NAM TAI ELECTRONIC & ELECTRICAL PRODUCTS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2633)

The board (the "Board") of directors (the "Directors") of Nam Tai Electronic & Electrical Products Limited (the "Company" or "NTEEP") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred as the "Group") for the year ended 31 December 2008 and the unaudited consolidated results of the Group for the fourth quarter of 2008 and six months ended 31 December 2008 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]			6 Months Results[a]			12 Months Results[a]		
	Q4 2008[d]	**Q4 2007**	**YoY (%)**	**2H 2008[d]**	**2H 2007**	**YoY (%)**	**2008**	**2007**	**YoY (%)**
Sales (Revenue) [a]	**169,021**	63,191	167.5	**329,555**	153,467	114.7	**622,561**	283,760	*119.4*
Gross profit	**15,459**	10,003	54.5	**32,007**	26,531	20.6	**74,023**	48,843	*51.6*
% of sales	***9.1***	*15.8*		***9.7***	*17.3*		***11.9***	*17.2*	
Operating income [c]	**3,614**	7,413	(51.2)	**10,106**	19,417	(48.0)	**34,774**	35,048	*(0.8)*
% of sales	***2.1***	*11.7*		***3.1***	*12.7*		***5.6***	*12.4*	
Per share (US cent(s))	**0.41**	0.84	(51.2)	**1.15**	2.20	(47.7)	**3.94**	3.98	*(1.0)*
(Loss) profit after tax and minority interests [b]	**(144,134)**	16,760	(960.0)	**(140,299)**	28,786	(587.4)	**(121,934)**	60,859	*(300.4)*
% of sales	***(85.3)***	*26.5*		***(42.6)***	*18.8*		***(19.6)***	*21.4*	
Basic (loss) earnings per share *(US cents)*	**(16.35)**	1.90	(960.5)	**(15.91)**	3.26	(588.0)	**(13.83)**	6.90	*(300.4)*
Diluted (loss) earnings per share *(US cents)*	**(16.35)**	1.90	(960.5)	**(15.91)**	3.26	(588.0)	**(13.83)**	6.90	*(300.4)*
Weighted average number of shares *('000)*									
Basic	**881,671**	881,671		**881,671**	881,671		**881,671**	881,671	
Diluted	**881,671**	881,671		**881,671**	881,671		**881,671**	881,671	

Notes:

(a) Results in the fourth quarter, the second half year and the full year 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

reorganisation of Nam Tai Electronics, Inc. (NYSE stock code: NTE) ("NTEI") and its subsidiaries (collectively "Nam Tai Group") on 31 December 2007 (the "Reorganisation"). Results in the fourth quarter, the second half year and the full year of 2007 included the results of CECP business segment only.

Pursuant to the paragraph 29(7) of Chapter 4 of the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "SEHK"), we have engaged external auditor to review the unaudited pro forma financial information ("Unaudited Pro Forma Financial Information") of the Group which has been prepared by the directors of the Company for illustrative purposes only, as set out in the Appendix to this announcement, to provide information about how 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") and the disposals of 100% equity interest in Shenzhen Namtek Company Limited and 100% equity interest in Kabushiki Kaisha Namtek Japan (expressed in English as Namtek Japan Company Limited) might have affected the financial information of the Group presented had those transactions been undertaken at the beginning of 1 January 2007.

The 2008 results of the Group as compared to the relevant 2007 pro forma data extracted from the Unaudited Pro Forma Financial Information set out in the Appendix to this announcement for illustrative purpose are as follows:

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

	2008 Enlarged NTEEP's summary financial results	**2007 Enlarged NTEEP's pro forma financial results (ii)**	**2008 financial results versus 2007 pro forma financial results (%)**	**2007 NTEEP's summary financial results**	**2008 financial results versus 2007 financial results (%)**
Sales (Revenue)	622,561	778,545	*(20.0)*	283,760	*119.4*
Operating income	34,774	51,369	*(32.3)*	35,048	*(0.8)*
Profit after tax and minority interests(i)	22,615	39,714	*(43.1)*	33,095	*(31.7)*
Basic earnings per share *(US cents)*(i)	2.57	4.50	*(42.9)*	3.75	*(31.5)*

(i) *The one-off transactions mentioned in Note (b) below and a loss of US$16.4 million on disposal of Namtek Group in the pro forma results of 2007 had been excluded in the calculation of Profit after tax and minority interests and Basic earnings per share.*

(ii) *2007 pro forma data are extracted from the Unaudited Pro Forma Financial Information as set out in the Appendix to this announcement.*

(b) Included:

(i) *non-cash impairment losses of US$143.6 million on goodwill and of US$1.0 million on intangible asset in the fourth quarter of 2008;*

(ii) *a gain of US$43.8 million in the second quarter of 2007 on disposal of the investment in TCL Corporation; and*

(iii) *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 Company Limited.) in May 2005 and a gain of US$8.3 million in December 2007 on disposal of Namtek Group.*

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

(d) The provisionally estimated fair values of assets acquired and liabilities assumed on the Acquisition on 31 December 2007 were used for preparation of the 2007 financial information. The fair value assessment was completed during the current year, 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 3 months ended 31 March 2008, 30 June 2008 and 30 September of 2008 has been increased by approximately US$1,057,000, US$226,000 and US$269,000 respectively, which was due to the change in amortisation of intangible assets and recognition of deferred tax liabilities in the corresponding periods.

SUPPLEMENTARY INFORMATION

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

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	**160,534**	90,276	77.8	105.6
4th Quarter	**169,021**	63,191	167.5	119.4
Total	**622,561**	283,760		

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

	2008		2007	
Segments	Q4 (%)	YTD (%)	Q4 (%)	YTD (%)
CECP	37	44	100	100
TCA	54	44	-	-
LCDP	9	12	-	-
	100	100	100	100

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

	As at 31 December	
	2008	2007
Cash(a) on Hand	129,349	154,236
Ratio of Cash(a) to Current Liabilities	0.67	0.98
Current Ratio	1.41	1.87
Ratio of Total Assets to Total Liabilities	1.11	1.45
Return on Equity	(96 %)	33%
Ratio of Total Liabilities to Equity	9.29	2.24
Debtors Turnover	61 days	39 days(b)
Inventory Turnover	18 days	25 days(b)
Average Payable Period	65 days	57 days(b)

Notes:

(a) Includes cash equivalents.

(b) Debtors Turnover, Inventory Turnover and Average Payable Period as at 31 December 2007 were based on the data prior to the Reorganisation.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONS REVIEW

During the quarter ended 31 December 2008, the Group recorded sales of US$169.0 million, representing an increase of 167.5%. Sales of TCA segment (Zastron business unit) and LCDP segment (Jetup business unit) for the fourth quarter of 2008 decreased by 11.0% and 27.2% 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 Reorganisation contributed sales of US$106.7 million. As compared with the same period last year, sales of CECP segment (NTEEP business unit) were almost flat.

Gross profit for the fourth quarter of 2008 increased by 54.5% from US$10.0 million to US$15.5 million as compared with the same period last year. Operating income and profit attributable to the equity holders of the Company for the fourth quarter of 2008 decreased by 51.2% and 960.0% as compared with the same period last year mainly because of the substantial reduction in profit contribution from the decrease of sales, and impairment losses on goodwill of US$143.6 million and intangible assets of US$1.0 million.

For the twelve months ended 31 December 2008, sales of the Group increased by 119.4% from US$283.8 million to US$622.6 million when compared with the same period last year, mainly because of the Reorganisation held on 31 December 2007 such that only sales of CECP business segment were included in year 2007. If sales for TCA business segment and LCDP business segment had been excluded, sales of the Group would have decreased by 4.5% as compared with the year ended 31 December 2007. Gross profit increased by 51.6% from US$48.8 million to US$74.0 million as compared with the same period last year. For the same reason as stated above, operating income and loss attributable to the equity holders of the Company for the twelve months ended 31 December 2008 also decreased by 0.8% and 300.4% as compared with the same period last year.

LIQUIDITY AND FINANCIAL RESOURCES

Although the Company suffered under the current adverse economic conditions, its financial position up to the date hereof remains strong with cash of US$129.3 million (mainly denominated in United States dollar and Renminbi). Such cash is mainly deposited with HSBC and China Construction Bank located in the People's Republic of China ("PRC") and accordingly, it is locked up in PRC under its tight currency control policy. As at the end of the period under review, it still 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 Reorganisation and an entrusted loan arrangement of US$8.2 million between the Company's two PRC subsidiaries via a bank.

Because a large portion of cash is locked up in PRC, the Group has obtained consent from NTEI to postpone the first repayment of the loan, including repayment of the principal and interest of US$38.1 million which was originally due on 31 December 2008. After the completion of an internal corporate restructure within our subsidiaries, our cash flow circulation will improve. The first repayment of the loan can therefore be made within the first quarter of 2009.

Under the current economic slowdown, our net cash generated from operating activities in 2009 will be much lower than that in 2008. Even if no dividend will be paid in 2009 and our expansion projects are postponed, we believe that our cash flow will become very tight. As such, regarding the repayment of the principal and interest of US$37.1 million towards NTEI for 2009, as part of the management's plan to ease the Group's cash flow, the management of the Group may seek the consent of NTEI to revise the repayment schedule, if necessary.

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

Under the current global economic downturn, we continue to experience weaker demand across all of our product segments. To offset the potential decline in our sales during 2009, management has remained focused on efforts to reduce cost, improve operating and manufacturing efficiencies and deliver advanced technologies and innovative manufacturing solutions that offer value to our customers. Recent actions taken to reduce costs and conserve cash include:

- We have reduced headcount from 9,700 (as at the end of the third quarter of 2008) to 7,100 (as at the end of the fourth quarter of 2008), accounting for about 27% reduction of the total workforce from levels as at 30 September 2008. We continue to monitor the effects of market conditions on the businesses of our customers and may further reduce our workforce if reduced customer demand and market conditions so require.
- We have frozen salaries and are considering, in the worst scenario, additional steps to reduce employee compensation, which, depending on prevailing market conditions during 2009, could result in 2009 compensation reductions of up to 30 percent. Our management team will also step up internal control measures and work hard to look for effective ways to cut more costs.
- We have determined not to declare dividends for 2008 to be paid in 2009 in order to maintain cash reserves during the continuing economic turmoil.
- We have determined to postpone until at least mid-2009 further implementation of our expansion plans for new factories additions, except for our new facilities in Wuxi, PRC, to be used for the manufacture of Flexible Printed Circuit (the "FPC") boards and other components subassemblies. That project is on schedule and nearing completion.

Although we are taking 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 even result in losses from operations during periods in 2009, we are nevertheless seeking to take advantage of perceived opportunities to expand our market share in targeted areas. Accordingly, we plan to strengthen our sales force and customer and technical support by establishing local sales and support offices in Japan and Taiwan to increase our presence and better serve our customers in those markets. By seeking to capitalize on these opportunities, we hope to ensure a more robust future when end markets stabilize and the recovery cycle begins.

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

NTEI, the controlling shareholder of the Company, increased its equity interest in the Company in 2008. As at 31 December 2008, the equity interest of NTEI in the Company was 74.88%. The Company repurchased and cancelled in December 2008 all its outstanding share options previously granted to the employees of the Group.

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 year ended 31 December 2008.

DIVIDEND

We have determined not to declare dividends for 2008 to be paid in 2009 in order to maintain cash reserves during the continuing economic turmoil.

Total dividends paid in 2008 for the financial year 2007 was 30 HK cents per share (equivalent to 3.85 US cents). The Company paid 20 HK cents per share in April 2008 and 10 HK cents per share in 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 Listing Rules. Having made specific enquiry of all Directors, the Directors confirmed that they have complied with the Model Code for any part of the year ended 31 December 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 year ended 31 December 2008.

In compliance with the code provisions of the Corporate Governance Code, the Company has set up an Audit Committee and a Compensation 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 and as a subsidiary of NTEI (NYSE stock code: NTE), the Company successfully complied with Sarbanes-Oxley Act 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 auditor to review its financial statements on a quarterly basis in year 2008.

AUDIT COMMITTEE

The Audit Committee comprises three Independent Non-executive Directors, Mr. Chan Tit Hee, Charles, Mr. Cham Yau Nam and Mr. Choi Man Chau, Michael. 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 audited consolidated financial statements for the year ended 31 December 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.

COMPENSATION COMMITTEE

The Compensation Committee comprises one Non-executive Director, Mr. Koo Ming Kown, and three Independent Non-Executive Directors, Mr. Thaddeus Thomas Beczak, Mr. Leung Wai Hung and Mr. Roger Simon Pyrke. Mr. Beczak is the chairman of the Compensation Committee. The Compensation Committee has adopted terms of reference which are in line with the Corporate Governance Code and will meet once a year to review the compensation policy and compensation package of the executive directors and members of the senior management.

Organization Chart of the Board of Directors

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

Board of Directors

Non-Executive Chairman:	Mr. Koo Ming Kown
Independent Non-Executive Directors:	Mr. Thaddeus Thomas Beczak, Mr. Cham Yau Nam, Mr. Chan Tit Hee, Charles, Mr. Choi Man Chau, Michael, Mr. Leung Wai Hung and Mr. Roger Simon Pyrke
Audit Committee:	Mr. Chan Tit Hee, Charles (Chairman) (member of HKICPA), Mr. Cham Yau Nam (Certified General Accountant in Canada) and Mr. Choi Man Chau, Michael (member of HKICPA)
Compensation Committee:	Mr. Thaddeus Thomas Beczak (Chairman), Mr. Koo Ming Kown, Mr. Leung Wai Hung and Mr. Roger Simon Pyrke

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE THREE MONTHS ENDED 31 DECEMBER 2008
(In Thousands of US Dollars, except as otherwise stated)

	2008	2007
Revenue	169,021	63,191
Cost of sales	(153,562)	(53,188)
Gross profit	15,459	10,003
Investment income	825	1,029
Other income	(74)	2,447
Other expenses	-	(292)
Impairment loss on intangible assets	(979)	-
Impairment loss on goodwill	(143,570)	-
Gain on disposal of businesses	-	8,289
Selling and distribution costs	(2,369)	(777)
Administrative expenses	(6,396)	(2,657)
Research and development expenditure	(3,006)	(1,311)
Finance costs	(3,145)	-
(Loss) profit before tax	(143,255)	16,731
Income tax (expense) credit	(879)	29
(Loss) profit for the period	(144,134)	16,760
Attributable to:		
Equity holders of the Company	(144,134)	16,760
Minority interests	-	-
	(144,134)	16,760
(Loss) earnings per share for (loss) profit for the period attributable to equity holders of the Company		
- basic and diluted	(16.35) US cents	1.90 US cents

AUDITED CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008
(In Thousands of US Dollars, except as otherwise stated)

	NOTES	2008	2007
Revenue		622,561	283,760
Cost of sales		(548,538)	(234,917)
Gross profit		74,023	48,843
Investment income		3,627	3,609
Other income		5,248	6,125
Other expenses		-	(1,275)
Impairment loss on intangible assets		(979)	-
Impairment loss on goodwill		(143,570)	(24,340)
Gain on disposal of businesses		-	8,289
Gain on disposal of available-for-sale investments		-	43,815
Selling and distribution costs		(8,913)	(2,849)
Administrative expenses		(24,761)	(11,652)
Research and development expenditure		(10,823)	(4,144)
Finance costs		(12,491)	(24)
(Loss) profit before tax		(118,639)	66,397
Income tax expense	5	(3,295)	(5,655)
(Loss) profit for the year	6	(121,934)	60,742
Attributable to:			
Equity holders of the Company		(121,934)	60,859
Minority interests		-	(117)
		(121,934)	60,742
Dividends (Note)	7	33,910	11,303
(Loss) earnings per share for (loss) profit for the year attributable to equity holders of the Company - basic and diluted	8	(13.83) US cents	6.90 US cents

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

AUDITED CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2008 AND 31 DECEMBER 2007

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

	Notes	31 December 2008	31 December 2007 (Restated)
Non-current assets			
Property, plant and equipment		137,015	118,934
Prepaid lease payments		15,489	15,083
Goodwill		74,437	218,007
Deferred tax assets		868	755
Deposits paid for the acquisition of equipment		2,936	536
Intangible assets		4,325	7,300
Other assets		320	357
		235,390	360,972
Current assets			
Inventories		27,300	32,598
Trade and other receivables	9	108,180	101,494
Prepaid lease payments		344	143
Taxation recoverable		-	5,407
Entrusted loan receivable		8,199	-
Bank balances and cash		129,349	154,236
		273,372	293,878
Current liabilities			
Trade and other payables	10	121,063	125,719
Taxation payables		850	390
Unsecured bank borrowings - due within one year		-	5,470
Loan from ultimate holding company - due within one year		51,905	25,953
Amount due to ultimate holding company		12,146	-
Entrusted loan payable		8,199	-
		194,163	157,532
Net current assets		79,209	136,346
Non-current liabilities			
Deferred tax liabilities		5,639	5,901
Unsecured bank borrowings - due after one year		-	1,558
Loan from ultimate holding company - due after one year		259,525	285,477
		265,164	292,936
Net assets		49,435	204,382
Capital and reserves			
Share capital		1,131	1,131
Reserves		48,304	203,251
Equity attributable to equity holders of the Company		49,435	204,382
Minority interests		-	-
Total equity		49,435	204,382

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

1. BASIS OF PRESENTATION

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 9 June 2003. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited with effect from 28 April 2004. Its ultimate holding company is Nam Tai Electronics, Inc., a company incorporated in the British Virgin Islands with its shares listed on the New York Stock Exchange.

The principal activities of the Company and its subsidiaries (hereinafter collectively referred as the "Group") are the manufacturing and marketing of consumer electronics and communications products, telecommunication component assembly and Liquid Crystal Display ("LCD") products.

The consolidated financial statements are presented in United States dollar, which is also the functional currency of the Company.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are or have become effective.

Hong Kong Accounting Standard ("HKAS") 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
Hong Kong (International Financial Reporting Interpretations Committee) - Interpretations ("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 and amendments 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.

Besides, the Group has early adopted HKFRS 8 "Operating Segments" in advance of its effective date, with effect from 1 January 2008. Amounts reported for the prior year have been restated on the new basis.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") - continued

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

HKFRSs (Amendments)	Improvements to HKFRSs [1]
HKAS 1 (Revised)	Presentation of Financial Statements [2]
HKAS 23 (Revised)	Borrowing Costs [2]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements [3]
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation [2]
HKAS 39 (Amendment)	Eligible Hedged Items [3]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate [2]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations [2]
HKFRS 3 (Revised)	Business Combination [3]
HK(IFRIC) - Int 13	Customer Loyalty Programmes [4]
HK(IFRIC) - Int 15	Accounting for Agreements for the Construction of Real Estate [2]
HK(IFRIC) - Int 16	Hedges of a Net Investment in a Foreign Operation [5]
HK(IFRIC) - Int 17	Distributions of Non-cash Assets to Owners [3]

[1] Effective for annual periods beginning on or after 1 January 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009
[2] Effective for annual periods beginning on or after 1 January 2009
[3] Effective for annual periods beginning on or after 1 July 2009
[4] Effective for annual periods beginning on or after 1 July 2008
[5] Effective for annual periods beginning on or after 1 October 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. HKAS 23 (Revised) requires borrowing costs related to qualifying assets of the Group to be capitalised prospectively. The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and financial positions of the Group.

3. RESTATEMENT OF CERTAIN 2007 COMPARATIVE INFORMATION

The provisionally estimated fair values of assets acquired and liabilities assumed on the acquisition of Jetup Electronic (Shenzhen) Co., Ltd. ("Jetup") and Zastron Precision-Tech Limited and its subsidiaries (the "Zastron Group", hereinafter together with the acquisition of Jetup collectively referred as the "Acquisition") as at 31 December 2007 were used for the preparation of the 2007 annual financial statements. The fair value assessment was completed during the current year, and pursuant to HKFRS 3, the comparative 31 December 2007 consolidated balance sheet has been restated to reflect the finalised fair value of assets acquired and liabilities from the Acquisition.

3. RESTATEMENT OF CERTAIN 2007 COMPARATIVE INFORMATION - continued

The effect of the reassessed fair value described above is summarised below:

	31 December 2007 US$'000 (originally stated)	Restatements US$'000	31 December 2007 and 1 January 2008 US$'000 (as restated)
Balance sheet items			
Goodwill	186,299	31,708	218,007
Intangible assets	46,721	(39,421)	7,300
Deferred tax liabilities	(13,614)	7,713	(5,901)
	219,406	-	219,406

4. SEGMENT INFORMATION

The Group has adopted HKFRS 8 "Operating Segments" in advance of its effective date, with effect from 1 January 2008. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. In contrast, the predecessor Standard (HKAS 14, "Segment Reporting") required an entity to identify two sets of segments (business and geographical) using a risks and rewards approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments. As a result, following the adoption of HKFRS 8, the identification of the Group's operating segments has changed.

In prior years, segment information reported externally was analysed on the basis of geographical locations of its customers. However, information reported to Chief Executive Officer for the purposes of resource allocation and assessment of performance is more specifically focused on the operating divisions for different products and services.

As at 31 December 2007, the Group completed the Acquisition and consequently has reorganised into three operating divisions, namely, Consumer Electronic and Communication Products ("CECP"), Telecommunication Component Assembly ("TCA"), and the LCD Products ("LCDP"), for the purposes of resource allocation and assessment of performance from 1 January 2008 onwards.

The Group's operating segments under HKFRS 8 are therefore CECP, TCA and LCDP and the principal activities of each operating segment are as follows:

- CECP - manufacturing and marketing of consumer electronic and communication products, assembling such as mobile phone accessories, home entertainment devices, educational products and optical devices and software development;

- TCA - manufacturing and marketing of telecommunication component assembly such as telecom LCD modules, telecom Flexible Printed Circuit (the “FPC”) subassemblies and FPC boards; and

- LCDP - manufacturing and marketing of LCD products, parts and components.

4. SEGMENT INFORMATION - continued

Financial information regarding these segments is reported below. As the acquisition of TCA segment and LCDP segment was only completed on 31 December 2007, the segment revenue for CECP is the same as that disclosed in the consolidated revenue for the year ended 31 December 2007, and segment result for CECP for the year ended 31 December 2007 is US$45,649,000 which is determined based on the Group's profit for the year, as adjusted for the gain on disposal of available-for-sale investments with related tax expense and impairment loss on goodwill recognised in that year, and therefore segment revenue and segment result are not separately presented for the year ended 31 December 2007.

(a) Segment revenues and results

Year ended 31 December 2008

	CECP US$'000	TCA US$'000	LCDP US$'000	Elimination US$'000 (Note)	Segment total US$'000
Revenue - third parties	271,074	274,953	76,534	-	622,561
Revenue - inter-segment	-	-	141	(141)	-
	271,074	274,953	76,675	(141)	622,561
Cost of sales	(221,423)	(259,355)	(71,559)	141	(552,196)
Gross profit	49,651	15,598	5,116	-	70,365
Investment income	2,807	863	48	(91)	3,627
Other income (expense)	4,436	1,385	(167)	(406)	5,248
Selling and distribution costs	(3,735)	(1,533)	(1,677)	-	(6,945)
Administrative expenses	(10,601)	(10,081)	(4,779)	410	(25,051)
Research and development expenditure	(5,469)	(3,776)	(1,614)	(4)	(10,863)
Finance cost	-	(91)	(345)	91	(345)
Profit (loss) before tax	37,089	2,365	(3,418)	-	36,036
Income tax (expense) credit	(4,278)	1,220	53	-	(3,005)
Profit (loss) for the year	32,811	3,585	(3,365)	-	33,031

Note: Being elimination of inter-segment sales and other transactions which are charged at terms agreed by both parties.

Revenue reported above represents revenue generated from external customers. There were inter-segment sales of US$141,000 in the current year (2007: Nil).

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of the adjustments relating to changes in fair value of assets and the accrued interest on the loan from ultimate holding company arising from the Acquisition, reassessment on the estimation of the useful life of property, plant and equipment, amortisation of intangible assets arising from the Acquisition and impairment losses recognised on goodwill and intangible assets. This is the measure reported to Chief Executive Officer for the purposes of resource allocation and assessment of segment performance. These differences between this financial information and the consolidated total are also described below.

The amounts presented for operating segments results reconciled to the consolidated income statements are as follows:

4. SEGMENT INFORMATION - continued

(a) Segment revenues and results - continued

	Segments total	Adjustments (Note 1)	(Note 2)	(Note 3)	(Note 4)	(Note 5)	Consolidated total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Revenue - third parties	622,561	-	-	-	-	-	622,561
Revenue - inter-segment	-	-	-	-	-	-	-
	622,561	-	-	-	-	-	622,561
Cost of sales	(552,196)	-	3,658	-	-	-	(548,538)
Gross profit	70,365	-	3,658	-	-	-	74,023
Investment income	3,627	-	-	-	-	-	3,627
Other income	5,248	-	-	-	-	-	5,248
Impairment loss on goodwill	-	-	-	-	(143,570)	-	(143,570)
Impairment loss on intangible assets	-	-	-	-	-	(979)	(979)
Selling and distribution costs	(6,945)	-	28	(1,996)	-	-	(8,913)
Administrative expenses	(25,051)	-	290	-	-	-	(24,761)
Research and development expenditure	(10,863)	-	40	-	-	-	(10,823)
Finance cost	(345)	(12,146)	-	-	-	-	(12,491)
Profit (loss) before tax	36,036	(12,146)	4,016	(1,996)	(143,570)	(979)	(118,639)
Income tax expense	(3,005)	-	(290)	-	-	-	(3,295)
Profit (loss) for the year	33,031	(12,146)	3,726	(1,996)	(143,570)	(979)	(121,934)

Note 1: Being accrued interest on loan from ultimate holding company.
Note 2: Being reassessment on the estimation of the useful life of the property, plant and equipment arising from the Acquisition.
Note 3: Being amortisation of intangible assets arising from the Acquisition.
Note 4: Being impairment loss recognised on goodwill.
Note 5: Being impairment loss recognised on intangible assets.

(b) Revenues from major products and services

The Group's revenue from its major products and services were as follows:

	2008	2007
	US$'000	US$'000
Sales of goods :		
Telecom LCD modules	162,912	-
Mobile phone accessories	140,565	153,776
Telecom FPC modules	106,441	-
Home entertainment devices	79,019	68,603
LCD products	76,534	-
Educational products	26,543	39,237
Optical devices	24,721	19,864
Others	5,826	-
	622,561	281,480
Software development services	-	2,280
	622,561	283,760

4. SEGMENT INFORMATION - continued

(c) Geographical segments

The Group principally operates in the PRC (country of domicile).

The Group's revenues from external customers attributed to the group entities' country of domicile (i.e. the PRC) and other foreign locations from which revenues are derived (based on shipping destinations) are detailed below:

	Revenue from external customers	
	2008	2007
	US$'000	US$'000
Country of domicile:		
PRC	87,110	49,382
Other foreign locations:		
Asia Pacific region, excluding the PRC	254,181	24,001
North America	130,459	116,428
Europe	136,889	88,191
Others	13,922	5,758
	622,561	283,760

5. INCOME TAX EXPENSE

	2008	2007
	US$'000	US$'000
Current tax:		
PRC enterprise income tax charged at applicable rates	3,670	6,409
Japan corporate tax charged at 22%	-	1
	3,670	6,410
Deferred tax credit	(375)	(755)
	3,295	5,655

On 16 March 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the PRC. On 6 December 2007, the State Council of the PRC issued Implementation Regulation of the New Law. Under the New Law and Implementation Regulation, the Enterprise Income Tax rate of the Group's subsidiaries in Shenzhen, the PRC was increased from 18% to 25% progressively from 1 January 2008 onwards.

For the year ended 31 December 2007, Namtai Electronic (Shenzhen) Co., Ltd. (“NTSZ”), a wholly owned subsidiary of the Company, and Shenzhen Namtek Company Limited ("Namtek Shenzhen"), a former wholly owned subsidiary 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

5. INCOME TAX EXPENSE - Continued

the past. Furthermore, the Group had 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. The income tax recoverable under the above arrangements was US$5,334,000 as at 31 December 2007 while no such income tax recoverable was outstanding as at 31 December 2008.

The relevant tax rates for the Group's subsidiaries in Shenzhen are 18% (2007: 15%).

Zastron (Macao Commercial Offshore) Company Limited and Nam Tai Investments Consultant (Macao Commercial Offshore) Company Limited 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.

6. (LOSS) PROFIT FOR THE YEAR

	2008 US$'000	2007 US$'000
(Loss) profit for the year has been arrived at after charging (crediting):		
Auditor's remuneration	521	210
Cost of inventories recognised as expense	548,538	234,140
Release of prepaid lease payments	344	71
Depreciation of property, plant and equipment	17,255	5,549
Depreciation of investment properties	-	950
Amortisation of intangible assets	1,996	-
	19,251	6,499
Less: Depreciation and amortisation included in research and development expenditure	(387)	(152)
	18,864	6,347
Loss (gain) on disposal of property, plant and equipment	14	(100)
Staff costs, including directors' remunerations	50,031	18,625
Retirement benefit scheme contributions, including directors' remunerations	1,814	490
Total staff costs	51,845	19,115
Less: Staff costs included in research and development expenditure	(8,720)	(3,459)
	43,125	15,656

7. DIVIDENDS

	2008 US$'000	2007 US$'000
Final paid – 3.85 US cents per share (2007: Nil)	33,910	-
Interim paid – Nil per share (2007: 1.28 US cents)	-	11,303
	33,910	11,303

Total dividends paid for the financial year 2007 was 30 HK cents per share (equivalent to 3.85 US cents). The Company paid 20 HK cents per share in April 2008 and 10 HK cents per share in August 2008.

8. (LOSS) EARNINGS PER SHARE

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

	2008 US$'000	2007 US$'000
(Loss) profit for the year attributable to equity holders of the Company	(121,934)	60,859
	'000	'000
Number of ordinary shares for the purpose of basic and diluted (loss) earnings per share (note)	881,671	881,671

The denominators used are the same as those detailed above for both basic and diluted earnings per share.

Note:
During 2007 and 2008, the exercise of the share options was not considered in calculating the diluted (loss) earnings per share, because they will not result in a decrease in earnings per share and increase in loss per share. All the outstanding share options previously granted to the directors and employees of the Group were cancelled in current year. No share options are outstanding as at 31 December 2008.

9. TRADE AND OTHER RECEIVABLES

	2008 US$'000	2007 US$'000
Trade receivables	104,175	95,611
Less: allowance for doubtful debts	(25)	(4)
	104,150	95,607
Other receivables	4,030	5,887
Total trade and other receivables	108,180	101,494

The Group allows an average credit period normally ranging from 60 days to 90 days to its trade customers.

The aged analysis of trade receivables (net of impairment) at the balance sheet dates is as follows:

9. TRADE AND OTHER RECEIVABLES - Continued

	2008	2007
	US$'000	US$'000
Up to 30 days	45,808	53,915
31 to 60 days	34,410	33,211
Over 60 days	23,932	8,481
	104,150	95,607

10. TRADE AND OTHER PAYABLES

The aged analysis of trade payables at the balance sheet dates is as follows:

	2008	2007
	US$'000	US$'000
Up to 30 days	42,978	52,481
31 to 60 days	33,172	38,341
Over 60 days	21,974	16,504
	98,124	107,326
Other payables	22,939	18,393
	121,063	125,719

The average credit period on purchases of goods is 60 days. The Group has financial risk management policies in place to ensure that all payables are within the credit timeframe.

As at the date of this announcement, the Non-Executive Director is Mr. KOO Ming Kown, and the Independent Non-Executive Directors are Mr. Thaddeus Thomas BECZAK, Mr. CHAM Yau Nam, Mr. CHAN Tit Hee, Charles, Mr. CHOI Man Chau, Michael, Mr. LEUNG Wai Hung and Mr. Roger Simon PYRKE.

By Order of the Board
Nam Tai Electronic & Electrical Products Limited
CHAN Bo Shan
Company Secretary

Hong Kong, 9 February 2009

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REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

TO THE DIRECTORS OF NAM TAI ELECTRONIC & ELECTRICAL PRODUCTS LIMITED

We report on the unaudited pro forma financial information ("Unaudited Pro Forma Financial Information") of Nam Tai Electronic & Electrical Products Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), which has been prepared by the directors of the Company for illustrative purposes only, to provide information about how the acquisitions of 100% equity interest in Zastron Precision-Tech Limited and its subsidiaries and 100% equity interest in Jetup Electronic (Shenzhen) Co., Ltd. and the disposals of 100% equity interest in Shenzhen Namtek Company Limited and 100% equity interest in Kabushiki Kaisha Namtek Japan (expressed in English as Namtek Japan Company Limited) might have affected the financial information of the Group presented had those transactions been undertaken at the beginning of 1 January 2007, for inclusion in preliminary announcement of results of the Group for the year ended 31 December 2008 dated 9 February 2009 (the "Preliminary Announcement"). The basis of preparation of the Unaudited Pro Forma Financial Information is set out on the Preliminary Announcement.

Respective responsibilities of directors of the Company and reporting accountants

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), except for paragraph 29(5) of Chapter 4 of the Listing Rules, and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

TO THE DIRECTORS OF NAM TAI ELECTRONIC & ELECTRICAL PRODUCTS LIMITED - continued

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

The Unaudited Pro Forma Financial Information is for illustrative purpose only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in future and may not be indicative of the results of the Group for the year ended 31 December 2007 or any future period.

Opinion

In our opinion:

a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

b) such basis is consistent with the accounting policies of the Group; and

c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
9 February 2009

UNAUDITED PRO FORMA CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2007

	The Group US$'000	Pro forma adjustments US$'000 (Note 1)	Subtotal US$'000	Zastron Group US$'000	Jetup US$'000	Pro forma adjustments US$'000 (Note 2)	Pro forma enlarged NTEEP after the Transactions US$'000
Revenue	283,760	(2,280)	281,480	413,198	84,118	(251)	778,545
Cost of sales	(234,917)	777	(234,140)	(384,267)	(74,810)	4,077	(689,140)
Gross profit	48,843	(1,503)	47,340	28,931	9,308	3,826	89,405
Bank interest income	3,609	(41)	3,568	1,055	27	-	4,650
Gain on disposal of available-for-sale investment	43,815	-	43,815	-	-	-	43,815
Gain (loss) on disposal of subsidiaries	8,289	(24,696)	(16,407)	-	-	-	(16,407)
Other income	6,125	(124)	6,001	1,556	(121)	(1,765)	5,671
Other expenses	(1,275)	-	(1,275)	-	-	1,275	-
Impairment loss on goodwill	(24,340)	24,340	-	-	-	-	-
Selling and distribution costs	(2,849)	-	(2,849)	(2,027)	(5,217)	(1,374)	(11,467)
Administrative expenses	(11,652)	757	(10,895)	(9,587)	(2,608)	472	(22,618)
Research and development expenditure	(4,144)	156	(3,988)	(3,941)	(1,713)	20	(9,622)
Interest expenses	(24)	-	(24)	-	(322)	(12,146)	(12,492)
Profit (loss) before tax	66,397	(1,111)	65,286	15,987	(646)	(9,692)	70,935
Income tax expense	(5,655)	59	(5,596)	350	1,678	(245)	(3,813)
Profit for the year	60,742	(1,052)	59,690	16,337	1,032	(9,937)	67,122
Attributable to :							
Equity holders of the Company	60,859	(1,052)	59,807	16,337	1,032	(9,937)	67,239
Minority interests	(117)	-	(117)	-	-	-	(117)
	60,742	(1,052)	59,690	16,337	1,032	(9,937)	67,122

Notes:

1. The Transactions involve the disposals of Shenzhen Namtek Company Limited ("Namtek (Shenzhen)") and Kabushiki Kaisha Namtek Japan (expressed in English as Namtek Japan Company Limited) ("Namtek (Japan)") by the Company on 31 December 2007 to J.I.C. Technology Company Limited at a consideration of approximately US$10,321,000, receivable in cash. The adjustments reflect:

   (a) the exclusion of the income statement items attributable to Namtek (Shenzhen) and Namtek (Japan) for the year ended 31 December 2007 as if the Disposals had been completed on 1 January 2007;

   (b) the loss on the disposals of Namtek (Shenzhen) and Namtek (Japan) of approximately US$16,407,000 attributable to the Enlarged NTEEP, which is calculated based on the difference between:

   (i) the consideration of approximately US$10,321,000 which is receivable in cash; and
   (ii) the carrying amounts of the net assets of approximately US$2,388,000 and goodwill of US$ 24,340,000 attributable to Namtek (Shenzhen) and Namtek (Japan) on 1 January 2007.

2. The Transactions also involve the acquisitions of 100% equity interest in Zastron Precision-Tech Limited and its subsidiaries ("Zastron Group") and 100% equity interest in Jetup Electronic (Shenzhen) Co., Ltd ("Jetup") at a consideration of approximately US$353,145,000, to be settled by cash of approximately US$41,715,000 and a loan from ultimate holding company with an amount of approximately US$311,430,000. The acquisitions were completed on 31 December 2007. The loan from ultimate holding company is interest bearing at 3.9% per annum and has a maturity period of twelve years. The interest is payable annually in arrears and the principal is to be repaid by annual equal installments. The adjustments reflect the following:

   (a) the recording of interest expense on the loan from ultimate holding company of approximately US$12,146,000 for the year ended 31 December 2007 calculated based on interest rate of 3.9% per annum which is payable annually in arrear.

   For the purpose of the preparation of the Unaudited Pro Forma Financial Information, the effective interest rate is assumed to be 3.9% per arrears;

   (b) the elimination of intercompany sales between the Zastron Group and Jetup and the intercompany rental income between the Zastron Group and the Group; and

   (c) the amortisation of intangible assets and depreciation of property, plant and equipment arising from the fair value adjustments of the acquisitions of Zastron Group and Jetup and the related deferred tax on the basis that the acquisitions was completed on 1 January 2007.

   For the purpose of the preparation of the Unaudited Pro Forma Financial Information, the fair values of the Zastron Group's and Jetup's assets and liabilities as of 1 January 2007 are assumed to be the same as their fair values as of 31 December 2007 set out in the Preliminary Announcement.