



NAM TAI ELECTRONICS, INC.

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

FIRST QUARTER NEWS RELEASE

REPRESENTED BY **PAN PACIFIC I.R. LTD.**
1790 – 999 WEST HASTINGS STREET
VANCOUVER, BC, CANADA V6C 2W2
TEL: (604) 669-7800 FAX: (604) 669-7816
TOLL FREE TEL/FAX: 1-800-661-8831

CONTACT: Lorne Waldman
President
E-MAIL: investor@nantai.com

NAM TAI ELECTRONICS, INC.

Q1 Net Income Up 500% to \$4.2 Million vs. \$0.7 Million, EBITDA \$0.68 vs. \$0.35

VANCOUVER, CANADA May 6, 2002 -- 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, 2002. Net sales of \$51.2 million for the first quarter of 2002 was flat as compared to net sales of \$51.5 million for the first quarter of 2001. Gross profit for the first quarter of 2002 was \$7.8 million, an increase of 26% compared to gross profit of \$6.2 million for the first quarter of 2001. Operating income for the first quarter of 2002 was \$3.1 million (\$0.30 per share) compared to operating loss of \$0.3million (\$0.03 per share) in the first quarter of 2001. Net income for the first quarter of 2002 was \$4.2 million an increase of 500% compared to net income of \$0.7 million in the first quarter of 2001. Basic and diluted earnings per share for the first quarter of 2002 were \$0.41 and \$0.40 compared to \$0.07 and \$0.06 in the first quarter of 2001.

“The Company is so pleased to announce that the financial results for the first quarter of 2002 showed better performance as compared to the same quarter of 2001,” Mr. Tadao Murakami, Chairman commented. “Especially gross profit margin recovered significantly to 15%, and cost control demonstrated an impressive accomplishment resulted from the reduction of SG&A expenses.”

Effective January 1, 2002, the Company adopted the Statement of Financial Accounting Standards (SFAS) No. 142, “Goodwill and Other Intangible Assets” and discontinued the amortization of goodwill. The adoption of SFAS No. 142 did not have a material impact on the Company’s financial position or its results of operations.

During the first quarter of 2002, the Company disposed of its entire investment of equities in Deswell Industries, Inc. (NASDAQ Symbol:DSWL) for \$10.2 million at an average price of \$20.29. The total gain was \$2.65 million, of which \$2.01 million was recorded as unrealized gain in the prior years and \$0.64 million was recorded as realized gain in the first quarter of 2002.

Following the successful investment in Huizhou TCL Mobile Communication Co., Ltd. with its excellent performance and contribution to the profits of the Company, the Company has made a further investment in TCL Holdings Corporation Ltd., the parent company of Huizhou TCL Mobile Communication Co., Ltd. and such transaction has been completed by March, 2002. The Company will continue to pursue merger and acquisition as well as other investment opportunities to help augment its growth.

The Company continues to maintain a strong financial position, with \$3.66 of cash per share and \$16.49 of net book value per share, based on 10,280,740 common shares outstanding as at March 31, 2002. The Company, as at March 31, 2002, had a cash to current liabilities ratio of 1.17, a current ratio of 2.95, a total assets to total liabilities ratio of 4.75, and approximately \$37.6 million of cash on hand.

Repurchase Program

On October 1, 2001 the Company announced a stock repurchase program to buy-back up to an aggregate of two million common shares in the open market from time to time at prevailing market prices in accordance with SEC Rule 10b-18. As at May 1, 2002 the Company repurchased 282,600 of its common shares at an average price of \$17.60. Under the circumstance of the Company's share price improved, continuous strong growth, as well as substantial profit attained by the Company during the 1st quarter of 2002, the Company does not expect to repurchase further shares under the existing repurchase program at this moment, but would consider to reactivate the program at a suitable timing.

First Quarter Results Analyst Conference Call

The Company will hold a **conference call on Monday, May 6, 2002 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 going to <http://www.namtai.com/news/news.htm> and clicking on the conference call link or over the phone by dialing **(612)-332-0632** 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 utilises 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.

NAM TAI ELECTRONICS, INC.
CONSOLIDATED STATEMENTS OF INCOME (Unaudited)
FOR THE THREE MONTHS ENDED MARCH 31, 2002 AND 2001
(In Thousands of US Dollars except share data)

	Unaudited Three months ended March 31	
	2002	2001
Net sales	\$ 51,217	\$ 51,487
Cost of sales	43,466	45,296
Gross profit	7,751	6,191
Costs and expenses		
Selling, general and administrative expenses	3,952	5,698
Research and development expenses	665	761
	4,617	6,459
Income (loss) from operations	3,134	(268)
Gain on disposal of land	-	18
Interest income	147	502
Other income – net	25	561
Equity in income (loss) of affiliated companies	1,135	(17)
Income before income taxes and minority interest	4,441	796
Income tax expense	(165)	(132)
Income before minority interest	4,276	664
Minority interest	(101)	11
Net income	\$ 4,175	\$ 675
Net income per share		
Basic	\$ 0.41	\$ 0.07
Diluted	\$ 0.40	\$ 0.06
Weighted average number of shares ('000')		
Basic	10,306	10,240
Diluted	10,476	10,417

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

	Unaudited March 31 2002	Audited December 31 2001
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 37,628	\$ 58,676
Marketable securities	-	9,505
Accounts receivable, net	42,309	41,968
Inventories	10,608	11,892
Prepaid expenses and deposits	2,416	2,377
Income taxes recoverable	2,079	1,353
Total current assets	95,040	125,771
Investments in affiliated companies	5,056	3,921
Long term investment	11,957	-
Property, plant and equipment, at cost	116,203	105,536
Less: accumulated depreciation and amortization	(37,533)	(35,122)
	78,670	70,414
Intangible assets – net	22,948	23,060
Other assets	1,407	1,407
Total assets	\$ 215,078	\$ 224,573
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Notes payable	\$ 796	\$ 1,547
Long term bank loan – current portion	1,605	2,140
Accounts payable and accrued expenses	25,157	34,258
Amount due to a related party	3,113	2,733
Dividend payable	1,213	1,023
Income taxes payable	345	88
Total current liabilities	32,229	41,789
Long-term bank loan – non-current portion	12,860	12,860
Deferred income taxes	151	151
Total liabilities	45,240	54,800
Minority interest	320	422
Shareholders' equity:		
Common shares	103	104
Additional paid-in capital	112,156	111,368
Retained earnings	57,279	57,864
Accumulated other comprehensive (loss) income (Note 1)	(20)	15
Total shareholders' equity	169,518	169,351
Total liabilities and shareholders' equity	\$ 215,078	\$ 224,573

NAM TAI ELECTRONICS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2002 AND 2001
(In Thousands of US Dollars)

	Unaudited Three months ended March 31	
	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 4,175	\$ 675
<i>Adjustments to reconcile net income to net cash used in operating activities:</i>		
Depreciation and amortization	2,547	2,783
Loss (gain) on disposal of property, plant and equipment	39	(20)
Unrealized loss on marketable securities	-	812
Equity in (income) loss of affiliated companies less dividend received and amortisation of goodwill	(1,135)	17
Minority interest	101	(11)
Changes in current assets and liabilities, net of effects of acquisition and disposal:		
Decrease in marketable securities	9,505	-
(Increase) decrease in accounts receivable	(341)	4,705
Decrease in inventories	1,277	1,744
Increase in prepaid expenses and deposits	(40)	(5,415)
(Increase) decrease in income taxes recoverable	(726)	982
Decrease in notes payable	(751)	(1,286)
Decrease in accounts payable and accrued expenses	(9,113)	(6,433)
Increase (decrease) in amount due to a related party	209	(1,621)
Increase (decrease) in income taxes payable	257	(192)
Total adjustments	<u>1,829</u>	<u>(3,935)</u>
Net cash used in operating activities	<u>\$ 6,004</u>	<u>\$ (3,260)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in long term investment	\$ (11,957)	\$ -
Purchase of property, plant and equipment	(10,763)	(4,975)
Increase in investment of subsidiaries	-	(85)
Proceeds from disposal of property, plant and equipment	5	244
Net cash used in investing activities	<u>\$ (22,715)</u>	<u>\$ (4,816)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Share buy-back program	\$ (3,528)	\$ (1,292)
Dividends paid	(1,023)	(904)
Repayment of bank loan	(535)	-
Repayment of short term debt	-	(24)
Proceeds from shares issued on exercise of options and warrants	789	1,231
Net cash used in financing activities	<u>\$ (4,297)</u>	<u>\$ (989)</u>
Foreign currency translation adjustments	(40)	-
Net decrease in cash and cash equivalents	<u>(21,048)</u>	<u>(9,065)</u>
Cash and cash equivalents at beginning of period	58,676	58,896
Cash and cash equivalents at end of period	<u>\$ 37,628</u>	<u>\$ 49,831</u>

NAM TAI ELECTRONICS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

FOR THE THREE MONTHS ENDED MARCH 31, 2002 AND 2001

(In Thousands of US Dollars)

1. Accumulated other comprehensive income represents foreign currency translation adjustments. The comprehensive income of the Company was \$4,140 and \$685 for the three months ended March 31, 2002 and March 31, 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 Three months ended March 31	
	2002	2001
NET SALES :		
- CEP	\$ 45,841	\$ 43,104
- LPT	5,376	\$ 8,383
Total net sales	<u>\$ 51,217</u>	<u>\$ 51,487</u>
INCOME (LOSS) FROM OPERATIONS :		
- CEP	\$ 4,069	\$ (574)
- LPT	106	1,249
Total net income	<u>\$ 4,175</u>	<u>\$ 675</u>
	Unaudited March 31, 2002	Audited Dec. 31, 2001
IDENTIFIABLE ASSETS BY SEGMENT:		
- CEP	\$ 171,703	\$ 188,262
- LPT	43,375	36,311
Total assets	<u>\$ 215,078</u>	<u>\$ 224,573</u>

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

	Unaudited <i>Three months ended March 31</i>	
	2002	2001
NET SALES FROM OPERATIONS WITHIN:		
- Hong Kong:		
Unaffiliated customers	\$ 44,934	\$ 47,326
Intersegment sales	477	-
- PRC, excluding Hong Kong:		
Affiliated customers	5,096	3,328
Unaffiliated customers	1,187	833
Intersegment sales	37,673	36,621
- Intersegment eliminations	<u>(38,150)</u>	<u>(36,621)</u>
Total net sales	<u>\$ 51,217</u>	<u>\$ 51,487</u>
INCOME (LOSS) FROM OPERATIONS WITHIN:		
- PRC, excluding Hong Kong	\$ 2,235	\$ (265)
- Hong Kong	<u>1,940</u>	<u>940</u>
Total net income	<u>\$ 4,175</u>	<u>\$ 675</u>
	Unaudited	Audited
	<i>March 31,</i>	<i>Dec. 31,</i>
	2002	2001
IDENTIFIABLE ASSETS BY GEOGRAPHIC AREA:		
- PRC, excluding Hong Kong	\$ 69,907	\$ 60,866
- Hong Kong	145,171	163,707
Total assets	<u>\$ 215,078</u>	<u>\$ 224,573</u>