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Nam Tai Electronic & Electrical Products Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2633)

IMPROVEMENTS IN REORGANIZATION TERMS

Supplemental NTEEP Agreement

A Very Substantial Acquisition, A Discloseable Transaction and Connected Transactions

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

Reference is made to the joint announcement made by JIC and NTEEP dated 8th October, 2007 in relation to the Reorganization.

Improvements in the Terms of the Reorganization

On 28th November, 2007, NTEEP and NTEI entered into the supplemental NTEEP agreement to amend and supplement certain terms and conditions of the original NTEEP Agreement as set out in this announcement, and are highlighted below:

1. The NTEEP CB will be replaced by the 12-year NTEEP Loan, therefore eliminating dilution effect of the Reorganization on NTEEP Independent Shareholders.
2. The intention to pay HK\$300,000,000 dividends by Zastron to NTEI prior to the completion of the Reorganization will not be effected. Therefore, the HK\$300,000,000 will remain with the Enlarged NTEEP, effectively lowering the consideration payable by NTEEP for an amount of HK\$300,000,000.

Reference is made to the joint announcement made by JIC and NTEEP dated 8th October, 2007 in relation to the Reorganization (“Announcement”). Terms used in this announcement shall have the same meaning as those defined in the Announcement unless the context requires otherwise.

Background to the Changes

After the publication of the Announcement, a number of NTEEP Independent Shareholders expressed their views on the Reorganization to the NTEEP Board. To upkeep a high standard of corporate governance, the NTEEP Board, the board of NTEI and the NTEEP Independent Board Committee worked closely together to analyze the views of the NTEEP Independent Shareholders. After a thorough review, the NTEEP Board, the board of NTEI and the NTEEP Independent Board Committee resolved to make changes to the terms of the Reorganization to accommodate the views of the NTEEP Independent Shareholders, while at the same time keeping the Reorganization a balanced proposal.

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

| | Original NTEEP Agreement | Supplemental NTEEP agreement |
|--------------------|--|--|
| Zastron’s Dividend | Zastron will distribute HK\$300,000,000 (approximately US\$38.5 million) in cash as dividends to NTEI prior to the Reorganization | Zastron will not distribute such dividends to NTEI |
| Transaction | NTEEP will acquire 91% interests in Jetup | NTEEP will acquire 100% interests in Jetup |
| Payment method | (i) US\$311,430,295 (approximately HK\$2,429.2 million) in NTEEP CB (ii) HK\$300,000,000 (approximately US\$38.5 million) in cash | (i) US\$311,430,295 (approximately HK\$2,429.2 million) in NTEEP Loan (ii) HK\$325,373,700 (approximately US\$41.7 million) in cash |

The supplemental NTEEP agreement has the following benefits over the original NTEEP Agreement:

- as there will be no issue of new NTEEP Shares or any rights to subscribe for NTEEP Shares, there will be no change in shareholding of NTEEP, and hence no dilution of shareholding interests of the existing NTEEP Independent Shareholders, which would have been significant upon conversion of the NTEEP CB under the original NTEEP Agreement;
- improvement in earnings before interest, taxation, depreciation and amortization of the Enlarged NTEEP by 53.2% to US\$61.1 million (HK\$476.5 million) as compared with the NTEEP Group immediately prior to the Reorganization for the 6-month period ended 30th June, 2007 on a proforma basis;
- additional cash of HK\$300,000,000 (approximately US\$38.5 million) in NTEEP, which would have been distributed to NTEI prior to the Reorganization pursuant to the original NTEEP Agreement; and
- full control of Jetup, which will make the Reorganization more complete.

In addition, after the completion of the Reorganization, NTEEP would become the third largest electronic manufacturing services company listed on the Stock Exchange, based on latest audited accounts.

Supplemental NTEEP agreement

On 28th November, 2007, NTEEP and NTEI entered into the supplemental NTEEP agreement to amend and supplement certain terms and conditions of the original NTEEP Agreement. The revisions are as follows:

- (i) Date of the original NTEEP Agreement has been amended from “24th September, 2007” to “24th September, 2007 and 28th November, 2007”;
- (ii) Jetup Interest has been amended from “91% of the registered capital of Jetup” to “100% of the registered capital of Jetup”;
- (iii) Consideration has been amended from “HK\$2,729,156,300 (approximately US\$349.9 million)” to “HK\$2,754,530,000 (approximately US\$353.1 million)”. The consideration for the acquisition of the additional 9% Jetup Interest is arrived at on the same basis as the original NTEEP Agreement;

- (iv) Payment method has been amended from (i) “HK\$300,000,000 (approximately US\$38.5 million) prior to 30th June, 2008” to “HK\$325,373,700 (approximately US\$41.7 million) in cash on or before the fifth business day after the conditions of the NTEEP Agreement are satisfied”; and (ii) the balance of US\$311,430,295 (approximately HK\$2,429.2 million) from “by NTEEP CB” to “by the 12-year loan of US\$311,430,295 (approximately HK\$2,429.2 million) issued by NTEEP to NTEI with interest rate of 3.9% per annum and annual equal principal instalment repayment (“NTEEP Loan”)”;
- (v) the conditions (v), (vi) and (vii) of the original NTEEP Agreement as stated on page 13 of the Announcement are not applicable;
- (vi) all terms and conditions in relation to NTEEP CB are not applicable because of the amendment (iv) in this Section. The terms and conditions of the NTEEP Loan are as follows:

| | | |
|---------------------|---|--|
| Borrower | : | NTEEP |
| Lender | : | NTEI |
| Instrument | : | Unsecured loan |
| Principal amount | : | US\$311,430,295 (approximately HK\$2,429.2 million) |
| Interest rate | : | 3.9% per annum payable annually in arrears |
| Maturity | : | 12 years from the date of issue |
| Principal repayment | : | Annual equal instalment (first repayment on 31 st December, 2008) |

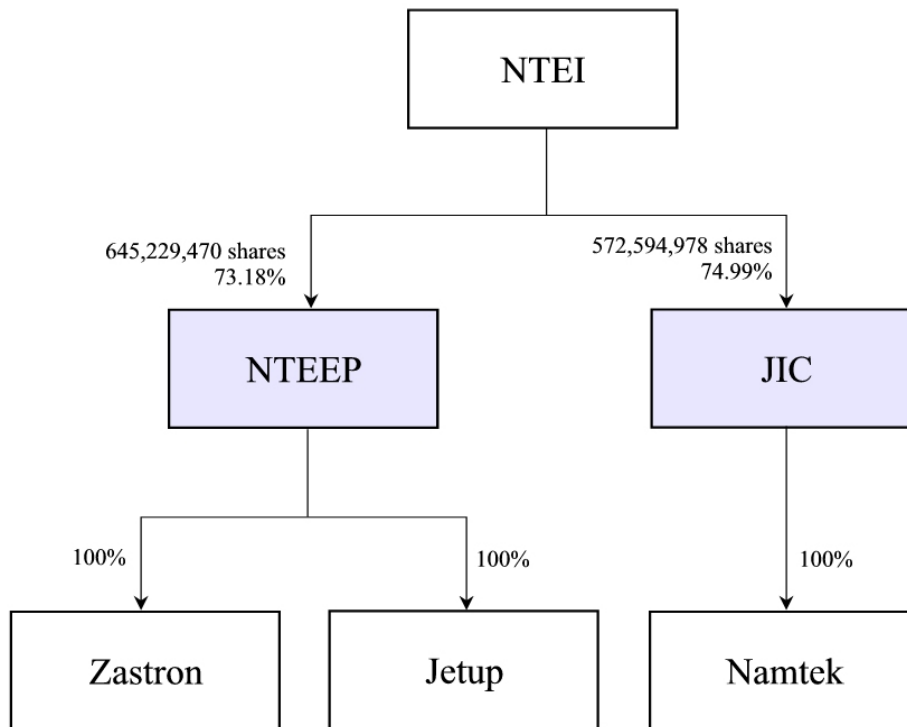
The terms of the NTEEP Loan have been arrived at on an arm’s length basis, with reference to the market interest rates of similar tenor.

- (vii) Zastron will not distribute HK\$300,000,000 (approximately US\$38.5 million) in cash as dividends to NTEI prior to the Reorganization.

Considering the benefits of the supplemental NTEEP agreement mentioned on pages 2 to 3 of this announcement, the NTEEP Board (excluding the NTEEP Independent Board Committee, who reserves its judgement until taking advice from the NTEEP Independent Financial Adviser) is of the view that the terms of the supplemental NTEEP agreement are fair and reasonable and in the interests of the NTEEP Shareholders and NTEEP as a whole.

Ultimate Group Structure

Upon completion of the Reorganization under the supplemental NTEEP agreement, the group structure would be as follows :



As at the date of this announcement, the executive directors are Mr. Kazuhiro Asano and Ms. Wong Kuen Ling, Karene, the non-executive directors are Mr. Koo Ming Kown and Mr. John Quinto Farina and the independent non-executive directors are Mr. Chan Tit Hee, Charles, Mr. Thaddeus Thomas Beczak and Mr. Roger Simon Pyrke.

By order of the board of directors of
**NAM TAI ELECTRONIC & ELECTRICAL
PRODUCTS LIMITED**

Kazuhiro Asano
Chairman

Hong Kong, 28th November, 2007