



NAM TAI ELECTRONIC & ELECTRICAL PRODUCTS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2633)

Q3 2008 Sales up 77.8%, Operating income down 51.5% and EPS at 0.40 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 third quarter of 2008 and the nine months ended 30 September 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)			Nine Months Results ^(a)		
	Q3 2008	Q3 2007	YoY (%)	9M 2008	9M 2007	YoY (%)
Sales (Revenue) ^(b)	160,534	90,276	77.8	453,540	220,569	105.6
Gross Profit	16,548	16,528	0.1	58,564	38,840	50.8
<i>% of sales</i>	<i>10.3%</i>	<i>18.3%</i>		<i>12.9 %</i>	<i>17.6%</i>	
Operating income ^(c)	5,823	12,004	(51.5)	29,153	27,635	5.5
<i>% of sales</i>	<i>3.6%</i>	<i>13.3%</i>		<i>6.4%</i>	<i>12.5%</i>	
<i>Per share (US cent(s))</i>	0.66	1.36	(51.5)	3.31	3.13	5.8
Profit for the period attributable to equity holders of the Company ^(d)	3,566	12,026	(70.3)	20,648	44,099	(53.2)
<i>% of sales</i>	<i>2.2%</i>	<i>13.3%</i>		<i>4.6%</i>	<i>20.0%</i>	
Basic earnings per share (US cent(s))	0.40	1.36	(70.6)	2.34	5.00	(53.2)
Diluted earnings per share (US cent(s))	0.40	1.36	(70.6)	2.34	5.00	(53.2)
Weighted average number of shares ('000)						
<i>Basic</i>	881,671	881,671		881,671	881,671	
<i>Diluted^(e)</i>	881,671	881,671		881,671	881,671	

Notes:

- (a) Results in the third quarter and nine months ended 30 September 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 (collectively “Nam Tai Group”) on 31 December 2007 (the “Reorganization”). Results in the third quarter and nine months ended 30 September 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\$244.8 million in the nine months ended 30 September 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 decreased by 5.3% as compared with the nine months ended 30 September 2007.
- (c) Operating income = gross profit + other income - other expenses - selling and distribution costs - administrative expenses - research and development expenditure.
- (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. in May 2005.

(e) Excluded outstanding share options of 19,740,000 which had not been exercised as at 30 September 2008 (as at 30 September 2007: 14,520,000). These outstanding share options consist of (i) 2,320,000 share options under the Pre-IPO Share Option Scheme adopted on 22 March 2004; and (ii) 17,420,000 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.

SUPPLEMENTARY INFORMATION

1. Quarterly Sales Breakdown

(In thousands of US Dollars, except percentage)

Quarter	2008	2007	YoY(%) (Quarterly)	YoY(%) (Quarterly accumulated)
1 st Quarter	146,838	54,561	169.1	169.1
2 nd Quarter	146,168	75,732	93.0	124.9
3 rd Quarter	160,534	90,276	77.8	105.6
4 th Quarter	N/A	63,191	-	-
Total	453,540	283,760		

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

Segments ^(a)	2008		2007	
	Q3 (%)	YTD (%)	Q3 (%)	YTD (%)
Consumer Electronic and Communication Products (“CECP”)	41	46	100	100
Telecommunication Component Assembly (“TCA”)	45	41	-	-
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 September		As at 31 December 2007
	2008	2007	
Cash on Hand ^(b)	132,301	120,039	154,236
Ratio of Cash ^(b) to Current Liabilities	0.75	2.07	0.98
Current Ratio	1.70	3.32	1.87
Ratio of Total Assets to Total Liabilities	1.40	4.23	1.45
Return on Equity	14%	33%	33%
Ratio of Total Liabilities to Equity ^(c)	2.48	0.31	2.24
Debtors Turnover	75 days	60 days	39 days ^(d)
Inventory Turnover	23 days	26 days	25 days ^(d)
Average Payable Period	81 days	72 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 0.31 time as at 30 September 2007 to 2.48 times as at 30 September 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 September 2008, the Group recorded sales of US\$160.5 million, representing an increase of 77.8%. Sales of the TCA segment (Zastron business unit) and LCDP segment (Jetup business unit) for the third quarter of 2008 decreased by 20.0% and 6.0% 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\$94.7 million. As compared with the same period last year, sales of CECP segment (NTEEP business unit) decreased by 26.5%, which was mainly due to the significant decrease in sales of educational products and home entertainment devices.

Gross profit for the three months ended 30 September 2008 was US\$16.5 million, almost flat to the same period last year. As compared with the same period last year, operating income and profit for the period attributable to the equity holders of the Company for the three months ended 30 September 2008 decreased by 51.5% and 70.3% respectively mainly because of the substantial reduction in profit contribution from the decrease of sales, and drop of exchange gain due to slow-down of RMB appreciation during the third quarter.

For the nine months ended 30 September 2008, sales of the Group increased by 105.6% from US\$220.6 million to US\$453.5 million when compared with the same period last year. As compared with the same period last year, gross profit and operating income increased by 50.8% and 5.5% respectively while profit for the period attributable to the equity holders of the Company for the nine months ended 30 September 2008 decreased by 53.2% because 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, having been offset by the impairment loss on goodwill arising from Namtek Group.

Liquidity and Financial Resources

The Group had cash of US\$132.3 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\$319.6 million, including an unsecured loan of US\$311.4 million borrowed from NTEI as a result of the Reorganization and an entrusted loan arrangement with a bank of US\$8.2 million between the Company's two PRC subsidiaries.

No involvement in trading of any debt securities or financial derivative products

Besides, the Group continues to exercise rigorous corporate governance and control policies and is not involved in trading of any debt securities or financial derivative products.

Outlook

In 2008, global economic conditions have experienced a downturn from the sequential effects of the subprime lending crisis, general credit market crisis, collateral effects on the finance and banking industries, volatile energy costs, concerns about inflation, slower economic activity, decreased consumer confidence, reduced corporate profits and capital spending, adverse business conditions and liquidity concerns. These conditions make it difficult for our customers, our vendors and us to forecast and plan future business activities or expansion accurately, and they appear to have caused and may continue to cause, companies worldwide to slow spending generally and our customers to slow ordering and spending on our products

specifically. If our customers' markets continue to deteriorate because of these macroeconomic effects, our business, financial condition and results of operations will in turn likely be materially and adversely affected.

We cannot predict the timing or duration of the economic slowdown or the timing or strength of any subsequent economic recovery of markets worldwide or in the electronics manufacturing services industry in which we serve. The global adverse economic conditions we currently face could result, and we expect, barring an unexpectedly swift reversal of global economic trends, will result, in negative effects to our results of operations over the next several quarters. The business environment for us is made even more difficult as we continue to face factors that have adversely affected our operations such as the appreciation of the exchange rate of the renminbi to the US dollar, and the adverse effects of changing tax and labour laws in the PRC and the resulting increases in our overhead expenses and income taxes.

Under these circumstances, management has continued our strategy to concentrate our efforts to improve manufacturing efficiencies, broaden our product offerings and diversify our customer base. In addition, we are planning to streamline our supporting service team in Hong Kong and Macao to reduce overhead costs and accelerate our efforts to strengthen management controls. In operations, dealing effectively with competitive pressures to reduce unit pricing and with short product lifecycles have always been, and remain, our challenge. The Company plans to concentrate on production efficiencies and improving resources utilization in order to foster the Company's ability to adapt readily to new product development and new requirements of customers.

EXPANSION PROJECTS

Construction of the Company's new factory building in Wuxi, Jiangsu Province of the PRC, the first of the Company's three planned expansion projects, continues on schedule with completion still targeted for the first half of 2009 in order for the Company to be positioned to begin mass production in mid-2009. However, in view of prevailing global economic conditions and the emerging uncertainty in the business climate, management is giving serious consideration to postponing implementation of the second two stages of the Company's expansion plan consisting of the construction of a new factory in the Shenzhen Guangming Hi-Tech Industrial Park and the development of the Company's second real estate site in Wuxi. The Company will reconsider the resumption of these expansion plans in mid-2009 by taking into account of the global economic conditions and business development of the Company.

DIVIDEND FOR THE YEAR 2007 (PAID IN 2008)

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 were paid on 28 August 2008 to the shareholders of the Company whose names appeared on the register of members of the Company on 15 August 2008.

As to whether to declare the dividend for the year 2008 (to be paid in 2009), it is intended that it will be decided in the next board when approving the financial results for the year 2008.

RESTRUCTURING OF THE COMPOSITION OF THE BOARD AND MANAGEMENT

1. Changes to the directorship

In order to protect the best interest of the shareholders and the investing public, to strengthen the corporate governance control of the Company, and to simplify the board structure, the Board would no longer comprise members of the management or executives. The Board believes that the changes would have beneficial effects on the Company.

The Company announced that, as at 3 November 2008, the Board comprises a Non-Executive Director, Mr. Koo Ming Kown and six Independent Non-Executive Directors, 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.

As a result of the aforesaid change, Ms. Wong Kuen Ling, Karene (“Ms. Wong”), Mr. Wang Lu-Ping (“Mr. Wang”), Ms. Lei Lai Fong, Patinda (“Ms. Lei”) and Mr. Chui Kam Wai (“Mr. Chui”), resigned from their positions as Executive Directors of the Company with effect from 1 November 2008. After their resignations, they can be fully committed to their executive roles within the operating arms of the Company.

The Board confirms that the resignations of Ms. Wong, Mr. Wang, Ms. Lei and Mr. Chui do not arise from any disagreement with the Board and that the Board is not aware of any matter relating to the resignation of Ms. Wong, Mr. Wang, Ms. Lei and Mr. Chui that need to be brought to the attention of the shareholders of the Company.

The Board would like to express sincere gratitude to Ms. Wong, Mr. Wang, Ms. Lei and Mr. Chui for their valuable contributions to the Company.

2. Changes to the composition of the Audit Committee

The Board announces that in order to fully utilize the professional knowledge of our directors to seriously monitor the operations of the Company, the Audit Committee would comprise all certified accountants. They are Mr. Chan Tit Hee, Charles (a fellow of the Association of Chartered Certified Accountants, a member of the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and a member of the Institute of Chartered Accountants in England and Wales), Mr. Cham Yau Nam (a Certified General Accountant in Canada) and Mr. Choi Man Chau, Michael (a fellow of both the Institute of Chartered Accountants in England and Wales and the HKICPA). Mr. Thaddeus Thomas Beczak and Mr. Roger Simon Pyrke resigned as members of Audit Committee of the Company.

The Board confirmed that, as at 3 November 2008, the Audit Committee comprises Mr. Chan Tit Hee, Charles (Chairman), Mr. Cham Yau Nam and Mr. Choi Man Chau, Michael.

Following their resignations as members of the Audit Committee, Mr. Thaddeus Thomas Beczak and Mr. Roger Simon Pyrke can fully devote their time and effort as a chairman and a member of Compensation Committee respectively.

There is no change to the composition of the Compensation Committee and the Board confirmed that, as at 3 November 2008, the Compensation Committee comprises Mr. Thaddeus Thomas Beczak (Chairman), Mr. Roger Simon Pyrke, Mr. Leung Wai Hung and Mr. Koo Ming Kown.

3. Resignation of Directorship and Chief Executive Officer and Appointment of President and Chief Executive Officer (Acting)

Mr. Masaaki Yasukawa (“Mr. Yasukawa”) had tendered his resignation as an Executive Director and Chief Executive Officer of the Company with effect from 1 November 2008 for personal reasons related to his family.

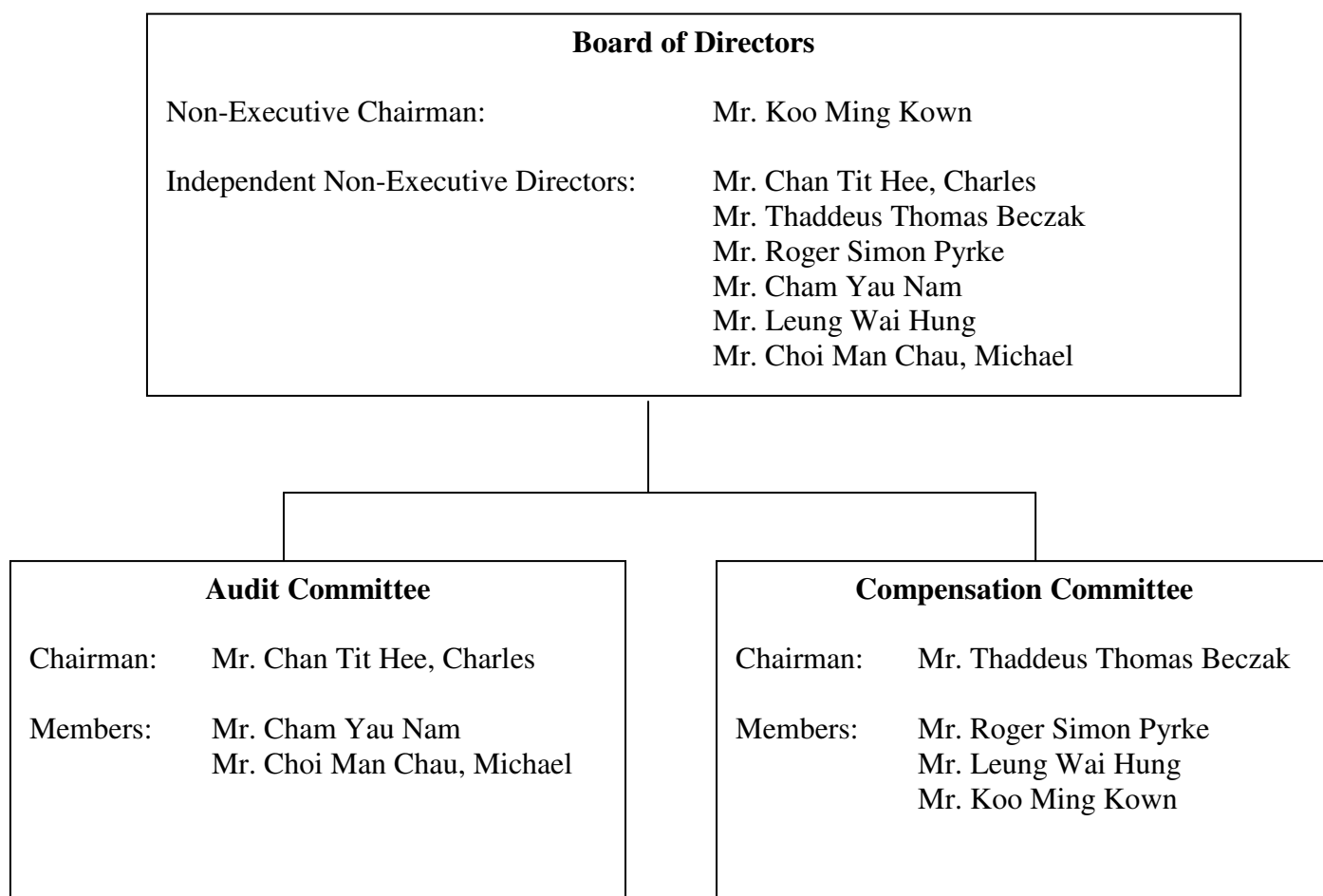
The Board confirms that the resignation of Mr. Yasukawa does not arise from any disagreement with the Board and that the Board is not aware of any matter relating to the resignation of Mr. Yasukawa that needs to be brought to the attention of the shareholders of the Company.

The Board would like to express sincere gratitude to him for his valuable contributions and guidance during his service to the Company.

After Mr. Yasukawa's resignation, Ms. Wong Kuen Ling, Karene has been appointed as President and Chief Executive Officer (Acting) of the Company with effect from 1 November 2008. Ms. Wong joined Nam Tai Group in June 1989. In January 2001, Ms. Wong was promoted to managing director of a subsidiary of Nam Tai Group. She later held the position of chairman of the Company. After the Reorganization in 2007, she was re-designated as Chief Executive Officer of the NTEEP business unit, responsible for overseeing the overall business of the NTEEP business unit.

The Board believes that Ms. Wong's long service with Nam Tai Group and to the Company and her familiarity and experience with its operations qualifies her for the position as the Company's President and Chief Executive Officer (Acting) and is confident that she will exhibit the same abilities, dedication and acumen that she has demonstrated in each of the positions she has undertaken during her rise as an executive of Nam Tai Group.

For ease of reference, the composition of the Board, Audit Committee and Compensation Committee after the aforesaid changes is set out below:



UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months and nine months ended 30 September 2008

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

	Three months ended 30 September		Nine months ended 30 September	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
	US\$'000	US\$'000	US\$'000	US\$'000
Revenue	160,534	90,276	453,540	220,569
Cost of sales	(143,986)	(73,748)	(394,976)	(181,729)
Gross profit	16,548	16,528	58,564	38,840
Bank interest income	820	957	2,689	2,580
Interest income from entrusted loan receivable	97	-	113	-
Gain on disposal of available-for-sale investments	-	-	-	43,815
Other income	502	1,573	5,322	3,678
Other expenses	-	(328)	-	(983)
Impairment loss on goodwill	-	-	-	(24,340)
Selling and distribution costs	(2,939)	(756)	(8,551)	(2,072)
Administrative expenses	(5,470)	(4,000)	(18,365)	(8,995)
Research and development expenditure	(2,818)	(1,013)	(7,817)	(2,833)
Interest expenses on unsecured bank borrowings	(6)	-	(124)	-
Interest expense on entrusted loan payable	(97)	-	(113)	-
Interest expense on amount due to ultimate holding company	(3,036)	-	(9,109)	(24)
Profit before tax	3,601	12,961	22,609	49,666
Income tax expense	(35)	(935)	(1,961)	(5,684)
Profit for the period	<u>3,566</u>	<u>12,026</u>	<u>20,648</u>	<u>43,982</u>
Attributable to:				
Equity holders of the Company	3,566	12,026	20,648	44,099
Minority interests	<u>-</u>	<u>-</u>	<u>-</u>	(117)
	<u>3,566</u>	<u>12,026</u>	<u>20,648</u>	<u>43,982</u>
Dividends paid (Note)	<u>11,304</u>	<u>11,303</u>	<u>33,910</u>	<u>11,303</u>
Earnings per share for profit for the period attributable to equity holders of the Company - basic and diluted	0.40 US cent	1.36 US cents	2.34 US cents	5.00 US cents

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

As at the date of this announcement, the Non-Executive Director is Mr. KOO Ming Kown, 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
CHAN Bo Shan
Company Secretary

Hong Kong, 3 November 2008