the first of the Company's planned new factories in Wuxi in the Jiangsu Province of China was completed and the Company had, according to its schedule, selected a contractor for the mechanical and electrical construction required for the expansion project. Management is optimistic that the Company will be in a position to begin mass production at the new Wuxi facility in early to mid-2009.

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

NTEI, the controlling shareholder of the Company, has increased its equity interest in the Company since May 2008. As at 4 August 2008, the equity interest of NTEI in the Company increased to 74.88%.

Save and except the aforesaid, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares during the six months ended 30 June 2008.

DIVIDEND

Out of the 30 HK cents per share of the final dividend declared for 2007, the Company already paid 20 HK cents per share in April 2008 to the shareholders of the Company whose names appeared on the register of members of the Company on 15 April 2008. The remaining 10 HK cents per share is scheduled to be paid on or around 28 August 2008 to the shareholders of the Company whose names appear on the register of members of the Company on 15 August 2008.

The Board intends to consider and distribute dividends in two instalments for the whole financial year 2008 and will make the necessary announcement in January 2009, if any dividend is decided to be paid. The Board also intends to follow this same pattern of dividend payment for the financial years onwards.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 14 August 2008 to 15 August 2008, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the second instalment of the final dividend for 2007, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, Rooms 1806-1807, 18th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on 13 August 2008.

CORPORATE GOVERNANCE

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

The Board has adopted the terms of the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") as set out in Appendix 10 of the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("SEHK"). Having made specific enquiry of all Directors, the Directors confirmed that they have complied with the Model Code for any part of the period ended 30 June 2008.

The Company has also taken effective measures to ensure that it is in compliance with the code provisions and as far as reasonably practicable the recommended best practices of the Code on Corporate Governance Practices (the "Corporate Governance Code"). In the opinion of the Board, the Company has also fully complied with the code provisions and a majority of the recommended best practice of the Corporate Governance Code throughout the accounting period ended 30 June 2008.

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

To further enhance its corporate governance, the group of companies of NTEI, a New York Stock Exchange listed company, successfully complied with U.S. Sarbanes-Oxley Section 404 (the "Act") for the financial years ended 31 December 2006 and 2007. The Act focuses mainly on the effectiveness of internal control and essentially requires the management to annually state its responsibilities in establishing and maintaining an adequate internal control structure and procedure for financial reporting; and to conduct an assessment of the effectiveness of the Group's internal controls over financial reporting, followed by an attestation of management's assertions as well as the effectiveness of the Group's internal controls over financial reporting by its external auditors. To this end, the Company has set up a task force which follows the methodology and time schedule of NTEI to ensure that the internal control requirements under the Act can be fully complied with accordingly. Besides, the Company has engaged its external auditors to review its financial statements on a quarterly basis in year 2008.

Audit Committee
As at 30 June 2008, the Audit Committee comprised three Independent Non-executive Directors, Mr. Chan Tit Hee, Charles, Mr. Thaddeus Thomas Beczak and Mr. Roger Simon Pyrke. Mr. Chan is the chairman of the Audit Committee. The Audit Committee has adopted terms of reference which are in line with the Corporate Governance Code. The Group's unaudited financial statements for the six months ended 30 June 2008 have been reviewed by the Audit Committee, who is of the opinion that such statements comply with applicable accounting standards and legal requirements, and that adequate disclosures have been made.

The Board is pleased to announce that Mr. Cham Yau Nam and Mr. Choi Man Chau, Michael, both current independent non-executive directors of the Company, be appointed as further members of the audit committee with effect from 4 August 2008. Please refer to the announcement of the Company dated 5 May 2008 for details of Mr. Cham and Mr. Choi.

As at 4 August 2008, the Audit Committee comprises Mr. Chan Tit Hee, Charles, Mr. Thaddeus Thomas Beczak, Mr. Roger Simon Pyrke, Mr. Cham Yau Nam and Mr. Choi Man Chau, Michael.

Remuneration Committee
As at 30 June 2008, the Remuneration Committee comprised two Independent Non-executive Directors, Mr. Thaddeus Thomas Beczak and Mr. Roger Simon Pyrke, and one Non-executive Director, Mr. Koo Ming Kown. Mr. Beczak is the chairman of the Remuneration Committee. The Remuneration Committee has adopted terms of reference which are in line with the Corporate Governance Code. The Remuneration Committee met once a year to review the remuneration packages of the executive Directors and members of the senior management.

The Board is pleased to announce that Mr. Leung Wai Hung, a current Independent Non-executive Director of the Company, be appointed as a further member of the remuneration committee with effect from 4 August 2008. Please refer to the announcement of the Company dated 5 May 2008 for details of Mr. Leung.

As at 4 August 2008, the Remuneration Committee comprises Mr. Thaddeus Thomas Beczak, Mr. Roger Simon Pyrke, Mr. Koo Ming Kown and Mr. Leung Wai Hung.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Three months ended 30 June		Six months ended 30 June	
		2008	2007	2008	2007
		US$'000	US$'000	US$'000	US$'000
Revenue	2	146,168	75,732	293,006	130,293
Cost of sales		(124,456)	(62,320)	(250,990)	(107,981)
Gross profit		21,712	13,412	42,016	22,312
Bank interest income		851	941	1,869	1,623
Interest income from entrusted loan receivable		16	-	16	-
Gain on disposal of available-for-sale investments		-	43,815	-	43,815
Other income		1,957	1,528	4,820	2,105
Other expenses		-	(328)	-	(655)
Impairment loss on goodwill		-	(24,340)	-	(24,340)
Selling and distribution costs		(2,937)	(767)	(5,612)	(1,316)
Administrative expenses		(6,344)	(2,735)	(12,895)	(4,995)
Research and development expenses		(2,665)	(977)	(4,999)	(1,820)
Interest expenses on unsecured bank borrowings		(52)	-	(118)	-
Interest expense on entrusted loan payable		(16)	-	(16)	-
Interest expense on amount due to ultimate holding company		(3,037)	(9)	(6,073)	(24)
Profit before tax		9,485	30,540	19,008	36,705
Income tax expense	3	(925)	(5,055)	(1,926)	(4,749)
Profit for the period		8,560	25,485	17,082	31,956
Attributable to:					
Equity holders of the Company		8,560	25,602	17,082	32,073
Minority interests		-	(117)	-	(117)
		8,560	25,485	17,082	31,956
Dividends paid (Note)	4	22,606	-	22,606	-
Earnings per share for profit for the period attributable to equity holders of the Company - basic and diluted	5	0.97 US cent	2.90 US cents	1.94 US cents	3.64 US cents

Note: The dividends paid in 2008 were in relation to the 2007 final dividends.

CONDENSED CONSOLIDATED BALANCE SHEET

	At 30 June 2008 US$'000 (Unaudited)	At 31 December 2007 US$'000 (Audited)
Non-current assets		
Property, plant and equipment	117,644	118,934
Prepaid lease payments	15,664	15,083
Goodwill	186,299	186,299
Deposits paid for the acquisition of equipment	1,280	536
Other assets	357	357
Deferred tax assets	848	755
Intangible assets	44,385	46,721
	366,477	368,685
Current assets		
Inventories	22,257	32,598
Trade and other receivables	84,152	101,494
Prepaid lease payments	342	143
Taxation recoverable	3,544	5,407
Entrusted loan receivable (Note)	8,166	-
Bank balances and cash	151,208	154,236
	269,669	293,878
Currents liabilities		
Trade and other payables	99,294	125,719
Taxation payable	1,146	390
Entrusted loan payable (Note)	8,166	-
Unsecured bank borrowings – due within one year	2,571	5,470
Loan from ultimate holding company - due within one year	25,953	25,953
	137,130	157,532
Net current assets	132,539	136,346
Total assets less current liabilities	499,016	505,031
Non-current liabilities		
Unsecured bank borrowings – due after one year	-	1,558
Loan from ultimate holding company - due after one year	285,477	285,477
Deferred tax liabilities	13,764	13,614
	299,241	300,649
Net assets	199,775	204,382
Capital and reserves		
Share capital	1,131	1,131
Reserves	198,644	203,251
Equity attributable to equity holders of the Company	199,775	204,382
Minority interests	-	-
Total equity	199,775	204,382

Note: During the six months ended 30 June 2008, two of the PRC subsidiaries of the Company, Namtai Electronic (Shenzhen) Co., Ltd. ("NTSZ") and Jetup Electronic (Shenzhen) Co., Ltd. ("Jetup"), entered into an entrusted loan arrangement in the amount of RMB56,000,000 (equivalent to US$8,166,000) with a bank, in which NTSZ acts as the entrusting party, the bank acts as the lender and Jetup acts as the borrower (the "Entrusted Loan"). The Entrusted Loan which bears interest of 5% per annum is repayable within one year. The Entrusted Loan is used to finance the operation and working capital needs of Jetup.

1. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for available-for-sale investments which are measured at fair values.

The accounting policies used in condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2007 except as described below.

In the current interim period, the Group has applied, for the first time, the following new interpretations issued by the HKICPA, which are effective for the Group’s financial year beginning 1 January 2008.

HK(IFRIC) - Int 11	HKFRS 2: Group and Treasury Share Transactions
HK(IFRIC) - Int 12	Service Concession Arrangements
HK(IFRIC) - Int 14	HKAS 19 - The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction

The adoption of these interpretations had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

In addition, the Group has early adopted Hong Kong Financial Reporting Standard ("HKFRS") 8 "Operating Segments" in advance of its effective date, with effect from 1 January 2008. Amounts reported for the prior period/year have been restated on the new basis.

The Group has not early applied the following revised standards, amendments or interpretation that have been issued but are not yet effective.

HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[2]
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[1]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[1]
HKFRS 3 (Revised)	Business Combinations[2]
HK(IFRIC) - Int 13	Customer Loyalty Programmes[3]

[1] Effective for annual periods beginning on or after 1 January 2009
[2] Effective for annual periods beginning on or after 1 July 2009
[3] Effective for annual periods beginning on or after 1 July 2008

The adoption of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions. The directors of the Company anticipate that the application of the other revised standards, amendments and interpretations will have no material impact on how the results and financial positions of the Group are prepared and presented.

2. REVENUE

	Three months ended 30 June		Six months ended 30 June	
	2008	2007	2008	2007
	US$'000	US$'000	US$'000	US$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Sales of Flexible Printed Circuit modules	27,594	-	59,640	-
Sales of mobile phone accessories	27,049	37,590	55,780	71,285
Sales of home entertainment devices	27,088	22,145	53,056	34,830
Sales of educational products	12,833	11,439	20,546	17,684
Sales of LCD modules	22,729	-	48,442	-
Sales of LCD products	20,900	-	38,961	-
Sales of optical devices	6,422	4,141	13,503	5,330
Others	1,553	417	3,078	1,164
	146,168	75,732	293,006	130,293

3. TAXATION

	Three months ended 30 June		Six months ended 30 June	
	2008	2007	2008	2007
	US$'000	US$'000	US$'000	US$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
The charge (credit) comprises:				
The PRC enterprise income tax	1,116	4,782	1,869	5,173
Deferred tax (credit) expense	(191)	273	57	(424)
	925	5,055	1,926	4,749

The PRC subsidiaries of the Group in Shenzhen are subject to tax rate of 18%, 20%, 22%, 24% and 25% for the year ending 31 December 2008, 2009, 2010, 2011, 2012, respectively, under the new Law of the People's Republic of China ("PRC") on Enterprise Income Tax effective 1 January 2008.

For the period ended 30 June 2007, NTSZ and Namtek Shenzhen, the two then wholly owned subsidiaries of the Company, were subject to a tax rate of 15% on the assessable profits in accordance with the then applicable enterprise income tax law of the PRC and the relevant rules promulgated by the Shenzhen municipal government ("Former EIT Law"). In addition, the then directors expected that NTSZ and Namtek Shenzhen would qualify for a reduced tax rate of 10% as these subsidiaries exported 70% or more of the production value of its product in the past. Furthermore, the Group has applied refund of the taxes already paid for the profits of the PRC subsidiaries as a result of reinvestment of those profits by way of capital injection as allowed under the Former EIT Law. As at 30 June 2008, income tax recoverable under the above arrangements were US$3,466,000 (31 December 2007: US$5,334,000), which are included in taxation recoverable in the condensed consolidated balance sheet.

Taxation arising in PRC is recognised based on management's best estimate of weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used is 18% (2007: 10%) for the six months ended 30 June 2008.

The subsidiaries of the Company incorporated in Macao are exempted from Macao Complementary Tax in accordance with the Macao Decree Law No. 58/99/M, Chapter 2, Article 12, dated 18 October 1999.

No provision for Hong Kong Profits Tax has been made as the Group did not have any assessable profit arising in Hong Kong for both years.

4. DIVIDENDS

	Three months ended 30 June		Six months ended 30 June	
	2008	2007	2008	2007
	US$'000	US$'000	US$'000	US$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Final paid - 2.56 US cents per share (2007: Nil)	22,606	-	22,606	-

Out of the 30 HK cents per share of the final dividend for 2007, the Company already paid 20 HK cents per share in April 2008 to the shareholders of the Company whose names appeared on the register of members of the Company on 15 April 2008. The remaining 10 HK cents per share is scheduled to be paid on or around 28 August 2008 to the shareholders of the Company whose names appear on the register of members of the Company on 15 August 2008.

The directors of the Company do not recommend the payment of an interim dividend for 2008.

The directors intend to consider and distribute dividends in two instalments for the whole financial year 2008 and will make the necessary announcement in early 2009, if any dividend is decided to be paid. The Board also intends to follow this same pattern of dividend payment for the financial years onwards.

5. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share for the profit for the period attributable to equity holders of the Company is based on the following data:

	Three months ended 30 June		Six months ended 30 June	
	2008	2007	2008	2007
	US$'000	US$'000	US$'000	US$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Profit for the period attributable to equity holders of the Company	8,560	25,602	17,082	32,073
	'000	'000	'000	'000
Number of ordinary shares for the purpose of basic and diluted earnings per share (Note)	881,671	881,671	881,671	881,671

Note: During each of the six months ended 30 June 2008 and 30 June 2007, the exercise of the share option is not considered in calculating the diluted earnings per share because they will not result in a decrease in earnings per share. Share options which were not dilutive in 2008 and 2007 may affect earnings per share in future periods.

As at the date of this announcement, the Executive Directors of the Company are Mr. Masaaki YASUKAWA (Chief Executive Officer), Mr. John Quinto FARINA (Chief Financial Officer), Mr. WANG Lu-Ping (Chief Operating Officer), Ms. WONG Kuen Ling, Karene, Ms. LEI Lai Fong, Patinda and Mr. CHUI Kam Wai, the Non-Executive Director is Mr. KOO Ming Kown (Non-executive Chairman), and the Independent Non-Executive Directors are Mr. CHAN Tit Hee, Charles, Mr. Thaddeus Thomas BECZAK, Mr. Roger Simon PYRKE, Mr. CHAM Yau Nam, Mr. LEUNG Wai Hung and Mr. CHOI Man Chau, Michael.

By Order of the Board
Nam Tai Electronic & Electrical Products Limited
KOO Ming Kown
Non-Executive Chairman

Hong Kong, 4 August 2008