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in conjunction with the  
Company's press release  
dated February 18, 2003**



**NAM TAI ELECTRONICS, INC.**

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

***SECOND QUARTER NEWS RELEASE***

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**NAM TAI ELECTRONICS, INC.**

**Q2 Net Income \$5.3 Million vs. \$4.0 Million Loss, EBITDA per Share \$0.79 vs. Loss of \$0.04**

VANCOUVER, CANADA July 29, 2002 -- Nam Tai Electronics, Inc. (“Nam Tai” or the “Company”) (NASDAQ/NM Symbol: NTAI and NTAIW; CBOE Symbol: QNA) announced unaudited results for the second quarter ended June 30, 2002. Net sales of \$52.3 million for the second quarter of 2002 was down 6.4% compared to net sales of \$55.9 million for the second quarter of 2001. Gross profit for the second quarter of 2002 was \$11.9 million, an increase of 307.2% compared to gross profit of \$2.9 million for the second quarter of 2001. Operating income for the second quarter of 2002 was \$7.0 million (\$0.65 per share) compared to operating loss of \$4.0 million (\$0.39 per share) in the second quarter of 2001. Net income for the second quarter of 2002 was \$5.3 million, compared to a net loss of \$4.0 million in the second quarter of 2001. Basic and diluted earnings per share for the second quarter of 2002 were \$0.51 and \$0.50 compared to a loss per share of \$0.39 in the second quarter of 2001.

Net sales for the six months ended June 30, 2002 was down by 3.6% to \$103.5 million from \$107.4 million for the six months of 2001. Gross profit for the first six months of 2002 was \$19.7 million, an increase of 115.8% compared to gross profit of \$9.1 million for the first six months of 2001. Operating income for the first six months of 2002 was \$10.1 million (\$0.96 per share) compared to operating loss of \$4.3 million (\$0.42 per share) for the first six months of 2001. Net income for the first six months in 2002 was \$9.5 million. This compares to a net loss of \$3.3 million for the first six months of 2001. Basic and diluted earnings per share for the first six months of 2002 were \$0.91 and \$0.90 compared to a loss per share of \$0.33 and \$0.32 respectively for the first six months of 2001.

“Despite the economic downturn and the challenging market condition, and continued price pressure from the competitors, the Company is able to remain profitable. Besides stringent overhead control, material cost reduction achieved by shifting of vendors and seasonal product mix, the disposal of lower margin battery pack business also contributed to the favourable profit margin for this quarter”, commented Mr. Tadao Murakami, Nam Tai’s Chairman. “The Company is planning to further expand its business to China market, deploy more resources in R&D for new product and technological development, and continue to pursue merger and acquisition opportunities to help augment its internal growth. With our solid foundation, our management believes that the economic downturn provides the Company with many growth opportunities.”

During the second quarter of 2002, the Company has successfully written back to cost of sales \$2.0 million balance in provision for slow moving raw material. The write back was associated with the \$4.7 million one-time inventory write-offs and provision for slow moving raw material which the Company made in the second quarter of 2001. The Company appreciated the strong support and co-operation from the respective customers, and finally the Company was successful to either utilize those items in production or obtain customers' compensation. Included in the Other (Loss) Income, the Company incurred a \$2.5 million listing necessary administration professional charges as a result of the recent listing of its subsidiary, JIC, on the Hong Kong Stock Exchange. The summarized pro-forma financial results excluding these two items is presented below:

Summary of June 30, 2002 Financial Results  
Excluding non-recurring items  
*(In Thousands of US Dollars)*

	Three months ended		Six months ended	
	June 30		June 30	
	2002	2001	2002	2001
Net sales	52,311	55,882	103,528	107,369
Gross profit	9,936	7,909	17,687	14,905
Operating income	5,000	2,428	8,134	3,290
Net income	5,891	2,895	10,066	4,456

Nam Tai's recent investment in the TCL Corporation (formerly known as TCL Holding Corporation Limited") is already producing returns. TCL Corporation announced their profit after tax and reserve for the first quarter of 2002 was approximately \$13.4 million, and declared a special dividend of \$13.4 million. With the Company's 6% shareholding in TCL Corporation, it received about \$0.8 million dividend income during the second quarter of 2002. There is no assurance that dividend of similar amount or at similar payout ratio will be made in the future.

In May, 2002, Huizhou TCL Mobile Communication Co., Ltd. ("TCL Mobile") ([www.tclmobile.com](http://www.tclmobile.com)) announced an increase in capital and the issuance of 10% of the increased capital to the management of TCL Mobile. As a result, the Company's 5% indirect shareholding in TCL Mobile (the Company holds 25% in Mate Fair Group Ltd. and Mate Fair Group Ltd. holds 20% in TCL Mobile) was diluted to 4.5% (Mate Fair Group Limited's shareholding in TCL Mobile reduced to 18%). Pursuant to the GAAP, with effect from June 2002, the Company ceased to adopt the equity accounting method.

On April 22, 2002, the Company announced that it would transfer its interest in BPC (Shenzhen) Co., Ltd. ("BPC") to Toshiba Corporation by April 30, 2002. As a result, revenue from the battery pack business is not included in the net sales from May, 2002 onward.

The Company continues to maintain a strong financial position with \$14.4 million positive operating cash flow during the second quarter of 2002, and \$5.22 of cash per share and \$16.76 of net book value per share, based on 10,566,240 shares outstanding as of June 30, 2002. The Company as at June 30, 2002 had a cash to current liabilities ratio of 1.28, a current ratio of 2.73, a total assets to total liabilities ratio of 4.05, and approximately \$55.2 million of cash on hand.

## Supplementary Information for the Second Quarter of 2002

### 1. Quarterly Sales Breakdown (In Thousands of US Dollars)

Quarter	2000	2001	2002	YoY (%)	YoY (%)	notes
					(Accumulated)	
1 <sup>st</sup> Quarter	44,592	51,487	51,217	(0.5%)	(0.5%)	
2 <sup>nd</sup> Quarter	50,540	55,882	52,311	(6.4%)	(3.6%)	(a)
3 <sup>rd</sup> Quarter	57,249	59,551				
4 <sup>th</sup> Quarter	61,307	67,086				
Total	213,688	234,006	103,528			

Note (a):

Sales of Battery Packs for May and June 2001 were US\$1,181K & 1,648K respectively. Upon disposal of BPC on April 30, 2002, revenue from Battery Packs was no longer included in the total sales for the months of May and June 2002.

### 2. Net Sales Breakdown by Product Segment

Segment	2002		2001	
	2nd Quarter (%)	YTD (%)	2nd Quarter (%)	YTD (%)
Assembling:				
- LCD Consumer Products	36%	36%	34%	35%
- Telecom. Components Assembly	46%	49%	49%	49%
Parts & Components :				
- LCD Panels	12%	9%	11%	9%
- Transformers	5%	5%	5%	6%
Software Development Services	1%	1%	1%	1%
	100%	100%	100%	100%

Assembling included finished goods and modules, together with Software Development Services collectively termed as Consumer Electronic Products (“CEP”), while parts and components including LCD panels and transformer termed (“LPT”) for business segment classification.

### 3. Production Capacity Utilization Rate

The utilization rate for second quarter of 2002 was as follows:

Assembling	55%
Parts & Components	80%
Software development	100%

### 4. Average Selling Price (ASP)

ASP for second quarter of 2002 was 13% lower than first quarter of 2002 and 6.5% lower than second quarter of 2001.

### 5. Backlog

The Company’s definition of backlog is on-hand firm orders from customer as at the closing date of each quarter. The backlog for second quarter of 2002 was 16.6% higher than first quarter of 2002.

## **Second Quarter Results Analyst Conference Call**

The Company will hold a **conference call on Monday, July 29, 2002 at 10:00 a.m. Eastern Time** for analysts to discuss the second quarter results with management. Shareholders, media, and interested investors are invited to listen to the live conference over the internet by going to <http://www.namtai.com/news/news.htm> and clicking on the conference call link or over the phone by dialing **(612)-332-0923** just prior to its start time. Callers will be asked to register with the conference call operator.

## **Warrant Expiry Date**

In response to inquiries from shareholders, Nam Tai's management today confirmed that the Company has no intention to extend the expiry date of its Warrants. The Warrants are traded on the NASDAQ National Market under the ticker symbol NTAIW. Each Warrant is exercisable to purchase one Common Share of Nam Tai at a price of \$20.40 per share at any time until November 24, 2002. The Warrants are redeemable by the Company at any time at \$0.05 per Warrant if the average closing sale price of the Common Shares for 20 consecutive trading days within the 30-day period preceding the date the notice is given equals or exceeds \$25.50 per share. As at June 30, 2002, there were 3,053,659 warrants outstanding.

## **Dividends**

The record date for the third quarter dividend of \$0.12 per share is September 30, 2002 and the payment date is October 21, 2002.

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, transformers and LCD panels. The Company utilizes advanced production technologies such as chip on board (COB), chip on glass (COG), chip on film (COF), 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](http://www.namtai.com).

Except for the historical information contained herein, matters discussed in this press release are forward looking statements. For example, the statement regarding plans to expand business to the China market is a forward looking statement that is subject to political and economic conditions in China. Other factors that might cause differences in this and other forward looking statements, include those discussed in the Company's reports filed with the Securities and Exchange Commission from time to time, such as the factors set forth in Item 3 "Key Information – Risk Factors" in the Company's Annual Report on Form 20-F for the year ended December 31, 2001.

NAM TAI ELECTRONICS, INC.  
CONSOLIDATED STATEMENTS OF INCOME (Unaudited)  
FOR THE PERIODS ENDED JUNE 30, 2002 AND 2001  
(In Thousands of US Dollars except share data)

	Unaudited Three months ended June 30		Unaudited Six months ended June 30	
	2002	2001	2002	2001
Net sales	\$ 52,311	\$ 55,882	\$ 103,528	\$ 107,369
Cost of sales	40,375	52,951	83,841	98,247
Gross profit	11,936	2,931	19,687	9,122
Costs and expenses				
Selling, general and administrative expenses	4,273	6,169	8,225	11,867
Research and development expenses	663	811	1,328	1,572
	4,936	6,980	9,553	13,439
Income (loss) from operations	7,000	(4,049)	10,134	(4,317)
Gain on disposal of land	-	-	-	18
Interest income	189	221	336	723
Other (loss) income – net	(2,341)	(525)	(2,316)	36
Equity in income of affiliated companies	969	321	2,104	304
Income (loss) before income taxes and minority interest	5,817	(4,032)	10,258	(3,236)
Income taxes (expense) benefit	(452)	17	(617)	(115)
Income (loss) before minority interest	5,365	(4,015)	9,641	(3,351)
Minority interest	(57)	6	(158)	17
Net income (loss)	\$ 5,308	\$ (4,009)	\$ 9,483	\$ (3,334)
Net income (loss) per share				
Basic	\$ 0.51	\$ (0.39)	\$ 0.91	\$ (0.33)
Diluted	\$ 0.50	\$ (0.39)	\$ 0.90	\$ (0.32)
Weighted average number of shares ('000')				
Basic	10,440	10,189	10,374	10,214
Diluted	10,704	10,270	10,590	10,343

NAM TAI ELECTRONICS, INC.  
CONSOLIDATED BALANCE SHEETS  
AS AT JUNE 30, 2002 AND DECEMBER 31, 2001  
(In Thousands of US Dollars)

	Unaudited June 30 2002	Audited December 31 2001
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 55,154	\$ 58,676
Marketable securities	-	9,505
Accounts receivable, net	44,801	41,968
Inventories	13,734	11,892
Prepaid expenses and deposits	2,196	2,377
Income taxes recoverable	1,999	1,353
Total current assets	117,884	125,771
Investments in affiliated companies	5,524	3,921
Long term investment	11,968	-
Property, plant and equipment, at cost	116,896	105,536
Less: accumulated depreciation and amortization	(39,043)	(35,122)
	77,853	70,414
Intangible assets – net	22,135	23,060
Other assets	1,407	1,407
Total assets	\$ 236,771	\$ 224,573
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Notes payable	\$ 284	\$ 1,547
Long term bank loan – current portion	3,265	2,140
Accounts payable and accrued expenses	37,750	34,258
Amount due to a related party	-	2,733
Dividend payable	1,247	1,023
Income taxes payable	582	88
Total current liabilities	43,128	41,789
Long-term bank loan – non-current portion	15,165	12,860
Deferred income taxes	151	151
Total liabilities	58,444	54,800
Minority interest	1,219	422
Shareholders' equity:		
Common shares	106	104
Additional paid-in capital	115,685	111,368
Retained earnings	61,319	57,864
Accumulated other comprehensive (loss) income (Note 1)	(2)	15
Total shareholders' equity	177,108	169,351
Total liabilities and shareholders' equity	\$ 236,771	\$ 224,573

NAM TAI ELECTRONICS, INC.  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE PERIODS ENDED JUNE 30, 2002 AND 2001  
(In Thousands of US Dollars)

	Unaudited Three months ended June 30		Unaudited Six months ended June 30	
	2002	2001	2002	2001
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net income (loss)	\$ 5,308	\$ (4,009)	\$ 9,483	\$ (3,334)
<i>Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:</i>				
Depreciation and amortization	2,517	3,573	5,064	6,356
Loss on disposal of property, plant and equipment	76	86	115	66
Gain on disposal of intangible assets	(60)	-	(60)	-
Unrealised (gain) loss on marketable securities	-	(375)	-	437
Gain on disposal of a subsidiary	(17)	-	(17)	-
Loss on partial disposal of subsidiaries	1,172	-	1,172	-
Equity in income of affiliated companies less dividend received and amortisation of goodwill	(937)	(321)	(2,072)	(304)
Loss on partial disposal of investment in affiliated company	469	-	469	-
Minority interest	57	(6)	158	(17)
Changes in current assets and liabilities, net of effects of acquisitions and disposals:				
Decrease in marketable securities	-	-	9,505	-
Decrease (increase) in accounts receivable	84	(9,484)	(257)	(4,779)
(Increase) decrease in inventories	(3,436)	8,167	(2,159)	9,911
Decrease (increase) in prepaid expenses and deposits	207	494	167	(4,921)
Decrease (increase) in income taxes recoverable	80	(63)	(646)	919
Decrease in notes payable	(512)	(208)	(1,263)	(1,494)
Increase (decrease) in accounts payable and accrued expenses	12,113	2,455	3,000	(3,913)
Repayment of capital leases	-	-	-	(65)
(Decrease) increase in amount due to a related party	(2,975)	1,534	(2,766)	(87)
Increase (decrease) in income taxes payable	237	(47)	494	(239)
Total adjustments	9,075	5,805	10,904	1,870
Net cash provided by (used in) operating activities	\$ 14,383	\$ 1,796	\$ 20,387	\$ (1,464)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Acquisition of long term investment	\$ (11)	\$ -	\$ (11,968)	\$ -
Purchase of property, plant and equipment	(2,667)	(18,626)	(13,430)	(23,601)
Increase in investment of subsidiaries	-	-	-	(85)
Cash outflow on disposal of a subsidiary	(1,277)	-	(1,277)	-
Proceeds from disposal of intangible assets	800	-	800	-
Proceeds from disposal of property, plant and equipment	10	35	15	279
Net cash used in investing activities	\$ (3,145)	\$ (18,591)	\$ (25,860)	\$ (23,407)



**CASH FLOWS FROM FINANCING ACTIVITIES**

Share buy-back program	\$ -	\$ (600)	\$ (3,528)	\$ (1,892)
Dividends paid	(1,213)	(1,009)	(2,236)	(1,913)
Repayment of bank loan	(535)	-	(1,070)	-
Repayment of short term debt	-	-	-	(24)
Proceeds from shares issued on exercise of options and warrants	3,522	-	4,311	1,231
Proceeds from bank loan	4,500	-	4,500	-
Net cash provided by (used in) financing activities	<u>\$ 6,274</u>	<u>\$ (1,609)</u>	<u>\$ 1,977</u>	<u>\$ (2,598)</u>
Foreign currency translation adjustments	14	(1)	(26)	(1)
Net increase (decrease) in cash and cash equivalents	<u>17,526</u>	<u>(18,405)</u>	<u>(3,522)</u>	<u>(27,470)</u>
Cash and cash equivalents at beginning of period	<u>37,628</u>	<u>49,831</u>	<u>58,676</u>	<u>58,896</u>
Cash and cash equivalents at end of period	<u>\$ 55,154</u>	<u>\$ 31,426</u>	<u>\$ 55,154</u>	<u>\$ 31,426</u>

NAM TAI ELECTRONICS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

FOR THE PERIODS ENDED JUNE 30, 2002 AND 2001

(In Thousands of US Dollars)

1. Accumulated other comprehensive income represents foreign currency translation adjustments. The comprehensive income (loss) of the Company was \$9,466 and (\$3,117) for the six months ended June 30, 2002 and June 30, 2001, respectively.
2. Business segment information – The Company operates primarily in two segments, the consumer electronic product (“CEP”) segment and the LCD panels and transformers (“LPT”) segment.

	Unaudited <i>Three months ended</i> <i>June 30</i>		Unaudited <i>Six months ended</i> <i>June 30</i>	
	2002	2001	2002	2001
<b>NET SALES:</b>				
- CEP	\$ 43,361	\$ 46,902	\$ 89,202	\$ 90,006
- LPT	8,950	8,980	14,326	17,363
Total net sales	<u>\$ 52,311</u>	<u>\$ 55,882</u>	<u>\$ 103,528</u>	<u>\$ 107,369</u>
<b>INCOME (LOSS) FROM OPERATIONS:</b>				
- CEP	\$ 4,137	\$ (4,338)	\$ 8,206	\$ (4,912)
- LPT	1,171	329	1,277	1,578
Total net income	<u>\$ 5,308</u>	<u>\$ (4,009)</u>	<u>\$ 9,483</u>	<u>\$ (3,334)</u>
<b>IDENTIFIABLE ASSETS BY SEGMENT:</b>				
- CEP			Unaudited <i>June 30,</i> 2002	Audited <i>Dec. 31,</i> 2001
- LPT			\$ 185,754	\$ 188,262
Total assets			<u>51,017</u>	<u>36,311</u>
			<u>\$ 236,771</u>	<u>\$ 224,573</u>

3. A summary of the net sales, income (loss) from operations and identifiable assets by geographic areas is as follows:

	Unaudited <i>Three months ended June 30</i>		Unaudited <i>Six months ended June 30</i>	
	2002	2001	2002	2001
<b>NET SALES FROM OPERATIONS WITHIN:</b>				
- Hong Kong:				
Unaffiliated customers	\$ 48,482	\$ 51,239	\$ 93,416	\$ 98,565
Intersegment sales	447	-	924	-
- PRC, excluding Hong Kong:				
Affiliated customers	2,753	3,400	7,849	6,728
Unaffiliated customers	1,076	1,243	2,263	2,076
Intersegment sales	37,594	39,619	75,267	76,240
- Intersegment eliminations	(38,041)	(39,619)	(76,191)	(76,240)
Total net sales	<u>\$ 52,311</u>	<u>\$ 55,882</u>	<u>\$ 103,528</u>	<u>\$ 107,369</u>
<b>INCOME (LOSS) FROM OPERATIONS WITHIN:</b>				
- PRC, excluding Hong Kong	\$ 7,186	\$ (2,644)	\$ 9,421	\$ (2,909)
- Hong Kong	(1,878)	(1,365)	62	(425)
Total net income	<u>\$ 5,308</u>	<u>\$ (4,009)</u>	<u>\$ 9,483</u>	<u>\$ (3,334)</u>
<b>IDENTIFIABLE ASSETS BY GEOGRAPHIC AREA:</b>				
- PRC, excluding Hong Kong			Unaudited <i>June 30,</i> 2002	Audited <i>Dec. 31,</i> 2001
- Hong Kong			\$ 104,649	\$ 60,866
Total assets			<u>132,122</u>	<u>163,707</u>
			<u>\$ 236,771</u>	<u>\$ 224,573</u>