

#### NAM TAI ELECTRONICS, INC.

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

#### THIRD QUARTER NEWS RELEASE

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### NAM TAI ELECTRONICS, INC. Q3 Sales Up 4%, EBITDA Per Share \$0.64 vs. \$0.68

VANCOUVER, CANADA October 29, 2001 -- Nam Tai Electronics, Inc. ("Nam Tai" or the "Company") (NASDAQ/NM Symbol: NTAI and NTAIW; CBOE Symbol: QNA) announced unaudited results for the third quarter ended September 30, 2001.

Net sales for the third quarter of 2001 was \$59.6 million, an increase of 4% compared to net sales of \$57.2 million for the third quarter of 2000. Operating income for the third quarter of 2001 was \$3.2 million (gain of \$0.31 per share) a decrease of 9.1% compared to operating income of \$3.6 million (\$0.39 per share) for the third quarter of 2000. Net income for the third quarter of 2001 was \$3.7 million down 12% compared to net income of \$4.2 million in the third quarter of 2000. Basic and diluted earnings per share for the third quarter of 2001 were \$0.36 and \$0.36 compared to earnings per share of \$0.47 and \$0.46 in the third quarter of 2000.

Net sales for the nine months ended September 30, 2001 increased by 9.5% to \$166.9 million from \$152.4 million for the first nine months of 2000. Operating loss for the first nine months of 2001 was \$0.8 million (loss of \$0.08 per share) compared to operating income of \$8.7 million (\$0.94 per share) for the first nine months of 2000. Net income for the first nine months in 2001 was \$0.4 million. This compares to net income of \$22.4 million for the first nine months of 2000, including a \$12.1 million gain from the sale of a non-core asset. Basic and diluted earning per share for the first nine months of 2001 were \$0.04 and \$0.04 compared to earnings per share of \$2.53 and \$2.45 for the first nine months of 2000.

In spite of the current worldwide economy slowdown, the Company is pleased that in the third quarter it returned to growth and profitability. Results of the Company's realignment plans announced in the second quarter are very encouraging with positive effects. Costs are beginning to reduce and we expect to achieve a 13<sup>th</sup> consecutive year of profitability in 2001, but it will be difficult for the Company to give guidance for 2002 in view of a lack of market visibility, especially after the September 11<sup>th</sup> WTC attack.

The cash net income for the third quarter of 2001 was \$4.2 million (\$0.40 per share) compared to cash net income of \$4.3 million (\$0.46 per share) for the third quarter of 2000. EBITDA for the third quarter of 2001 was \$6.6 million (\$0.64 per share) compared to EBITDA of \$6.3 million (\$0.68 per share) for the third quarter of 2000. The Company continues to maintain a strong financial position ending the third quarter of 2001 with \$3.82 of cash per share and approximately \$15.55 of net book value per share, based on 10,486,940 shares outstanding compared with 8,984,723 shares outstanding as at September 30, 2000. The Company, as at September 30, 2001, had a cash to current liabilities ratio of 0.91, a current ratio of 2.61, a total assets to total liabilities ratio of 4.72 and \$40.1 million of cash.

With the Company's strong financial position, and positive operating cash flow, it will continue with internal expansion plans. The internal expansion plans include a new 138,000 square foot factory building that is proceeding smoothly. In addition, the Company has commenced a \$15 million investment plan for a new STN LCD Panel production line, and \$0.1 million for bringing in the COF (Chip on Film) technology in expectation of increased orders for both new and existing products from new and existing customers. Installation and test of machinery is expected by end of 2001. The Company is also pursuing merger and acquisition opportunities to help augment its internal growth.

# Summary of September 30, 2001 Financial Results Excluding one-time charges and amortisation of goodwill (In Thousands of US Dollars except share data)

	Three mon Septemb		Nine mont Septem	
_	2001	2000	2001	2000
Net sales	59,551	57,249	166,920	152,381
Gross profit (1)	9,118	8,982	24,023	23,432
Operating income (1,2)	3,225	3,549	6,515	9,031
Net income (1-3)	3,714	4,219	8,170	10,681
EPS diluted	0.36	0.46	0.79	1.17
Cash net income (1-4)	4,170	4,267	9,540	10,826
Cash EPS diluted	0.40	0.46	0.92	1.19
EBITDA (1-4)	6,619	6,271	17,554	16,818
EBITDA per share diluted	0.64	0.68	1.70	1.84

- (1) Excludes \$5.5 million in inventory write-offs and provisions for slow moving raw materials and \$0.3 million for severance payment for the nine months ended September 30, 2001.
- (2) Excludes stock option compensation expense of \$0.8 million and realignment charges (including additional provisions for severance payments) of \$0.7 million for the nine months ended September 30, 2001.
- (3) Excludes provision for impairment in value of non-core assets of \$0.5 million for the nine months ended September 30, 2001, and a \$12.1 million gain on the sale of non-core assets in the first quarter of 2000.
- (4) Excludes amortisation of goodwill of \$0.5 million and \$1.4 million for the three months and nine months ended September 30, 2001.

#### **Third Quarter Results Analyst Conference Call**

The Company will hold a **conference call on Monday**, **October 29**, **2001** at **10:00** a.m. Eastern Time for analysts to discuss the third quarter results with management. Shareholders, investors and other interested individuals are invited to listen to the live conference call over the internet by clicking <a href="http://www.videonewswire.com/event.asp?id=1486">http://www.videonewswire.com/event.asp?id=1486</a> or over the phone by dialing <a href="http://www.videonewswire.com/event.asp?id=1486">(612) 332-0820</a> just prior to its start time. Callers will be asked to register with the conference call operator.

#### **Dividends**

On October 21, 2001 the Company paid a quarterly dividend of \$0.10 per share to shareholders of record at the close of business on September 30, 2001. The record date for the fourth quarter dividend of \$0.10 per share is December 31, 2001 and the payment date is January 21, 2002.

It is the general policy of Nam Tai to determine the actual annual amount of future dividends based upon the Company's profitability during the preceding year. There can be no assurance that any dividend will be declared in 2002 or if declared the amount of such dividend.

#### 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 October 26, 2001, the Company did not repurchase any of its common shares in the open market, in this connection, the Company decided to extend the stock repurchase program for another six months to the end of June 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, 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), 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

Except for the historical information contained herein, matters discussed in this press release are forward-looking statements. For example, the Company's forward guidance for 2001 profitability is dependant upon many factors including the level of overall growth of the mobile phone market, end-user demand, competitive pressures, changes in general economic conditions, and currency fluctuations. Other factors that might cause differences in this and the other forward looking statements, include, but are not limited to, 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, 2000.

# NAM TAI ELECTRONICS, INC.

# **CONSOLIDATED STATEMENTS OF INCOME (Unaudited)**

# FOR THE PERIODS ENDED SEPTEMBER 30, 2001 AND 2000

(In Thousands of US Dollars except share data)

	Unaudited					Unaudited					
	Three months ended				Nine months ended						
		Septen	nber	· 30	September 30						
		2001		2000		2001		2000			
Net sales	\$	59,551	\$	57,249	\$	166,920	\$	152,381			
Cost of sales	Ψ	50,433	Ψ	48,267	Ψ	148,680	Ψ	129,010			
Cost of saics		30,433		+0,207		140,000		127,010			
Gross profit		9,118		8,982		18,240		23,371			
Costs and expenses											
Selling, general and administrative expenses		5,199		4,582		16,749		12,169			
Research and development expenses		694		851		2,266		2,574			
		5,893		5,433		19,015		14,743			
Income (loss) from operations		3,225		3,549		(775)		8,628			
meone (1033) from operations		3,223		3,347		(113)		0,020			
Gain on disposal of land		_		42		18		355			
Interest income		259		862		982		2,564			
Other (loss) income – net		(192)		84		(473)		11,520			
Equity in income (loss) of affiliated companies		464		(79)		768		(110)			
Income before income taxes and minority interest		3,756		4,458		520		22,957			
Income taxes expenses		(1)		(240)		(116)		(564)			
Income before minority interest		3,755		4,218		404		22,393			
Minority interest		(41)		1		(24)		14			
Net income	\$	3,714	\$	4,219	\$	380	\$	22,407			
N											
Net income per share	¢	0.26	Φ	0.47	¢	0.04	¢	2.52			
Basic	\$	0.36	\$	0.47	\$	0.04	\$	2.53			
Diluted	\$	0.36	\$	0.46	\$	0.04	\$	2.45			
Weighted average number of shares ('000')											
Basic		10,197		8,889		10,208		8,866			
Diluted		10,314		9,187		10,333		9,133			
		,		- ,		,		-,			

# NAM TAI ELECTRONICS, INC. CONSOLIDATED BALANCE SHEETS

# AS AT SEPTEMBER 30, 2001 AND DECEMBER 31, 2000

(In Thousands of US Dollars)

	naudited tember 30 2001	Audited December 31 2000
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 40,108 \$	58,896
Marketable securities	7,500	7,937
Accounts receivable, net	42,638	37,550
Inventories	17,300	27,172
Prepaid expenses and deposits	5,601	1,755
Income taxes recoverable	 1,164	2,042
Total current assets	114,311	135,352
Investments in affiliated companies	2,822	2,054
Property, plant and equipment, at cost	98,362	71,624
Less: accumulated depreciation and amortization	 (33,190)	(27,025)
	65,172	44,599
Intangible assets – net	23,568	24,996
Other assets	 1,369	1,369
Total assets	\$ 207,242 \$	208,370
LIABILITIES AND SHAREHOLDERS' EQUITY Current liabilities:		
Notes payable	\$ 22 \$	,
Short term debt	_	24
Accounts payable and accrued expenses	38,594	40,224
Amount due to a related party	4,044	2,691
Dividend payable	1,032	904
Income taxes payable	 183	442
Total current liabilities	43,875	45,784
Deferred income taxes	 34	34
Total liabilities	43,909	45,818
Minority interest	215	188
Shareholders' equity:		
Common shares	105	102
Additional paid-in capital	111,302	105,963
Retained earnings	51,698	56,304
Accumulated other comprehensive income (Note 1)	 13	(5)
Total shareholders' equity	163,118	162,364
Total liabilities and shareholders' equity	\$ 207,242 \$	208,370

# NAM TAI ELECTRONICS, INC. CONSOLIDATED STATEMENTS OF CASH FLOWS

# FOR THE PERIODS ENDED SEPTEMBER 30, 2001 AND 2000 (In Thousands of US Dollars)

(In Thousands of US Dollars)								
	Unaudited			Unaudited				
	Three mon Septen				Nine mor Septen			
	2001		2000		2001		2000	
CASH FLOWS FROM OPERATING ACTIVITIES								
Net income	\$ 3,714	\$	4,219	\$	380	\$	22,407	
Adjustments to reconcile net income to net cash								
provided by operating activities:								
Depreciation and amortization	2,904		1,809		9,260		5,424	
Loss (gain) on disposal of property, plant and	67		57		133		(255)	
equipment								
Unrealised loss on marketable securities	-		-		437		<u>-</u>	
Gain on disposal of marketable securities	-		-		-		(10,783)	
Gain on disposal of investment in an affiliated	-		-		-		(1,346)	
company	(4.6.1)		70		(5.60)		110	
Equity in (income) loss of affiliated companies	(464)		79		(768)		110	
less dividend received and amortisation of								
goodwill							125	
Fair value of shares issued as compensation	- 41		- (1)		- 24		135	
Minority interest	41		(1)		24		(14)	
Changes in current assets and liabilities, net of								
effects of acquisitions and disposals:	(260)		1 065		(F 049)		(0.005)	
(Increase) decrease in accounts receivable	(269)		1,865		(5,048) 9,894		(9,995)	
(Increase) decrease in inventories  Decrease (increase) in prepaid expenses and	(17) 1,077		(1,747) 84		(3,844)		(9,108) 382	
deposits	1,077		04		(3,644)		362	
(Increase) decrease in income taxes recoverable	(41)		84		878		238	
Increase (decrease) in notes payable	17		40		(1,477)		(6,909)	
Increase (decrease) in accounts payable and	2,269		1,327		(1,644)		14,343	
accrued expenses	2,20)		1,327		(1,011)		11,515	
Repayment of capital leases	_		_		(65)		_	
Increase in amount due to a related party	1,400		_		1,313		_	
(Decrease) increase in income taxes payable	(20)		143		(259)		348	
Total adjustments	6,964		3,740		8,834		(17,430)	
Net cash provided by operating activities	\$ 10,678	\$	7,959	\$	9,214	\$	4,977	
CASH FLOWS FROM INVESTING ACTIVITIES	 				,			
Purchase of marketable securities	\$ _	\$	(7,500)	\$	_	\$	(7,500)	
Purchase of property, plant and equipment	(4,074)		(973)		(27,675)		(2,269)	
Decrease in other assets	-		· _		-		159	
Increase in investment of subsidiaries	-		-		(85)		-	
Proceeds from disposal of investment in an affiliated company	-		-		-		3,875	
Purchase of interest in affiliated companies	-		(2,036)		-		(2,243)	
Proceeds from disposal of property, plant and	4		12		283		388	
equipment								
Proceeds from disposal of marketable securities	 						22,588	
Net cash (used in) provided by investing	\$ (4,070)	\$	(10,497)	\$	(27,477)	\$	14,998	
activities								

CASH FL	OWS FROM FINANCING A	CTIVITIES
Share h	v-hack program	

Share buy-back program	\$ -	\$ -	\$ (1,892)	\$ (73)
Dividends paid	(1,002)	(799)	(2,915)	(11,180)
Repayment of short term debt	-	-	(24)	-
Proceeds from shares issued on exercise of options and warrants	3,075	1,170	4,306	1,465
Contribution by minority interest	 -		-	200
Net cash provided by (used in) financing activities	\$ 2,073	\$ 371	\$ (525)	\$ (9,588)
Foreign currency translation adjustments	1	(6)	_	(5)
Net increase (decrease) in cash and cash equivalents	8,682	(2,173)	 (18,788)	10,382
Cash and cash equivalents at beginning of period	 31,426	66,770	 58,896	54,215
Cash and cash equivalents at end of period	\$ 40,108	\$ 64,597	\$ 40,108	\$ 64,597

#### NAM TAI ELECTRONICS, INC.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

### FOR THE PERIODS ENDED SEPTEMBER 30, 2001 AND 2000

(In Thousands of US Dollars)

- 1. Accumulated other comprehensive income represents foreign currency translation adjustments and unrealised gain on marketable securities. The comprehensive income of the Company was \$398 and \$22,149 for the nine months ended September 30, 2001 and September 30, 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 September 30					Unaudited Nine months ended September 30			
		2001 2000		2000		2001		2000	
NET SALES FROM OPERATIONS WITHIN:									
- Hong Kong:									
Unaffiliated customers	\$	50,754	\$	53,909	\$	149,319	\$	147,023	
- PRC, excluding Hong Kong:									
Unaffiliated customers		8,797		3,340		17,601		5,358	
Intersegment sales		38,472		50,526		114,712		137,849	
- Intersegment eliminations		(38,472)	(50,526)		(114,712)		(137,849)		
Total net sales	\$	59,551	\$	57,249	\$	166,920	\$	152,381	
INCOME (LOSS) FROM OPERATIONS WITHIN:									
- PRC, excluding Hong Kong	\$	2,740	\$	2,717	\$	(169)	\$	6,322	
- Hong Kong		974		1,502		549		16,085	
Total net income	\$	3,714	\$	4,219	\$	380	\$	22,407	
		naudited Sept. 30, 2001		Audited Dec. 31, 2000					
IDENTIFIABLE ASSETS BY GEOGRAPHIC AREA:									
- PRC, excluding Hong Kong	\$	69,950	\$	71,242					
- Hong Kong		137,292		137,128					
Total assets	\$	207,242	\$	208,370					