



NAM TAI ELECTRONICS, INC.

WEB SITE: <http://www.namtai.com>

FIRST QUARTER NEWS RELEASE

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NAM TAI ELECTRONICS, INC.
Q1 Sales Up 15%, Net Income Down 95%

VANCOUVER, CANADA May 7, 2001 -- Nam Tai Electronics, Inc. (“Nam Tai” or the “Company”) (NASDAQ/NM Symbol: NTAI and NTAIW; CBOE Symbol: QNA) announced unaudited results for the first quarter ended March 31, 2001. Net sales for the first quarter of 2001 were \$51.5 million, an increase of 15% compared to net sales of \$44.6 million for the first quarter of 2000. Gross profit for the first quarter of 2001 was \$6.2 million, a decrease of 10% compared to gross profit of \$6.9 million for the first quarter of 2000. Operating loss for the first quarter of 2001 was \$24,000 compared to 2000 first quarter operating income of \$2.5 million (\$0.28 per share). Net income for the first quarter of 2001 decreased 95% to \$0.7 million compared to \$14.6 million in the first quarter of 2000. Basic and diluted earnings per share for the first quarter of 2001 were \$0.07 and \$0.06 compared to \$1.65 and \$1.60 in the first quarter of 2000.

Sales of \$51.5 million, including \$8.4 million from recently acquired JIC, set a new first quarter sales record. The first quarter is traditionally the slowest quarter resulting from both the closing of the Company’s factories in China for two weeks for the Chinese New Year holidays and the general reduction in sales following the holiday season. Operating loss of \$24,000, which includes an operating profit of \$0.4 million from JIC, is primarily attributed to a reduction in calculator orders, pricing pressure in the weak market, and a \$0.3 million inventory write off. The decline in first quarter 2001 net income is primarily due to a \$12.1 million (\$1.33 per share) profit from the sale of the Company’s investment in Group Sense (International) Holdings Ltd. in the first quarter of 2000.

As a result of the impact of the weak market on customer orders a further inventory write off is possible in the second quarter which will negatively impact sales and earnings guidance provided on March 22, 2001. Until customer order forecast visibility improves and the inventory write off is clarified the Company is not in a position to provide updated guidance.

Still, the Company continues to maintain a strong financial position, ending the first quarter of 2001 with \$4.87 of cash per share and approximately \$15.83 of net book value per share, based on 10,233,940 shares outstanding as at March 31, 2001. The Company, as at March 31, 2001, had a cash to current liabilities ratio of 1.37, a current ratio of 3.39, a total assets to total liabilities ratio of 5.45 and approximately \$49.8 million of cash. The Company believes that the market situation will be stabilizing and the Company’s strong financial position will allow it to continue with its expansion plans including the construction of a new 138,000 square foot factory.

Share Repurchase Program

As of May 4, 2001 the Company repurchased 143,000 common shares at an average price \$13.19. On March 19, 2001 the Company announced a share repurchase program to buy-back up to an aggregate of 500,000 common shares in the open market from time to time at prevailing market prices in accordance with SEC Rule 10b-18, unless extended or shortened by the Board of Directors.

Second Quarter Dividend

The Company will pay the second quarter dividend of \$0.10 per share on or before July 21, 2001 to shareholders of record at the close of business on July 1, 2001.

Annual General Meeting

The Company will hold its Annual Shareholders Meeting on Friday, June 22, 2001 at 11:30 a.m. at The Mandarin Oriental, 222 Sansome Street, San Francisco, California. The record date for voting is May 1, 2001.

New Corporate Video

Nam Tai has recently completed its new corporate video. Please call 1-800-661-8831 to obtain a free VHS or CD copy or view it on Nam Tai's website at www.namtai.com.

First Quarter Results Analyst Conference Call

The Company will hold a **conference call on Monday, May 7, 2001 at 10:00 a.m. Eastern Time** for analysts to discuss the first quarter results with management. Shareholders, media, and interested investors are invited to listen to the live conference over the internet by clicking <http://www.videonewswire.com/NAM/050701/> or over the phone by dialing **(612)-332-1020** just prior to its start time. Callers will be asked to register with the conference call operator.

Nam Tai Electronics, Inc. is an electronics design and manufacturing service provider to some of the world's leading original equipment manufacturers. Nam Tai manufactures telecommunication products, palm-sized PCs, personal digital assistants, linguistic products, calculators and various components including LCD modules for cellular phones, lithium ion rechargeable battery packs, transformers and LCD panels. The Company utilizes advanced production technologies such as chip on board (COB), chip on glass (COG), surface mount technology (SMT), ball grid array (BGA), tape automated bonding (TAB), and outer lead bonding (OLB) technologies. Further information is available on Nam Tai's website at www.namtai.com.

NAM TAI ELECTRONICS, INC.
CONSOLIDATED STATEMENTS OF INCOME (Unaudited)
FOR THE THREE MONTHS ENDED MARCH 31, 2001 AND 2000
(In Thousands of US Dollars except share data)

	Unaudited Three months ended March 31	
	2001	2000
Net sales	\$ 51,487	\$ 44,592
Cost of sales	45,296	37,719
Gross profit	6,191	6,873
Costs and expenses		
Selling, general and administrative expenses	5,454	3,659
Research and development expenses	761	774
	6,215	4,433
(Loss) Income from operations	(24)	2,440
Gain on disposal of land	18	340
Interest income	502	620
Other income – net	317	11,271
Equity in loss of affiliated companies	(17)	-
Income before income taxes and minority interest	796	14,671
Income tax expense	(132)	(97)
Income before minority interest	664	14,574
Minority interest	11	-
Net income	\$ 675	\$ 14,574
Net income per share		
Basic	\$ 0.07	\$ 1.65
Diluted	\$ 0.06	\$ 1.60
Weighted average number of shares ('000')		
Basic	10,240	8,846
Diluted	10,417	9,089

NAM TAI ELECTRONICS, INC.
CONSOLIDATED BALANCE SHEETS

AS AT MARCH 31, 2001 AND DECEMBER 31, 2000

(In Thousands of US Dollars)

	Unaudited March 31 2001	Audited December 31 2000
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 49,831	\$ 58,896
Marketable securities	7,125	7,937
Accounts receivable, net	32,868	37,550
Inventories	25,440	27,172
Prepaid expenses and deposits	7,171	1,755
Income taxes recoverable	1,060	2,042
Total current assets	123,495	135,352
Investments in affiliated companies	2,037	2,054
Property, plant and equipment, at cost	76,251	71,624
Less: accumulated depreciation and amortization	(29,101)	(27,025)
	47,150	44,599
Intangible assets – net	24,579	24,996
Other assets	1,369	1,369
Total assets	\$ 198,630	\$ 208,370
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Notes payable	\$ 213	\$ 1,499
Short term debt	-	24
Accounts payable and accrued expenses	33,823	40,224
Amount due to a related party	1,093	2,691
Dividend payable	1,016	904
Income taxes payable	250	442
Total current liabilities	36,395	45,784
Deferred income taxes	34	34
Total liabilities	36,429	45,818
Minority interest	179	188
Shareholders' equity:		
Common shares	102	102
Additional paid-in capital	107,260	105,963
Retained earnings	54,655	56,304
Accumulated other comprehensive income (Note 1)	5	(5)
Total shareholders' equity	162,022	162,364
Total liabilities and shareholders' equity	\$ 198,630	\$ 208,370

NAM TAI ELECTRONICS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2001 AND 2000
(In Thousands of US Dollars)

	Unaudited Three months ended March 31	
	2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 675	\$ 14,574
<i>Adjustments to reconcile net income to net cash used in operating activities:</i>		
Depreciation and amortization	2,783	1,807
Gain on disposal of property, plant and equipment	(20)	(340)
Unrealized loss on marketable securities	812	-
Gain on disposal of marketable securities	-	(12,129)
Equity in loss of affiliated companies less dividend received and amortisation of goodwill	17	-
Fair value of shares issued as compensation	-	136
Minority interest	(11)	-
Changes in current assets and liabilities, net of effects of acquisition and disposal:		
Decrease (increase) in accounts receivable	4,705	(8,637)
Decrease (increase) in inventories	1,744	(738)
(Increase) decrease in prepaid expenses and deposits	(5,415)	573
Decrease (increase) in income taxes recoverable	982	(41)
Decrease in notes payable	(1,286)	(6,907)
(Decrease) increase in accounts payable and accrued expenses	(6,433)	6,285
Decrease in amount due to a related party	(1,621)	-
(Decrease) increase in income taxes payable	(192)	97
Total adjustments	<u>(3,935)</u>	<u>(19,894)</u>
Net cash used in operating activities	<u>\$ (3,260)</u>	<u>\$ (5,320)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	\$ (4,975)	\$ (381)
Increase in investment of subsidiaries	(85)	-
Purchase of interest in affiliated companies	-	(207)
Proceeds from disposal of property, plant and equipment	244	376
Proceeds from disposal of marketable securities	-	26,463
Net cash (used in) provided by investing activities	<u>\$ (4,816)</u>	<u>\$ 26,251</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Share buy-back program	\$ (1,292)	\$ (73)
Dividends paid	(904)	(717)
Repayment of short term debt	(24)	121
Proceeds from shares issued on exercise of options and warrants	1,231	105
Contribution by minority interest	-	200
Net cash used in financing activities	<u>\$ (989)</u>	<u>\$ (364)</u>
Foreign currency translation adjustments	-	2
Net (decrease) increase in cash and cash equivalents	<u>(9,065)</u>	<u>20,569</u>
Cash and cash equivalents at beginning of period	<u>58,896</u>	<u>54,215</u>
Cash and cash equivalents at end of period	<u>\$ 49,831</u>	<u>\$ 74,784</u>

NAM TAI ELECTRONICS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

FOR THE THREE MONTHS ENDED MARCH 31, 2001 AND 2000

(In Thousands of US Dollars)

1. Accumulated other comprehensive income represents foreign currency translation adjustments. The comprehensive income of the Company was \$685 and \$14,574 for the three months ended March 31, 2001 and March 31, 2000, respectively.
2. Business segment information – The Company operates principally in the consumer electronic product segment of the electronics manufacturing services (EMS) industry. A summary of the net sales, income from operations and identifiable assets by geographic areas is as follows:

	Unaudited Three months ended March 31	
	2001	2000
NET SALES FROM OPERATIONS WITHIN:		
- Hong Kong:		
Unaffiliated customers	\$ 47,326	\$ 43,557
- PRC, excluding Hong Kong:		
Unaffiliated customers	4,161	1,035
Intersegment sales	36,621	41,984
- Intersegment eliminations	<u>(36,621)</u>	<u>(41,984)</u>
Total net sales	<u>\$ 51,487</u>	<u>\$ 44,592</u>
INCOME (LOSS) FROM OPERATIONS WITHIN:		
- PRC, excluding Hong Kong	\$ (265)	\$ 2,017
- Hong Kong	<u>940</u>	<u>12,557</u>
Total net income	<u>\$ 675</u>	<u>\$ 14,574</u>
	Unaudited	Audited
	March 31,	Dec. 31,
	2001	2000
IDENTIFIABLE ASSETS BY GEOGRAPHIC AREA:		
- PRC, excluding Hong Kong	\$ 68,163	\$ 71,242
- Hong Kong	130,467	137,128
Total assets	<u>\$ 198,630</u>	<u>\$ 208,370</u>