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NAM TAI ELECTRONICS INC  
Form 6-K  
August 07, 2002

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

REPORT OF FOREIGN ISSUER

Pursuant to Rule 13a-16 or 15d-16 of the  
Securities Exchange Act of 1934

For News Releases of:

July 29, 2002;  
Additional items (not included in July 29, 2002  
news release):  
Consolidated Statement of Changes in  
Shareholder Equity;  
Management Discussion & Analysis  
July 8, 2002;  
June 20, 2002;  
June 3, 2002

NAM TAI ELECTRONICS, INC.  
(Registrant's name in English)

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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

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\$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 June 30		Six months ended 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

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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) 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)	
1st Quarter	44,592	51,487	51,217	(0.5%)	(0.5%)	
2nd Quarter	50,540	55,882	52,311	(6.4%)	(3.6%)	(a)
3rd Quarter	57,249	59,551				
4th 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.

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### 2. Net Sales Breakdown by Product Segment

Segment	2002		2001	
	2nd Quarter (%)	YTD (%)	2nd Quarter (%)	YTD (%)
<b>Assembling:</b>				
- LCD Consumer Products	36%	36%	34%	35%
- Telecom. Components Assembly	46%	49%	49%	49%
<b>Parts &amp; Components :</b>				
- 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

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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 exceed \$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		Unaudited	
	Three months ended June 30		Six months ended June 30	
	2002	2001	2002	2001
Net sales	\$ 52,311	\$ 55,882	\$103,528	\$107,3
Cost of sales	40,375	52,951	83,841	98,2
Gross profit	11,936	2,931	19,687	9,1
Costs and expenses				
Selling, general and administrative expenses	4,273	6,169	8,225	11,8
Research and development expenses	663	811	1,328	1,5
	4,936	6,980	9,553	13,4
Income (loss) from operations	7,000	(4,049)	10,134	(4,3
Gain on disposal of land	-	-	-	
Interest income	189	221	336	7
Other (loss) income - net	(2,341)	(525)	(2,316)	
Equity in income of affiliated companies	969	321	2,104	3

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Income (loss) before income taxes and minority interest	5,817	(4,032)	10,258	(3,258)
Income taxes (expense) benefit	(452)	17	(617)	(1,000)
	-----	-----	-----	-----
Income (loss) before minority interest	5,365	(4,015)	9,641	(3,258)
Minority interest	(57)	6	(158)	(1,000)
	-----	-----	-----	-----
Net income (loss)	\$ 5,308	\$ (4,009)	\$ 9,483	\$ (3,258)
	=====	=====	=====	=====
Net income (loss) per share				
Basic	\$ 0.51	\$ (0.39)	\$ 0.91	\$ (0.39)
	=====	=====	=====	=====
Diluted	\$ 0.50	\$ (0.39)	\$ 0.90	\$ (0.39)
	=====	=====	=====	=====
Weighted average number of shares ('000')				
Basic	10,440	10,189	10,374	10,258
Diluted	10,704	10,270	10,590	10,374

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
-----		
ASSETS		
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)
	-----	-----
Intangible assets - net	77,853	70,414
Other assets	22,135	23,060
	-----	-----
Total assets	\$ 236,771	\$ 224,573
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
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

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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
	-----			
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income (loss)	\$ 5,308	\$ (4,009)	\$ 9,483	\$ (3,334)
Adjustments to reconcile net income (loss) to net cash provided by ( used in) operating activities:				
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)

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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)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
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	\$ 6,274	\$ (1,609)	\$ 1,977	\$ (2,598)
Foreign currency translation adjustments	14	(1)	(26)	(1)
Net increase (decrease) in cash and cash equivalents	17,526	(18,405)	(3,522)	(27,470)
Cash and cash equivalents at beginning of period	37,628	49,831	58,676	58,896
Cash and cash equivalents at end of period	\$ 55,154	\$ 31,426	\$ 55,154	\$ 31,426

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 Three months ended June 30		Unaudited Six months ended June 30	
2002	2001	2002	2001



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-----				
Net SALES:				
- CEP	\$ 43,361	\$ 46,902	\$ 89,202	\$ 90,006
- LPT	8,950	8,980	14,326	17,363
-----				
Total net sales	\$ 52,311	\$ 55,882	\$ 103,528	\$ 107,369
=====				
Income (loss) from OPERATIONS:				
- CEP	\$ 4,137	\$ (4,338)	\$ 8,206	\$ (4,912)
- LPT	1,171	329	1,277	1,578
-----				
Total net income	\$ 5,308	\$ (4,009)	\$ 9,483	\$ (3,334)
=====				

Unaudited	Audited
June 30,	Dec. 31,
2002	2001

-----				
Identifiable assets by SEGMENT:				
- CEP		\$ 185,754	\$ 188,262	
- LPT		51,017	36,311	
-----				
Total assets		\$ 236,771	\$ 224,573	
=====				

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

	Unaudited Three months ended June 30		Unaudited Six months ended June 30	
	2002	2001	2002	2001
-----				
Net sales from operations within:				
- 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	\$ 52,311	\$ 55,882	\$ 103,528	\$ 107,369
=====				
Income (loss) from operations within:				
- PRC, excluding Hong Kong	\$ 7,186	\$ (2,644)	\$ 9,421	\$ (2,909)
- Hong Kong	(1,878)	(1,365)	62	(425)
-----				

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Total net income	\$ 5,308	\$ (4,009)	\$ 9,483	\$ (3,334)
	=====	=====	=====	=====

	Unaudited June 30, 2002	Audited Dec. 31, 2001
-----		
Identifiable assets by geographic area:		
- PRC, excluding Hong Kong	\$ 104,649	\$ 60,866
- Hong Kong	132,122	163,707
	=====	=====
Total assets	\$ 236,771	\$ 224,573
	=====	=====

NAM TAI ELECTRONICS, INC.  
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE PERIOD ENDED JUNE 30, 2002  
(In Thousands of US Dollars except share data)

	Common Shares Outstanding	Common Shares Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Sh
	-----	-----	-----	-----	-----	-----
Balance at December 31, 2001	10,401,940	\$ 104	\$ 111,368	\$ 57,864	\$ 15	
Share buy-back program	(197,600)	(2)		(3,526)		
Share issued on exercise of options	360,400	4	4,277			
Share issued on exercise of warrants	1,500		30			
Issue of advisors' options			10			
Comprehensive income:						
Net income				9,483		
Foreign currency translation					(17)	
Dividends				(2,502)		
	-----	-----	-----	-----	-----	-----
Balance at June 30, 2002	10,566,240	\$ 106	\$ 115,685	\$ 61,319	\$ (2)	\$
	=====	=====	=====	=====	=====	=====

Management Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations

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### General

The Company derives its revenues principally from the design and manufacturing services to original equipment manufacturers (OEMs) of consumer electronic products ("CEP segment") and LCD panels and transformers ("LPT segment"). Products manufactured in the CEP segment by Nam Tai include finished consumer electronic products such as telecommunication products, palm-sized PC's, personal digital assistants, electronic dictionaries, and calculators as well as telecommunication components assembly. Products manufactured in the LPT segment including transformers and LCD panels used in the manufacture of cellular phones, personal digital assistants, watches, and various electronic home appliances. The Company carries out all of its manufacturing operations in southern China.

### Six Months Ended June 30, 2002 Compared to the Six Months Ended June 30, 2001

The Company's net sales for the six months ended June 30, 2002 were \$103,528,000 a decrease of 4% compared to \$107,369,000 in the corresponding period in 2001. On April 22, 2002, the Company announced that it would transfer its 86.7% 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 and this is the primary reason for the decrease in the Company's sales during the six months ended June 30, 2002 as compared with the same period in 2001.

Management believes sales in the CEP segment, including calculators, personal organizers, and electronic dictionaries, to its OEM customers will continue to be an important line of business; however, telecommunication products and component assembly, particularly LCD modules and display panels, along with new products such as digital camera will continue to be an increasing proportion of total revenue in the future. Sales of products in each of Nam Tai's product segments as a percentage of total sales were essentially the same in 2002 as compared to 2001. Such sales were as follows:

	Six months ended June 30,	
Segment	2002	2001
Assembling:		
LCD consumer products	36%	35%
Telecom components assembly	49%	49%
Parts and components:		
LCD panels	9%	9%
Transformers	5%	6%
Software development services		
	1%	1%
	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 are termed ("LPT") for product segment classifications.

The gross profit for the six months ended June 30, 2002 was \$19,687,000 (19% gross margin), compared with \$9,122,000 (8.5% gross margin) in the same period

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in 2001. The increase in the gross margin is primarily the result of the write back of \$2.0 million in provisions for slow moving raw materials in the first six months of 2002 compared to \$5.5 million in inventory write-offs and provisions for slow moving raw materials and \$0.3 million for severance payment in the first six months of 2001. Adjusted for these items gross profit for the six months ended June 30, 2002 was \$17,687,000 (17.1% gross margin) compared with \$14,905,000 (13.9% gross margin) in the prior year period. Improvements in gross margin have also been achieved by applying tighter controls over overhead costs, seeking and obtaining lower material costs through new suppliers and vendors, and a shift in the product mix, including the elimination of the lower margin battery pack business beginning on May 1, 2002.

Selling, general and administrative expenses for the six months ended June 30, 2002 were \$8,225,000, or 8% of sales, compared to \$11,867,000, or 11% of sales, in the same period of 2001, which included stock option compensation expense of \$0.8 million and realignment charges of \$0.7 million. Reductions in selling, general and administrative expenses were achieved through salary reductions and tighter controls of overhead cost. Research and development expenses for the six months ended June 30, 2002 were \$1,328,000, or 1.3% of sales, compared to \$1,572,000, or 1.5% of sales, in the same period of 2001.

Operating income for the six months ended June 30, 2002 was a positive \$10,134,000 compared to a loss of \$4,317,000 for the six months ended June 30, 2001. Net income for the six months ended June 30, 2002 was \$9,483,000. This compares to a loss of \$3,334,000 in the prior year period. Basic and diluted earnings per share for the first six months of 2002 were \$0.91 and \$0.90, respectively, compared to losses per share of \$0.33 and \$0.32, respectively, for the first six months of 2001.

### Liquidity and Capital Resources

Traditionally, the Company has relied primarily upon internally generated funds and trade finance facilities to finance its operations and expansion.

As of June 30, 2002 the Company had \$55,154,000 in cash and cash equivalents, consisting of cash and short-term deposits, compared to \$31,426,000 at June 30, 2001. As of June 30, 2002 the Company had a working capital of \$74,756,000 compared to \$66,417,000 at June 30, 2001.

At June 30, 2002, the Company had in place general banking facilities with four financial institutions aggregating \$92.1 million. Such facilities, which are subject to annual review, permit the Company to obtain overdrafts, lines of credit for forward exchange contracts, letters of credit, import facilities, trust receipt financing, shipping guarantees and working capital, as well as fixed loans. As at June 30, 2002 the Company had utilized approximately \$19.5 million under such general credit facilities and had available unused credit facilities of \$72.6 million.

As at June 30, 2002 there was \$18.4 million in long-term debt, including a current portion of \$3.3 million, compared to long-term debt of \$15.0 million, including a current portion of \$2.1 million, at December 31, 2001. The Company had no off balance sheet financing arrangements at either June 30, 2002 or December 31, 2001.

Cash provided by operating activities was \$20.4 million for the first six months of 2002 compared to cash used of \$1.9 million during the same period in 2001. Cash provided by operating activities in the first six months of 2002 was primarily due to positive operating income and the sale of marketable securities. Cash used in operating activities for the first six months of 2001 was primarily the result of an operating loss being offset by a decrease in inventory.

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Accounts receivable, net of allowance for doubtful accounts was \$44.8 million and \$42.0 million at June 30, 2002 and December 31, 2001, respectively. The increase in accounts receivable was attributable to changes in product mix and timing of customer payments.

Inventories increased 15.5% to \$13.7 million at June 30, 2002 from \$11.9 million at December 31, 2001. The increase in inventories was primarily the result of seasonality within the Company's business. Inventory at year end is reduced in anticipation of 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.

Cash used in investing activities was \$25.9 million and \$23.4 million for the first six months of 2002 and fiscal 2001, respectively. Cash used in investing activities for the first six months of 2002 was primarily related to net capital expenditures of \$13.4 million to purchase equipment and for continued expansion of manufacturing facilities and payment of \$12 million for its 6% equity investment in TCL Holdings Corporation Ltd. Cash used in investing activities for the first six months of 2001 consisted primarily of net capital expenditures of \$23.3 million to purchase equipment and for continued expansion of manufacturing facilities.

Cash used in financing activities was \$8.8 million and \$1.2 million for the first six months of 2002 and 2001, respectively. Cash provided by financing activities was \$6.8 million and \$3.8 million for the first six months of 2002 and 2001, respectively. Cash provided by financing activities for the first six months of 2002 primarily resulted from net proceeds of \$4.3 million received from the exercise of options and warrants and \$4.5 million received from a 4 year variable rate term loan offset by the payment of \$3.5 million for the repurchase of the Company's shares pursuant to its share repurchase program and \$2.2 million paid to shareholders as dividends. Cash used in financing activities for the first six months of 2001 primarily resulted from by the payment of \$1.9 million for the repurchase of the Company's shares pursuant to its share repurchase program and another \$1.9 million paid to shareholders as dividends offset by net proceeds of \$1.2 million received from the exercise of options and warrants.

There were no material changes during the six months ended June 30, 2002 to the Company's exposure to market risk for changes in interest rates and foreign currency exchange rates.

The Company's working capital requirements and capital expenditures could increase in order to support future expansions of its operations. It is possible that future acquisitions or investments may be significant and may require the payment of cash. Future liquidity needs will also depend on fluctuations in levels of inventory, the timing of expenditures by the Company on new equipment and for factory expansion and levels of shipments and changes in volumes of customer orders. The Company believes that cash on hand and internally generated funds, in addition to banking facilities, are sufficient to fund working capital requirements for at least the next 12 months. However, the Company may choose to obtain additional debt or equity financing if it believes it appropriate.

### NEWS RELEASE

NAM TAI ELECTRONICS, INC.

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CONTACT: LORNE WALDMAN

NAM TAI ELECTRONICS, INC.  
To Release Q2/02 Results on July 29, 2002

VANCOUVER, CANADA, July 8, 2002 -- Nam Tai Electronics, Inc. ("Nam Tai" or the "Company") (NASDAQ/NM Symbol: NTAI and NTAIW; CBOE Symbol: QNA) today announced it will release its unaudited second quarter results for the period ended June 30, 2002 before the market opens on Monday, July 29, 2002.

The Company will hold a conference call on Monday, July 29, 2002 @ 10:00 a.m. Eastern Time for analysts to discuss the second quarter results with management. Analysts who wish to receive the toll free dial-in number for this conference call are invited to contact the Investor Relations Office at 1-800-661-8831 no later than 6:00 p.m. Eastern Time on Friday, July 26, 2002.

Shareholders, media, and interested investors are invited to listen to the live conference call by dialing (612) 332-0923 or on the internet at <http://www.namtai.com/news/news.htm>.

### Dividends

On July 21, 2002 the Company will pay its second quarter dividend of \$0.12 per share to shareholders of record at the close of business on June 30, 2002. 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 web site at [www.namtai.com](http://www.namtai.com).

### NEWS RELEASE

NAM TAI ELECTRONICS, INC.  
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CONTACT: LORNE WALDMAN

NAM TAI ELECTRONICS, INC.  
Annual Shareholders' Meeting Results

VANCOUVER, CANADA June 20, 2002 -- Nam Tai Electronics, Inc. ("Nam Tai" or the "Company") (NASDAQ/NM Symbol: NTAI and NTAIW; CBOE Symbol: QNA) held its annual meeting of shareholders in Los Angeles on June 14 where shareholders approved the election of the nominated slate of directors. In addition, shareholders approved the appointments of Joseph Li as Chief Executive Officer

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and President and Ming Kown Koo as Chief Financial Officer.

The firm of HLB Hodgson Impey Cheng received almost unanimous (99.8%) shareholder support for their appointment as independent accountants of the Company for the year ending December 31, 2002. Ranked as the 13th largest international accounting firm, HLB Hodgson Impey Cheng was formed in 1983 but can trace its origins back 50 years in Hong Kong and 200 years in the United Kingdom. They have a client base drawn from across all sectors of the business community. Global and regional resources are available through the firm's membership in HLB International whose client base includes publicly listed companies on the world's leading stock exchanges including the New York Stock Exchange and the NASDAQ. For more information see their web site [www.hlbi.com](http://www.hlbi.com).

"I am encouraged by the success of the annual shareholders' meeting and the strong shareholder support received on each proposal voted at the meeting", commented Mr. Murakami, Nam Tai's Chairman. "The overwhelming 99.8% shareholder support for HLB Hodgson Impey Cheng to be appointed as independent accountants for year 2002 is particularly encouraging. We are looking forward to HLB Hodgson Impey Cheng providing excellent service for Nam Tai and its shareholders."

### Second Quarter Dividend

Nam Tai will pay its second quarter dividend of \$0.12 per share on or before July 21, 2002 to shareholders of record at the close of business on June 30, 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 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 web site at [www.namtai.com](http://www.namtai.com).

### NEWS RELEASE

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CONTACT: LORNE WALDMAN

NAM TAI ELECTRONICS, INC.  
JIC Tech Listing on Hong Kong Stock Exchange

VANCOUVER, CANADA June 3, 2002 -- Nam Tai Electronics, Inc. ("Nam Tai" or the "Company") (NASDAQ/NM Symbol: NTAI and NTAIW; CBOE Symbol: QNA) today announced that the listing of its subsidiary JIC on the Hong Kong Stock Exchange ("HKSE") and trading of shares will commence on June 4, 2002, subject to final approval by the HKSE.

On January 14, 2002 Nam Tai entered into a restructuring agreement with the joint liquidators of Albatronics (Far East) Company Limited (in liquidation)

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("Albatronics"). Albatronics, a 50% owned subsidiary of Nam Tai, was placed into voluntary liquidation in August 1999. Under the restructuring agreement Nam Tai will inject its wholly-owned subsidiary JIC into J.I.C. Technology Company Limited ("JIC Tech") for 92.9% ownership in JIC Tech on a fully diluted basis after conversion of preference shares. Albatronics' listing status on the Hong Kong Stock Exchange will be withdrawn and JIC Tech will be listed on the Hong Kong Stock Exchange by way of introduction and free from the liabilities of Albatronics.

Except for the historical information contained herein, matters discussed in this press release are forward-looking statements. For example, the statement regarding the listing of its subsidiary JIC on the Hong Kong Stock Exchange is a forward looking statement that is subject to the Hong Kong Stock Exchange granting the listing of and permission to deal in the shares of JIC Tech. Other factors that might cause differences in this and the 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. 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 film (COF), 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 web site at [www.namtai.com](http://www.namtai.com).

The Registrant hereby incorporates this Report on Form 6-K into its Registration Statements on Form F-3 (Registration Nos. 333-36135 and 333-58468).

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the Undersigned thereunto duly authorized.

For and on behalf of  
Nam Tai Electronics, Inc.

/s/ MING KOWN KOO

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MING KOWN KOO  
CHIEF FINANCIAL OFFICER

Date: August 7, 2002