



**NAM TAI ELECTRONIC & ELECTRICAL PRODUCTS LIMITED**  
**(incorporated in the Cayman Islands with limited liability)**  
**(Stock Code : 2633)**

**Q3: Sales up 77.9%; Profit for the period up 86.8%**

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 (the “Group”) for the third quarter of 2007 and the nine months ended 30 September 2007 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			Nine Months Results		
	Q3 2007	Q3 2006	YoY (%)	9M 2007	9M 2006	YoY (%)
Sales (Revenue)	90,276	50,733	77.9	220,569	129,424	70.4
Gross profit	16,528	8,972	84.2	38,840	22,836	70.1
<i>% of sales</i>	<i>18.3%</i>	<i>17.7%</i>	-	<i>17.6%</i>	<i>17.6%</i>	-
Operating income <sup>(a)</sup>	12,004	6,017	99.5	27,635	13,626	102.8
<i>% of sales</i>	<i>13.3%</i>	<i>11.9%</i>	-	<i>12.5%</i>	<i>10.5%</i>	-
Per share (US cent(s))	1.36	0.68	100.0	3.13	1.55	101.9
Profit for the period attributable to equity holders of the Company <sup>(b)</sup>	12,026	6,437	86.8	44,099	12,640	248.9
<i>% of sales</i>	<i>13.3%</i>	<i>12.7%</i>	-	<i>20.0%</i>	<i>9.8%</i>	-
Basic earnings per share (US cent(s))	1.36	0.73	86.3	5.00	1.43	249.7
Diluted earnings per share (US cent(s))	1.36	0.73	86.3	5.00	1.43	249.7
Weighted average number of shares ('000)						
Basic	881,671	881,671		881,671	881,671	
Diluted <sup>(c)</sup>	881,671	881,671		881,671	881,671	

Notes:

- (a) Operating income = gross profit + other income - other expenses - selling and distribution costs - administrative expenses - research and development expenditure.
- (b) 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.”); (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; and (iii) a loss of US\$1.9 million in the second quarter of 2006, on available-for-sale investment arising from the Split Share Structure Reform of TCL Corp. in 2006.
- (c) Excluded outstanding share options of 14,520,000 which had not been exercised as at 30 September 2007 (as at 30 September 2006: 16,020,000).

## **MANAGEMENT DISCUSSION & ANALYSIS**

### **Business Review**

For the third quarter of 2007, sales of the Group increased by approximately 77.9% from US\$50.7 million for the same period last year to US\$90.3 million this year. The results were attributable to the increase in sales of all products. Gross profit for the third quarter of 2007 increased by approximately 84.2% from US\$9.0 million to US\$16.5 million as compared with the same period last year. Operating income and profit attributable to the equity holders for the third quarter of 2007 increased by approximately 99.5% and 86.8% respectively.

For the nine months ended 30 September 2007, sales of the Group increased by approximately 70.4% from US\$129.4 million to US\$220.6 million when compared with the same period last year. For the same reasons as stated above, gross profit increased by approximately 70.1% from US\$22.8 million to US\$38.8 million as compared with the same period last year. Operating income and profit attributable to the equity holders for the nine months ended 30 September 2007 also increased by approximately 102.8% and 248.9% respectively as compared to the same period last year because of the overall increase in sales and the gain on the disposal of investments in TCL Corp. respectively.

The Group had cash of US\$120.0 million with no external debt as at the end of the period under review. The aforesaid cash was mainly in Renminbi and located in the People's Republic of China (the "PRC").

### **Outlook**

The Group saw better sales for this quarter than other quarters of the year because customers ramped up orders in this quarter before Christmas and New Year holidays. However, because the fourth quarter is traditionally a low season, the financial results of the Group in the coming quarter will likely be affected.

The overall market conditions faced by the Group remain to be challenging. Additionally, the Group will also have to face issues such as the continuing appreciation of Renminbi, changing tax and labour laws of PRC, shortages of electricity supply and increases in overhead expenses resulting from inflation. It is expected that mobile phone accessories and home entertainment devices will continue to account for a large part of the turnover of the Group in the quarters to come.

### **Group Reorganization by Nam Tai Electronics, Inc. ("NTE Inc.")**

On 8 October 2007, the Company announced jointly with J.I.C. Technology Company Limited ("JIC") that its parent company, NTE Inc. intends to reorganize the group structure of its subsidiaries (including the Company) in an effort to realize many of the same benefits that NTE Inc. hoped to achieve by its proposed privatization of the Company in 2005. The management of NTE Inc., the Company and 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 good opportunity for the Company to achieve growth in the future by acquiring new and valuable business operations, diversifying its product range and customer base, having access to new industrial parks situated in Guangming, Shenzhen and Wuxi, Jiangsu (which offer better facilities but command lower costs), and acquiring higher precision and manufacturing technology which otherwise would not be available to the Company. Furthermore, the reorganization would transform the Company into a global EMS provider, making it the third largest EMS company listed on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") in terms of annual revenue (based on latest audited accounts). Details of the benefits of the Reorganization to the Company are set out in the aforesaid announcement.

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

## DIVIDENDS

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

## SUPPLEMENTARY INFORMATION

### 1. Quarterly Sales Breakdown

*(In thousands of US Dollars, except percentages)*

Quarter	2007	2006	YoY(%) (Quarterly)	YoY(%) (Quarterly accumulated)
1 <sup>st</sup> Quarter	<b>54,561</b>	35,170	55.1	55.1
2 <sup>nd</sup> Quarter	<b>75,732</b>	43,521	74.0	65.6
3 <sup>rd</sup> Quarter	<b>90,276</b>	50,733	77.9	70.4
4 <sup>th</sup> Quarter	-	48,898	-	-
Total	<b>220,569</b>	178,322		

### 2. Sales Breakdown by Products/ Services

	2007		2006	
Products/ Services	Q3 (%)	YTD (%)	Q3 (%)	YTD (%)
Mobile Phone Accessories	<b>49</b>	<b>52</b>	51	55
Home Entertainment Devices	<b>22</b>	<b>25</b>	30	23
Educational Products	<b>19</b>	<b>16</b>	11	17
Optical Devices	<b>9</b>	<b>6</b>	7	3
Software Development Services	<b>1</b>	<b>1</b>	1	2
	<b>100</b>	<b>100</b>	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 2006
	2007	2006	
Cash on Hand <sup>(a)</sup>	<b>120,039</b>	56,752	60,460
Ratio of Cash <sup>(a)</sup> to Current Liabilities	<b>2.07</b>	1.42	1.65
Current Ratio	<b>3.32</b>	3.09	3.50
Ratio of Total Assets to Total Liabilities	<b>4.23</b>	5.07	5.62
Return on Equity	<b>33%</b>	11%	10%
Ratio of Total Liabilities to Equity	<b>0.31</b>	0.25	0.22
Debtors Turnover	<b>60 days</b>	57 days	61 days
Inventory Turnover	<b>26 days</b>	34 days	24 days
Average Payable Period	<b>72 days</b>	91 days	76 days

Note:

(a) Included cash equivalents.

# **UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT**

For the three months and nine months ended 30 September 2007

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

	Three months ended 30 September		Nine months ended 30 September	
	2007	2006	2007	2006
Revenue	<b>90,276</b>	50,733	<b>220,569</b>	129,424
Cost of sales	<b>(73,748)</b>	(41,761)	<b>(181,729)</b>	(106,588)
Gross profit	<b>16,528</b>	8,972	<b>38,840</b>	22,836
Bank interest income	<b>957</b>	470	<b>2,580</b>	1,055
Gain on disposal of available-for-sale investments	-	-	<b>43,815</b>	-
Other income	<b>1,573</b>	706	<b>3,678</b>	1,651
Other expenses	<b>(328)</b>	(349)	<b>(983)</b>	(954)
Loss on available-for-sale investments arising from split share structure reform	-	-	-	(1,869)
Impairment loss on goodwill	-	-	<b>(24,340)</b>	-
Selling and distribution costs	<b>(756)</b>	(443)	<b>(2,072)</b>	(1,255)
Administrative expenses	<b>(4,000)</b>	(2,107)	<b>(8,995)</b>	(6,135)
Research and development expenditure	<b>(1,013)</b>	(762)	<b>(2,833)</b>	(2,517)
Interest on amount due to ultimate holding company	-	-	<b>(24)</b>	-
Profit before tax	<b>12,961</b>	6,487	<b>49,666</b>	12,812
Income tax expense	<b>(935)</b>	(50)	<b>(5,684)</b>	(172)
Profit for the period	<b>12,026</b>	6,437	<b>43,982</b>	12,640
Attributable to:				
Equity holders of the Company	<b>12,026</b>	6,437	<b>44,099</b>	12,640
Minority interests	-	-	<b>(117)</b>	-
	<b>12,026</b>	6,437	<b>43,982</b>	12,640
Dividends	<b>11,303</b>	-	<b>11,303</b>	3,982
Earnings per share for profit for the period attributable to equity holders of the Company				
- basic and diluted	<b>1.36 US cents</b>	0.73 US cent	<b>5.00 US cents</b>	1.43 US cents

By Order of the Board  
**Nam Tai Electronic & Electrical Products Limited**  
**Kazuhiro ASANO**  
*Chairman*

Hong Kong, 27 October 2007

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

Executive Directors:

Kazuhiro ASANO

WONG Kuen Ling, Karene

Non-executive Directors:

KOO Ming Kown

John Quinto FARINA

Independent Non-executive Directors:

CHAN Tit Hee, Charles

Thaddeus Thomas BECZAK

Roger Simon PYRKE