NAM TAI ELECTRONIC & ELECTRICAL PRODUCTS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2633)

Q1 2009 Sales down 30.4%, Gross profit margin at 7.8%

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 three months ended 31 March 2009 together with comparative figures for the corresponding period of last year as follows:

KEY HIGHLIGHTS

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

	Quarterly Results		
	Q1 2009	**Q1 2008** [c] **(Restated)**	**YoY (%)**
Net Sales (Revenue)	102,150	146,838	(30.4)
Gross Profit	7,998	20,304	(60.6)
% of sales	*7.8*	*13.8*	
Operating (loss) income[a]	(5,615)	12,276	(145.7)
% of sales	*(5.5)*	*8.4*	
Per share (US cent(s))	*(0.64)*	*1.39*	*(146.0)*
(Loss) profit for the period attributable to equity holders of the Company[b]	(8,023)	9,579	(183.8)
% of sales	*(7.9)*	*6.5*	
Basic (loss) earnings per share *(US cent(s))*	(0.91)	1.09	(183.5)
Diluted (loss) earnings per share *(US cent(s))*	(0.91)	1.09	(183.5)
Weighted average number of shares ('000)			
Basic	881,671	881,671	
Diluted	881,671	881,671	

Notes:

(a) Operating (loss) income = gross profit + other income - other expenses - selling and distribution costs - administrative expenses - research and development expenditure - employee severance benefits.

(b) Operating loss and net loss for the first quarter of 2009 included US$5.1 million employee severance benefits in the PRC subsidiaries. (Q1/2008: Nil)

(c) The provisionally estimated fair values of assets acquired and liabilities assumed on the acquisitions of 100% equity interest in Zastron Precision-Tech Limited and its subsidiaries (the "Zastron Group") and 100% equity interest in Jetup Electronic (Shenzhen) Co., Ltd. ("Jetup", hereinafter together with the acquisition of the Zastron Group collectively referred as the "Acquisition") on 31 December 2007 were used for preparation of the 2007 annual financial statements. The fair value assessment was completed at the end of year 2008; therefore, results in previous quarters of 2008 have been restated to reflect the finalised fair value of assets acquired and liabilities from the Acquisition as at 31 December 2007. As a result, the net income for the three months ended 31 March 2008, has been increased by approximately US$1,057,000, which was due to the restatements in amortisation of intangible assets and recognition of deferred tax liabilities in the corresponding period.

SUPPLEMENTARY INFORMATION

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

Quarter	2009	2008	YoY(%) (Quarterly)	YoY(%) (Quarterly accumulated)
1st Quarter	**102,150**	146,838	(30.4)	(30.4)
2nd Quarter	**-**	146,168	-	-
3rd Quarter	**-**	160,534	-	-
4th Quarter	**-**	169,021	-	-
Total	**102,150**	622,561		

2. Breakdown of Net Sales by Product Segment (as a percentage of Total Net Sales)

	2009	2008
Segments	Q1 (%)	Q1 (%)
Consumer Electronic and Communication Products ("CECP")	35%	47%
Telecommunication Component Assembly ("TCA")	52%	41%
Liquid Crystal Display Products ("LCDP")	13%	12%
	100%	100%

3. Key Highlights of Financial Position
(In thousands of US Dollars, except ratio and percentage)

	As at 31 March		As at 31 December 2008
	2009	2008(Restated)	
Cash on hand[(a)]	95,288	155,044	129,349
Ratio of cash[(a)] to current liabilities	0.86	1.18	0.67
Current ratio	1.65	2.14	1.41
Ratio of total assets to total liabilities	1.11	1.51	1.11
Return on equity	(71%)	18%	(96%)
Ratio of total liabilities to equity	9.07	1.97	9.29
Debtors turnover	52 days	56 days	61 days
Inventory turnover	16 days	20 days	18 days
Average payable period	53 days	56 days	65 days

Note:

(a) Includes cash equivalents.

MANAGEMENT DISCUSSION & ANALYSIS

OPERATIONS REVIEW

Sales in the first quarter of 2009 were US$102.2 million, a decrease of 30.4% as compared to sales of US$146.8 million in the same quarter of 2008. Sales in our TCA segment for the first quarter of 2009 decreased by 11.1% as compared to the same quarter of 2008 mainly because of the declining in sales of flexible printed circuit, or FPC, sub-assemblies. Sales in LCDP segment and CECP segment also dropped by 25.3% and 48.2%, respectively, during the first quarter of 2009 as compared to sales in such segments in the corresponding quarter of 2008. The decrease in sales in LCDP segment was principally a consequence of the decline in sales of LCD panels and our decision to reject an order with very a thin margin. Sales in our CECP segment declined significantly because of the continuous effect of the ongoing global economic downturn. The weak demand from end products in the consumer market adversely affected our sales of all products including mobile phone accessories which principally represented sales of our headsets containing Bluetooth®[1] wireless technology, educational products, optical products and home entertainment devices.

The Company's gross profit margin in the first quarter of 2009 was 7.8% as compared to 13.8% in the first quarter of 2008, primarily resulting from the decline in sales. The lower margin was also caused by a shift of product mix where higher margin products in CECP segment accounted for only 35% of sales in the first quarter of 2009, but 47% of sales in the first quarter of 2008. Gross profit in the first quarter of 2009 was US$8.0 million, a decrease of 60.6% as compared to US$20.3 million in the first quarter of 2008.

Net loss attributable to the Company's shareholders in the first quarter of 2009 was US$8.0 million, which principally resulted from US$5.1 million associated with employee severance benefits expenses incurred in our PRC subsidiaries, as compared to net income of US$9.6 million reported in the first quarter of 2008. Excluding such employee severance benefits expenses in the PRC subsidiaries, the Company recorded an operating loss of US$0.6 million in the first quarter of 2009 (a rare quarterly loss since the Company's IPO in 2004), or US cent 0.06 per share (diluted), compared to operating income of US$12.3 million, or US cents 1.39 per share (diluted) in the first quarter of 2008. Basic and diluted loss per share in the first quarter of 2009 were US cent 0.91 per share, compared to basic and diluted earnings per share of US cents 1.09 in the first quarter of 2008.

LIQUIDITY AND FINANCIAL RESOURCES

Despite current economic conditions, the Company had US$95.3 million cash on hand at the end of the first quarter 2009. During the first quarter of 2009, the Company incurred capital expenditures of US$11.2 million. On February 9, 2009, we announced that we do not intend to declare dividends in 2009 in order to maintain stronger cash reserves in view of the uncertainty caused by the global economic downturn.

The Company's cash on hand has been invested in term deposits with HSBC and China Construction Bank, generating minimal income in current environment that offers low interest rates on such deposits. We have not yet found better investments for our cash in excess of amounts needed to fund ongoing operations that offer quality, safety and the potential for higher returns.

1 The Bluetooth® word mark and logo are owned by the Bluetooth SIG, Inc. and any use of such mark by the Group is under license.

The Company continues to exercise rigorous corporate governance and control policies and is not involved in trading of any debt securities or financial derivative products.

As at the end of the period under review, it also had an external debt of US$294.7 million, including an unsecured loan of US$285.5 million borrowed from NTEI as a result of the reorganisation of Nam Tai Electronics, Inc. (NYSE stock code: NTE) (‘‘NTEI’’) and its subsidiaries on 31 December 2007 (the ‘‘Reorganisation’’), a bank borrowing of US$1.0 million and an entrusted loan arrangement with a bank of US$8.2 million between the Company’s two PRC subsidiaries.

EXPANSION PROJECTS

During the first quarter of 2009, we paid approximately US$11 million on our ongoing expansion project in Wuxi near the East Coast of China, approximately 80 miles Northwest of Shanghai. Construction of our new facility in Wuxi is nearing completion and we expect that it will be available for mass production of FPC boards, FPC subassemblies and other products by the fourth quarter of 2009.

Because of the current economic global downturn, we previously announced plans to postpone construction, until at least mid-2009 or later, of two other new manufacturing facilities, one in the Shenzhen Guangming Hi-Tech Industrial Park and the other on a second parcel we hold in Wuxi. We are now considering the indefinite postponement or termination of the second Wuxi expansion project, combining the operations we contemplated for that second Wuxi facility into the first facility that is nearing completion. We also plan to explore the feasibility of returning the second Wuxi parcel to the Wuxi government. This revision of our expansion projects will permit us, at the appropriate time, to concentrate our resources on the construction of new facilities in Shenzhen Guangming for future growth when business conditions recover.

PRIVATIZATION OF NTEEP

In February 2009, NTEI announced its intent to seek to privatize the Company by making a cash offer aggregating approximately $43 million for the Company’s shares it did not own (the "Offer Shares"). Completion of that offer and the resulting privatization of the Company were conditioned upon NTEI acquiring at least 90% of the Offer Shares. As of the closing date of its cash offer, NTEI had received valid acceptances in respect of 195,899,531 Offer Shares, representing approximately 88.46% of the total number of the Offer Shares. Therefore, the condition of NTEI's offer was not satisfied on April 6, 2009.

After the announcement that NTEI's offer had been declared as unsucess, the Company received complaints from shareholders holding Offer Shares ("Independent Shareholders") that a total of 3,740,000 of the Company's shares, or approximately 1.69% of the Offer Shares, had been intended for acceptances but were not tendered because of broker omission and miscommunication from the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited. Had those Offer Shares been tendered, the 90%-condition required for NTEI's cash offer would have been fulfilled.

Accordingly, at NTEI's behest, its financial advisor requested an extension of NTEI's offer to the executive director of the corporate finance division of the Securities and Futures Commission of Hong Kong, which request was referred to the Takeovers and Mergers Panel (the “Panel”) for a ruling. After hearing, the Panel determined that NTEI's offer was already closed and could not be re-opened.

NTEI is still exploring with the Securities and Futures Commission of Hong Kong the possibility of reviving its offer, but there can be no assurances that NTEI's efforts in this regard will be successful or that, if permitted, a revived offer to acquire the Offer Shares would actually satisfy the 90%-condition and thereby result in the privatization of the Company.

OUTLOOK

The recent global economic downturn may aggravate and exacerbate the difficult business environment we currently face and could result in continuing negative effects to our results of operations over the next several quarters. In an effort to counter the negative effects from the decline in our sales, management is continuing to focus on reducing cost and improving operating and manufacturing efficiencies.

Since December 31, 2008, we have reduced our headcount by 2,000 employees, from 7,100 at the end of December 2008, to 5,100 at the end of March 2009, representing an additional 28.2% reduction in our workforce during the three months ended March 31, 2009. We recognized approximately $5.1 million in pre-tax expenses in connection with these severance and termination arrangements during the three months ended March 31, 2009. Our headcount at September 30, 2008 was 9,700, and thus we have cumulatively reduced our total workforce by 47.4% during the six months ended March 31, 2009, incurring an aggregate of approximately $5.7 million in pre-tax expenses in connection with these severance and termination arrangements during that period. Additionally, beginning in the second quarter of 2009, we began a program to reduce employee salaries by up to 30 percent from the salaries prevailing at the end of the first quarter of 2009. These reductions in headcount and salaries are intended to reduce operating expenses in order to address current market conditions and to better align the Company's manufacturing capacity with the current weak demand we are experiencing across all of our product segments.

Even assuming that the global economic crisis does not deteriorate further, we expect that it will be difficult for the Company to improve operating results significantly or at all in 2009.

We have taken a conservative position regarding expected demand during 2009 as the economic downturn continues or worsens, and expect further near-term declines in revenues that could result in additional losses from operations during periods in 2009 and until the global business environment recovers. However, we continue to work toward better serving our customers in select markets by strengthening our sales force and customer and technical support in Japan and Taiwan. By seeking to capitalize on these perceived opportunities, we hope to ensure a more robust future when end markets stabilize and the recovery cycle begins.

Annual General Meeting of the Company

The Company intends to hold the annual general meeting of the Company at 5:00 p.m. on Monday, 6 July 2009 at The Joint Professional Centre, Ground Floor, The Center, 99 Queen's Road Central, Central, Hong Kong. Formal notice will be made in due course.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE THREE MONTHS ENDED 31 MARCH 2009
(In Thousands of US Dollars, except as otherwise stated)

	2009	2008 (Restated)
Revenue	102,150	146,838
Cost of sales	(94,152)	(126,534)
Gross profit	7,998	20,304
Interest income	223	1,018
Other income	50	2,863
Employee severance benefits	(5,058)	-
Selling and distribution costs	(1,766)	(2,006)
Administrative expenses	(4,662)	(6,551)
Research and development expenditure	(2,177)	(2,334)
Finance costs	(2,889)	(3,102)
(Loss) profit before tax	(8,281)	10,192
Income tax credit (expense)	258	(613)
(Loss) profit for the period attributable to equity holders of the Company	(8,023)	9,579
(Loss) earnings per share for (loss) profit for the period attributable to equity holders of the Company		
- basic and diluted	(0.91) US cent	1.09 US cents

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. LAI Kin Ki and Mr. LEUNG Wai Hung.

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

Hong Kong, 11 May 2009