



NAM TAI ELECTRONICS, INC.

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

FOURTH QUARTER NEWS RELEASE

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NAM TAI ELECTRONICS, INC.

Q4 Sales Up 9.4%, EBITDA Per Share \$1.13 vs. \$0.50
2001 Sales Up 9.5%, Adjusted EBITDA Per Share \$2.84 vs. \$2.33

VANCOUVER, CANADA February 4, 2002 -- Nam Tai Electronics, Inc. ("Nam Tai" or the "Company") (NASDAQ/NM Symbol: NTAI and NTAIW; CBOE Symbol: QNA) today announced unaudited results for the fourth quarter ended December 31, 2001.

Net sales for the fourth quarter of 2001 were a record of \$67.1 million, an increase of 9.4% compared to net sales of \$61.3 million for the fourth quarter of 2000. Operating income for the fourth quarter of 2001 was \$6.2 million (\$0.59 per share) an increase of 238.8% compared to operating income of \$1.8 million (\$0.18 per share) for the fourth quarter of 2000. Net income for the fourth quarter of 2001 increased 443.6% to \$8.7 million compared to \$1.6 million for the fourth quarter of 2000. Basic and diluted earnings per share for the fourth quarter of 2001 were \$0.83 and \$0.82 versus \$0.16 for the fourth quarter of 2000.

The cash net income for the fourth quarter of 2001 was \$9.1 million (\$0.86 per share) compared to adjusted cash net income of \$3.4 million (\$0.34 per share) for the fourth quarter of 2000. EBITDA for the fourth quarter of 2001 was \$12.0 million (\$1.13 per share) compared to adjusted EBITDA of \$5.1 million (\$0.50 per share) for the fourth quarter of 2000.

Net sales for the twelve months ended December 31, 2001 increased 9.5% to \$234.0 million from \$213.7 million for the twelve months of 2000. Operating income including one-time charges for the twelve months of 2001 decreased 51.2% to \$5.1 million (\$0.49 per share) compared to operating income of \$10.5 million (\$1.12 per share) for the twelve months of 2000. Net income for the twelve months of 2001 was \$9.0 million. This compares to net income of \$24.0 million for the twelve months of 2000, including an \$11 million gain from the sale of a non-core asset. Basic and diluted earnings per share for the twelve months of 2001 were \$0.88 and \$0.87 compared to \$2.63 and \$2.56 for the prior year period.

The Company is pleased with the strong rebound of business in the fourth quarter of 2001 and record sales. Operating income for the fourth quarter of 2001 increased by 238.8% compared to the prior year period as a result of the improved gross profit margin and a lower level of SG&A expenses. The continuous effort in material cost reduction, cost realignment, tightened inventory and overhead control, as well as higher capacity utilization helped to improve gross profit margin from 15.3% in the third quarter to 17.6% in the fourth quarter of 2001. Since consolidating the marketing and administration offices into a centralized location, the Company has better utilized its resources leading to reduced SG&A expenses. Net income for the fourth quarter of 2001 increased by 443.6% compared to the prior year period as a result of above-mentioned and the contribution from investments in Huizhou TCL Mobile Communication Co., Ltd. and Deswell Industries, Inc. (NASDAQ Symbol: DSWL). Despite the challenging environment, the Company always has the confidence to seek further business expansion and investment opportunities.

As a result of improved asset management, inventory was reduced to \$11.9 million or 17.2 turns as of December 31, 2001 from \$27.2 million or 6.7 turns as of December 31, 2000 which is much better than the Company's targeted stock level of 8 turns or 1.5 months. The Company continues to maintain a strong financial position, with \$5.64 of cash per share and \$16.28 of net book value per share, based on 10,401,940 shares outstanding as at December 31, 2001. The Company, as at December 31, 2001, had a cash to current liabilities ratio of 1.40, a current ratio of 3.01, a total assets to total liabilities ratio of 4.10, and approximately \$58.7 million of cash on hand.

With the Company's strong financial position, and net cash provided by operating activities of \$23.2 million in 2001, it will continue making necessary investments to support future growth. The external structure of the new 138,000 square feet factory building was completed on time and on schedule. Installation of machinery and fixtures is under progress, but there will be a slight delay to commence production due to the change of the original layout of the Clean Room from one floor to two floors to cope with business expansion, but it will be finished within the second quarter of 2002. Machineries in respect of the \$15 million new STN LCD Panel production line were received, installation and testing is expected to be completed by end of February, 2002. The Company is also pursuing merger and acquisition as well as other investment opportunities to help augment its internal growth.

Summary of December 31, 2001 Financial Results
Excluding one-time charges and amortisation of goodwill
(In Thousands of US Dollars except share data)

	<i>Three months ended</i>		<i>Twelve months ended</i>	
	<i>December 31</i>		<i>December 31</i>	
	2001	2000	2001	2000
Net sales	67,086	61,307	234,006	213,688
Gross profit (1)	11,792	8,221	35,815	31,653
Operating income (1,2)	6,197	1,829	12,394	10,860
Net income (1-3)	8,665	2,942	16,835	13,623
EPS diluted	0.82	0.29	1.62	1.45
Cash net income (1-4)	9,121	3,397	18,661	14,223
Cash EPS diluted	0.86	0.34	1.80	1.52
EBITDA (1-4)	11,959	5,058	29,513	21,876
EBITDA per share diluted	1.13	0.50	2.84	2.33

*There were no one-time charges for the 4th quarter of 2001

- (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 twelve months ended December 31, 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 twelve months ended December 31, 2001.
- (3) Excludes provision for impairment in value of non-core assets of \$0.5 million for the twelve months ended December 31, 2001, and an \$11 million gain on the sale of non-core assets in the year 2000.
- (4) Excludes amortization of goodwill of \$0.5 million and \$1.8 million for the three months and twelve months ended December 31, 2001.

Outlook

Despite the difficult challenges of 2001, including the global economic slowdown and the WTC disaster, Nam Tai achieved its 13th consecutive profitable year. Based on improved sales and profitability in the fourth quarter of 2001 and information from customers, management is confident in the business

prospects for 2002. Still, due to uncertain economic indications and recent world events, results may differ. With Nam Tai's strong financial position, strong customer relationships, and an experienced management team we are well prepared to cope with any uncertainty. To minimize the impact of uncertainties in 2002, and achieve steady long-term growth, management plans to implement further cost realignments and salary reductions to increase the Company's competitive position.

The Company is proud that it has achieved three consecutive quarters of sales growth. First quarter sales are traditionally affected by seasonality 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. As a result, the Company may not achieve sequential sales growth in the first quarter of 2002.

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 February 1, 2002 the Company repurchased 157,000 of its common shares at an average price of \$16.73. The stock re-purchase program is scheduled to continue until the end of June 2002 unless extended or shortened by the board of directors.

Fourth Quarter Results Analyst Conference Call

The Company will hold a **conference call on Monday, February 4, 2002 at 10:00 a.m. Eastern Time** for analysts to discuss the fourth quarter results with management. Shareholders, media, and interested investors are invited to listen to the live conference over the Internet at <http://www.videonews.com/event.asp?id=2673> or over the phone by dialing (651) 224-7472 just prior to its start time. Users 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), 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.

Except for the historical information contained herein, matters discussed in this press release are forward-looking statements. For example, the Company's statements regarding future business expansion and investment opportunities are uncertain forward looking statements which are uncertain and dependant upon many factors including the level of overall growth in the electronics manufacturing services ("EMS") industry, end-user demand, global economic conditions, and changes government policy in China. Other factors that might cause differences in these 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 1 "Description of Business – 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 DECEMBER 31, 2001 AND 2000

(In Thousands of US Dollars except per share data)

	<i>Three months ended</i>		<i>Twelve months ended</i>	
	<i>December 31</i>		<i>December 31</i>	
	2001	2000	2001	2000
Net sales	\$ 67,086	\$ 61,307	\$ 234,006	\$ 213,688
Cost of sales	55,294	53,086	203,974	182,096
Gross profit	11,792	8,221	30,032	31,592
Costs and expenses				
Selling, general and administrative expenses	4,907	5,477	21,974	17,646
Research and development expenses	688	915	2,954	3,489
	5,595	6,392	24,928	21,135
Income from operations	6,197	1,829	5,104	10,457
Gain on disposal of Land	-	-	18	355
Interest income	213	736	1,195	3,300
Other income (loss) – net	1,473	(1,487)	1,318	10,033
Equity in income (loss) of affiliated companies	1,099	(79)	1,867	(189)
Income before income taxes and minority interest	8,982	999	9,502	23,956
Income taxes (expense) benefit	(111)	597	(227)	33
Income before minority interest	8,871	1,596	9,275	23,989
Minority interest	(206)	(2)	(230)	12
Net income	\$ 8,665	\$ 1,594	\$ 9,045	\$ 24,001
Net income per share				
Basic	\$ 0.83	\$ 0.16	\$ 0.88	\$ 2.63
Diluted	\$ 0.82	\$ 0.16	\$ 0.87	\$ 2.56
Weighted average number of shares ('000')				
Basic	10,470	9,854	10,274	9,114
Diluted	10,571	10,097	10,393	9,375

NAM TAI ELECTRONICS, INC.
CONSOLIDATED BALANCE SHEETS

AS AT DECEMBER 31, 2001 AND DECEMBER 31, 2000

(In Thousands of US Dollars)

	Unaudited December 31 2001	Audited December 31 2000
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 58,676	\$ 58,896
Marketable securities	9,505	7,937
Accounts receivable, net	41,968	37,550
Inventories	11,892	27,172
Prepaid expenses and deposits	2,377	1,755
Income taxes recoverable	1,353	2,042
Total current assets	125,771	135,352
Investments in affiliated companies	3,921	2,054
Property, plant and equipment, at cost	105,536	71,624
Less: accumulated depreciation and amortization	(35,122)	(27,025)
	70,414	44,599
Intangible assets – net	23,060	24,996
Other assets	1,407	1,369
Total assets	\$ 224,573	\$ 208,370
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Notes payable	\$ 1,547	\$ 1,499
Short term debt	-	24
Long term bank loan – current portion	2,140	-
Accounts payable and accrued expenses	34,258	40,224
Amount due to a related party	2,733	2,691
Dividend payable	1,023	904
Income taxes payable	88	442
Total current liabilities	41,789	45,784
Long-term bank loan – Non current portion	12,860	-
Deferred income taxes	151	34
Total liabilities	54,800	45,818
Minority interest	422	188
Shareholders' equity:		
Common shares	104	102
Additional paid-in capital	111,368	105,963
Retained earnings	57,864	56,304
Accumulated other comprehensive income (Note 1)	15	(5)
Total shareholders' equity	169,351	162,364
Total liabilities and shareholders' equity	\$ 224,573	\$ 208,370

NAM TAI ELECTRONICS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE PERIODS ENDED DECEMBER 31, 2001 AND 2000

(In Thousands of US Dollars)

	<i>Three months ended</i>		<i>Twelve months ended</i>	
	<i>December 31</i>		<i>December 31</i>	
	2001	2000	2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	\$ 8,665	\$ 1,594	\$ 9,045	\$ 24,001
<i>Adjustments to reconcile net income to net cash provided by (used in) operating activities:</i>				
Depreciation and amortization	3,013	2,697	12,273	8,121
Loss (gain) on disposal of property, plant and equipment	245	11	378	(244)
Unrealized gain on marketable securities	(2,005)	(433)	(1,568)	(433)
Loss (gain) on disposal of marketable securities	-	1,348	-	(9,435)
Gain on disposal of investment in an affiliated company	-	-	-	(1,346)
Equity in (income) loss of affiliated companies less dividend received and amortization	(1,099)	79	(1,867)	189
Fair value of shares issued as compensation	-	1	-	136
Deferred income taxes	117	(110)	117	(110)
Minority interest	206	2	230	(12)
Changes in current assets and liabilities, net of effects of acquisitions and disposals:				
Increase in marketable securities	-	(4)	-	(7,504)
Decrease (increase) in accounts receivable	670	4,858	(4,378)	(5,137)
Decrease (increase) in inventories	5,408	(4,137)	15,302	(13,245)
Decrease (increase) in prepaid expenses and Deposits	3,224	25	(620)	407
(Increase) decrease in income taxes recoverable	(189)	(210)	689	28
Increase (decrease) in notes payable	1,525	578	48	(6,331)
(Decrease) increase in accounts payable and accrued expenses	(4,353)	(7,140)	(6,062)	7,203
(Decrease) increase in amount due to a related party	(1,311)	2,691	2	2,691
Decrease in income taxes payable	(95)	(462)	(354)	(114)
Total adjustments	5,356	(206)	14,190	(25,136)
Net cash provided by (used in) operating activities	\$ 14,021	\$ 1,388	\$ 23,235	\$ (1,135)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property, plant and equipment	\$ (8,338)	\$ (1,310)	\$ (36,013)	\$ (3,579)
Proceeds from disposal of investment	-	1,626	-	24,214
Proceeds from disposal of investment in an affiliated company	-	-	-	3,875
Proceeds from disposal of property, plant and equipment	415	-	698	388
(Increase) decrease in other assets	(38)	(36)	(38)	123
Increase in investment of subsidiaries / acquisition of subsidiaries	-	(7,872)	(85)	(7,872)
Purchase of interest in affiliated companies	-	-	-	(2,243)
Net cash (used in) provided by investing activities	<u>\$ (7,961)</u>	<u>\$ (7,592)</u>	<u>\$ (35,438)</u>	<u>\$ 14,906</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Share buy-back program	\$ (1,461)	\$ -	\$ (3,353)	\$ (73)
Repayment of short term debt	-	(1)	(24)	(1)
Proceeds from shares issued on exercise of options and warrants	1	1,288	4,307	2,753
New bank loan raised	15,000	-	15,000	-
Contribution by minority interest	-	-	-	200
Dividends paid	(1,032)	(793)	(3,947)	(11,973)
Net cash provided by (used in) financing activities	<u>\$ 12,508</u>	<u>\$ 494</u>	<u>\$ 11,983</u>	<u>\$ (9,094)</u>
Effect of foreign currencies on cash flows	-	9	-	4
Net increase (decrease) in cash and cash equivalents	<u>18,568</u>	<u>(5,701)</u>	<u>(220)</u>	<u>4,681</u>
Cash and cash equivalents at beginning of period	<u>40,108</u>	<u>64,597</u>	<u>58,896</u>	<u>54,215</u>
Cash and cash equivalents at end of period	<u>\$ 58,676</u>	<u>\$ 58,896</u>	<u>\$ 58,676</u>	<u>\$ 58,896</u>

NAM TAI ELECTRONICS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

FOR THE PERIODS ENDED DECEMBER 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 \$9,065 and \$23,952 for the twelve months ended December 31, 2001 and December 31, 2000, respectively.
2. A summary of the net sales, income from operations and identifiable assets by geographic areas is as follows:

	<i>Three months ended</i>		<i>Twelve months ended</i>	
	<i>December 31</i>		<i>December 31</i>	
	2001	2000	2001	2000
NET SALES FROM OPERATIONS WITHIN:				
- Hong Kong:				
Unaffiliated customers	\$ 57,583	\$ 55,341	\$ 206,902	\$ 202,364
- PRC, excluding Hong Kong:				
Unaffiliated customers	9,503	5,966	27,104	11,324
Intersegment sales	45,791	42,216	160,503	180,065
- Intersegment eliminations	(45,791)	(42,216)	(160,503)	(180,065)
Total net sales	<u>\$ 67,086</u>	<u>\$ 61,307</u>	<u>\$ 234,006</u>	<u>\$ 213,688</u>
INCOME (LOSS) FROM OPERATIONS WITHIN:				
- PRC, excluding Hong Kong	\$ 5,017	\$ 227	\$ 4,848	\$ 6,549
- Hong Kong	3,648	1,367	4,197	17,452
Total net income	<u>\$ 8,665</u>	<u>\$ 1,594</u>	<u>\$ 9,045</u>	<u>\$ 24,001</u>
	<i>As at</i>	<i>As at</i>		
	<i>Dec 31,</i>	<i>Dec 31,</i>		
	2001	2000		
IDENTIFIABLE ASSETS BY GEOGRAPHIC AREA:				
- PRC, excluding Hong Kong	\$ 60,866	\$ 71,242		
- Hong Kong	163,707	137,128		
Total assets	<u>\$ 224,573</u>	<u>\$ 208,370</u>		