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NAM TAI ELECTRONICS, INC.
Dividend in 2005 increased 175% to \$1.32 per share
Q4 Net Sales Up 40.9% to \$152.8 Million vs. \$108.4 Million
Operating Income Up 32.4% to \$10.3 Million vs. \$7.8 Million

VANCOUVER, CANADA -- February 7, 2005 -- Nam Tai Electronics, Inc. ("Nam Tai" or the "Company") (NYSE Symbol: NTE; CBOE Symbol: QNA; Frankfurt Stock Exchange Symbol: 884852) is pleased to announce its unaudited results for the fourth quarter ended December 31, 2004.

KEY HIGHLIGHTS
(In thousands of US Dollars, except as otherwise stated)

	Quarterly Results			Twelve Months Results		
	4Q 2004	4Q 2003	YoY(%)	2004	2003	YoY(%)
Net sales	152,776	108,454	40.9	533,861	406,306	31.4
Gross Profit	19,386	17,275	12.2	76,476	66,290	15.4
<i>% of sales</i>	<i>12.7%</i>	<i>15.9%</i>		<i>14.3%</i>	<i>16.3%</i>	
Income from operations	10,280	7,765	32.4	43,378	37,387	16.0
<i>% of sales</i>	<i>6.7%</i>	<i>7.2%</i>		<i>8.1%</i>	<i>9.2%</i>	
<i>per share(diluted)</i>	<i>\$0.24</i>	<i>\$0.19</i>	<i>26.3</i>	<i>\$1.02</i>	<i>\$0.92</i>	<i>10.9</i>
Net income (loss) ^{(a) &(b)}	(42,465)	13,706	-409.8	66,885	43,802	52.7
<i>% of sales</i>	<i>-27.8%</i>	<i>12.6%</i>		<i>12.5%</i>	<i>10.8%</i>	
Basic earnings per share	(\$1.00)	\$0.33	-397.6	\$1.57	\$1.09	44.9
Diluted earnings per share	N/A	\$0.33	N/A	\$1.57	\$1.07	46.6
Weighted average number of shares ('000)						
Basic	42,665	40,975	-	42,496	40,336	-
Diluted	42,733	41,253	-	42,548	40,839	-

Notes:

- (a) Other income in the fourth quarter of 2004 consisted of \$6.2 million from the partial disposal of the Company's interest in its subsidiary, JIC Technology Company Limited. In the fourth quarter of 2003, other income amounted to a total of \$2.0 million.
- (b) After adjusting for the unrealized loss on the impairment of marketable securities in TCL Communication in the fourth quarter of 2004, the Pro-forma net income and earnings per shares would be as follow:

	<i>Quarterly Results</i>			<i>Twelve Months Results</i>		
	<i>4Q 2004</i>	<i>4Q 2003</i>	<i>YoY(%)</i>	<i>2004</i>	<i>2003</i>	<i>YoY(%)</i>
<i>US GAAP based income from operations</i>	10,280	7,765	32.4	43,378	37,387	16.0
<i>US GAAP based other income (loss) /income tax (expenses) benefit / minority interests</i>	(52,745)	5,941		23,507	6,415	
<i>US GAAP based net income(loss)</i>	(42,465)	13,706	-409.8	66,885	43,802	52.7
<i>Add:</i>						
<i>Unrealized loss on the impairment of marketable securities in TCL Communication</i>	58,316			58,316		
<i>Pro-forma net income</i>	15,851	13,706	15.7	125,201	43,802	185.8
<i>% of sales</i>	10.4%	12.6%		23.5%	10.8%	
<i>Proforma Basic earnings per share</i>	\$0.37	\$0.33	11.1	\$2.95	\$1.09	171.3
<i>Diluted earning per share</i>	\$0.37	\$0.33	11.6	\$2.94	\$1.07	174.4
<i>Weighted average number of shares ('000)</i>						
<i>Basic</i>	42,665	40,975	-	42,496	40,336	-
<i>Diluted</i>	42,733	41,253	-	42,548	40,839	-

Note:

Excluding the \$58.3 million non-cash unrealized loss on the impairment of marketable securities in TCL Communication during the fourth quarter of 2004, the cash based realized gain on other income after deducting income tax expense and minority interests for the year of 2004 was \$81.8 million.

Nam Tai is excited to announce that it has achieved its strongest sales in the fourth quarter ended December 31, 2004. The net sales of \$152.8 million for the fourth quarter of 2004 not only exceeded the fourth quarter upper sales guidance of \$135 million given by Nam Tai, it is also a new record quarterly sales of the Company. Sales were driven mainly by key component sub-assemblies, such as CMOS image sensor modules for cellular phones with built in camera function and flexible printed circuit board ("FPC") sub-assemblies. Such business, which is high-tech in focus and has the potential for significant growth, is currently the main focus of Nam Tai.

The gross profit margin for the fourth quarter of 2004 decreased to 12.7% mainly because of the prevalent product mix. The orders for key component sub-assembly business, which generally accounts for lower gross profit margins, sharply increased in the fourth quarter of 2004, causing a reduction in overall gross profit margins. High oil price and a strong Yen also impacted the operation costs.

However, strong sales growth augmented operating income, offsetting the impact of lower gross profit margins. The Company attained an income from operations per share of \$0.24, which also exceeded the upper guidance given by Nam Tai.

For the whole year, Nam Tai achieved an impressive sales growth of 31.4%, reaching net sales of \$533.9 million. The net income for the whole year has also increased remarkably by 52.7% to \$66.9 million, partly due to the benefit of certain one-time other income items.

Company Outlook

The Company has been very successful in shifting its focus to key component sub-assembly, which accounted for 64% of its sales in the fourth quarter of 2004 and 59% of its sales for the whole year of 2004. Nam Tai believes that the strong growth of this business will offset the impact of lower gross profit margins and the Company can continue to achieve strong growth in its overall profits. In the long run, Nam Tai expects to achieve an overall gross profit margin of around 12%, which is still one of the leaders in the EMS industry.

The Company is also well-positioned for any re-valuation of the RMB. Two of its subsidiaries, Nam Tai Electronic & Electrical Products Limited and J.I.C. Technology Company Limited are listed on the Hong Kong Stock Exchange. The Company also has investments in TCL Corporation and TCL Communication, which shares are denominated in either RMB or HK\$. All these will help to hedge the risk of any re-valuation of the RMB.

To maintain its future growth, Nam Tai must keep itself abreast of its competitors. As a result, the Company has to put more resources on R&D and new production capacity to back up its continued growth. Nam Tai may have to be more vertically integrated to maintain its competitive edge. The SG&A expenses in forthcoming years will accordingly increase. However, the Company is confident that it can find a proper balance point so that the growth of its earnings per share will not be slowed down and its shareholders will continue to be rewarded like before.

The Company is pleased to adjust its long-term target growth rate for net sales from 22% per annum to 25% per annum for the coming five years. The short-term target growth rate for 2005 is temporarily adjusted to 30%-35%, taking in account the Company's current situation. This year to year short-term target growth rate will be adjusted if the Company's business continues to grow significantly as it has recently.

Nam Tai's sales are seasonally lower in the first quarter. However, Nam Tai is encouraged by its performance in the fourth quarter of 2004. The Company is looking forward to achieving a new quarterly sales record for the first quarter of 2005. Based on current market conditions and orders on hand as well as orders carried forward from the fourth quarter of 2004, the Company is pleased to provide the following business projection for the first quarter of 2005.

(In millions of US Dollars, except for earnings per share)

	1Q 2005 (Estimated)	1Q 2004 (Actual)	1Q 2005 vs 1Q 2004	4Q 2004 (Actual)
Sales	\$150-\$155	\$95	58%-63%	\$153
Pro Forma Earnings per Share (diluted) ^(a)	\$0.22-\$0.24	\$0.15 ^(b)	47%-60%	\$0.23 ^(c)

Note: (a) Diluted Earnings per share includes tax expenses and the minority interest of 25% in NTEEP and approximately 28% in JIC and 20% in Namtek Software Development Company Limited

(b) Excluded US\$1.4 million dividend income from Huizhou TCL Mobile Communication Company Limited.

(c) Excluded US\$6.2 million gain on partial disposal of subsidiaries and US\$58.3 million unrealized loss on the impairment of marketable securities in TCL Communication.

“2004 was once again a year of great harvest for Nam Tai,” said Mr. Joseph Li, CEO of Nam Tai. “We have achieved new records in 2004 and are looking forward to breaking these records in 2005. We are

so pleased that our strategy of focusing on key component sub-assembly has been so successful. With upgraded production technology and capability, expanded new production capacity which construction has completed on schedule, and a strong cash reserve, we are very confident for our continued growth and our capability to satisfy our customers' strong demand. All businesses of Nam Tai are now run by its four subsidiary groups and Nam Tai has become a holding company. Each subsidiary group has a different team of independent management. They are focused on different product segments and customers. This corporate structure provides flexibility and enhances Nam Tai's responsiveness to requests of customers and any changes in the market environment. With our experienced management teams, we strongly believe we can continue to enjoy more successful years ahead. ”

Unrealized Loss on Marketable Securities in TCL Communication

In the third quarter of 2004, the Company classified its investment in TCL Communication as marketable securities – available for sale and recorded the difference between the fair market value and the carrying cost of such investment in shareholders' equity. Under US GAAP, there will be no impact on Nam Tai's income statement until such investments are sold. However, in light of the performance of the share price of TCL Communication since its listing in September, 2004, the Company considered it a prudent approach to record the unrealized loss of its investment in TCL Communication pursuant to the guidance from Emerging Issue Task Force 03-1 issued by the Financial Accounting Standard Board. The initial cost of our investment of TCL Communication was \$79.5 million. The fair market value as calculated by reference to the closing price of the shares of TCL Communication as at December 31, 2004 was \$21.2 million. Accordingly, an aggregated unrealized loss of \$58.3 million was recorded in Nam Tai's income statement for the fourth quarter of 2004.

Such unrealized loss has no impact on Nam Tai's cash position. The Company still has confidence in its investment in TCL Communication and believes it will again benefit its shareholders when it realizes its investment in TCL Communication.

Compliance with Sarbanes-Oxley Act

The Company has engaged an external consultant to advise the Company on its compliance with Section 404 of the Sarbanes-Oxley Act (“the Act”). The Company is confident that it will meet the deadline for compliance on time towards the end of 2005. The estimated cost in relation to the compliance process is expected to be immaterial and will have no significant impact to the Company's earnings for 2005.

Dividend for 2005

To maintain a strong financial position to support and back up the future growth of the Company, the Company, after due consideration, has decided not to pay any special dividend.

Regarding the regular dividend, taking into account the cash on hand, the expansion plans of the Company and its earnings in 2004, the Company has taken a conservative approach and determined the regular dividend for 2005 to be \$1.32 per share to be paid quarterly at the rate of \$0.33 per share. This represents an increase of 175% from the dividend paid in 2004, following an increase of 140% in 2004 from 2003. The Board considers this to be an appropriate reward for the shareholders and the dividend paid will not affect the continuous growth of the Company.

The payment dates and record dates for the quarterly dividend of \$0.33 per share payable in each quarter for 2005 are as follows:-

	Record Date	Payment Date	Dividend (US\$)
1	March 31, 2005	On or before April 21, 2005	\$0.33
2	June 30, 2005	On or before July 21, 2005	\$0.33
3	September 30, 2005	On or before Oct 21, 2005	\$0.33
4	December 31, 2005	On or before January 21, 2006	\$0.33
Total			\$1.32

Supplementary Information (Unaudited) for the Fourth Quarter of 2004

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

Quarter	2004	2003	YoY(%) (Quarterly)	YoY(%) (Quarterly accumulated)
1 st Quarter	95,435	87,981	8.5%	8.5%
2 nd Quarter	147,664	116,714	26.5%	18.8%
3 rd Quarter	137,986	93,157	48.1%	27.9%
4 th Quarter	152,776	108,454	40.9%	31.4%
Total	533,861	406,306		

2. Net Sales Breakdown by Product Segment

Segment	2004		2003	
	4Q (%)	YTD (%)	4Q (%)	YTD (%)
Consumer Electronics and Communication Products (a)	28%	31%	31%	32%
Telecom. Components Assembly:				
- Telecom. Components Assembly (b)	64%	59%	58%	57%
- Software Development Services (c)	1%	1%	1%	1%
Parts & Components:				
- LCD Panels (d)	7%	9%	10%	9%
- Transformers (e)	0%	0%	0%	1%
	100%	100%	100%	100%

Note:

(a) Represents the sales of Nam Tai Electronic & Electrical Products Ltd.

(b) Represents the sales of Zastron Precision-Tech Limited (formerly known as Nam Tai Telecom(Cayman) Co., Ltd.)

(c) Represents the sales of Namtek Software Development Company Limited

(d) Represents the sales of JIC

(e) In June 2003, we sold our transformers operation to a third party.

3. Key Highlight of Financial Position

	(unaudited) As at December 31	(audited) As at December 31
	2004	2003
Cash on Hand	\$160.6 million ^(a)	\$61.8 million
Marketable Securities	\$41.9 million	-

Cash/Current Liabilities	1.38	0.83
Current Ratio	2.87	2.25
Total Assets/Total Liabilities	3.79	3.88
Debtors Turnover	62 days	58 days
Inventory Turnover	20 times	13 times
Average Payable Period	72 days	60 days

Note : (a) Taking into consideration the \$10.2 million in proceeds from the partial disposal of shares in J.I.C. Technology Company Limited, which was recorded in Prepaid Expenses and Other Receivable as at December 31, 2004 and received on January 3, 2005. The cash on hand for the Company would have been \$170.8 million.

Fourth Quarter Results Analyst Conference Call

The Company will hold a **conference call on Monday, February 7, 2005 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 by going to www.namtai.com/news/news.htm and clicking on the conference call link or over the phone by dialing (612) 288-0329 just prior to its start time. Callers will be asked to register with the conference call operator.

About Nam Tai Electronics, Inc.

We are an electronics manufacturing and design services provider to original equipment manufacturers of telecommunications and consumer electronic products. Through our electronics manufacturing services operations, we manufacture electronic components and subassemblies, including LCD panels, LCD modules, radio frequency modules, flexible printed circuit sub-assemblies and image sensor modules. These components are used in numerous electronic products, including cellular phones, laptop computers, digital cameras, copiers, fax machines, electronic toys, handheld video game devices and microwave ovens. We also manufacture finished products, including cellular phones, palm-sized PCs, personal digital assistants, electronic dictionaries, calculators and digital camera accessories for use with cellular phones.

Nam Tai has two Hong Kong listed subsidiaries, Nam Tai Electronic & Electrical Products Limited (“NTEEP”) and J.I.C. Technology Company Limited (“JIC”) and their Fourth Quarter Results were announced earlier today in Hong Kong. Interested investors may go to the website of The Stock Exchange of Hong Kong at www.hkex.com.hk to obtain the information. The stock code of NTEEP and JIC on The Stock Exchange of Hong Kong are the 2633 and 987 respectively. Investors are reminded to exercise caution when assessing such information and not to deal with the shares of the Company based solely on reliance of such information. The results of NTEEP and JIC only represent a part of the results of the Company and there are GAAP differences in the financial statements of NTEEP and JIC when compared with the financial statements of the Company. Furthermore, different subsidiaries of the Company may have different peak seasons during a year.

Forward-Looking Statements

Certain statements in this press release are "forward-looking statements" within the meaning of U.S. federal securities laws. Nam Tai intends that these statements be covered by the safe harbors created under these laws. These forward-looking statements are, by their nature, subject to risks, uncertainties and other factors that could cause the actual results to differ materially from future results expressed or implied by the forward-looking statements. These forward-looking statements include, without

limitation, statements relating to the Company's projected sales and (diluted) earnings per share for the first quarter of 2005, and the ability of the Company to finance investments and business expansions through internal resources in the foreseeable future. These forward-looking statements reflect our current views with respect to future events and are not a guarantee of our future performance. There are important factors that could cause the actual results to differ materially from the information set forth in these forward-looking statements. Given these uncertainties, readers are cautioned not to place undue reliance on the forward-looking statements which only speak as of the date of this press release. Because of these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this news release might not occur the way we expect, or at all. Nam Tai does not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date of this press release or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws. These factors include, without limitation, lower than expected sales in the first quarter of 2005, unexpected changes to the Company's cash position, general economic, market and business conditions and other factors beyond the Company's control.

NAM TAI ELECTRONICS, INC.
CONSOLIDATED STATEMENTS OF INCOME
FOR THE PERIODS ENDED DECEMBER 31, 2004 AND 2003
(In Thousands of US Dollars except share data)

	Unaudited		Unaudited	
	Three months ended December 31		Twelve months ended December 31	
	2004	2003	2004	2003
Net sales – related parties	\$ 5,260	\$ 6,843	\$ 34,181	\$ 20,782
Net sales – third parties	147,516	101,611	499,680	385,524
Total net sales	152,776	108,454	533,861	406,306
Cost of sales	133,390	91,179	457,385	340,016
Gross profit	19,386	17,275	76,476	66,290
Costs and expenses				
Selling, general and administrative expenses	7,674	8,248	28,053	24,866
Research and development expenses	1,432	1,262	5,045	4,037
	9,106	9,510	33,098	28,903
Income from operations	10,280	7,765	43,378	37,387
Interest income	523	235	1,110	788
Gain on partial disposal of subsidiaries	6,249	1,989	77,320	1,838
Unrealized loss on marketable securities	(58,316)	-	(58,316)	-
Other income (loss) – net	(545)	2,805	17,283	2,899
Interest expense	(68)	(26)	(195)	(121)
Income before income taxes and minority interests and equity in income (loss) of an affiliated company	(41,877)	12,768	80,580	42,791
Income tax benefit (expense)	840	930	(879)	(399)
Income (loss) before minority interests	(41,037)	13,698	79,701	42,392
Minority interests	(1,428)	(202)	(6,010)	(1,067)
Income (loss) after minority interests	(42,465)	13,496	73,691	41,325
Equity in income (loss) of an affiliated company	-	210	(6,806)	498
Discontinued operation	-	-	-	1,979
Net income (loss)	\$ (42,465)	\$ 13,706	\$ 66,885	\$ 43,802
Net income (loss) per share				
Basic	\$ (1.00)	\$ 0.33	\$ 1.57	\$ 1.09
Diluted	\$ N/A	\$ 0.33	\$ 1.57	\$ 1.07
Weighted average number of shares ('000')				
Basic	42,665	40,975	42,496	40,336
Diluted	42,733	41,253	42,548	40,839

NAM TAI ELECTRONICS, INC.
CONSOLIDATED BALANCE SHEETS
AS AT DECEMBER 31, 2004 AND DECEMBER 31, 2003
(In Thousands of US Dollars)

	Unaudited December 31, 2004	Audited December 31, 2003
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 160,649	\$ 61,827
Marketable securities	41,906	-
Accounts receivable, net	90,362	62,090
Amount due from a related party	66	2,707
Inventories	23,096	27,032
Prepaid expenses and other receivables	12,087	9,799
Income taxes recoverable	6,566	4,922
Total current assets	<u>334,732</u>	<u>168,377</u>
Investment in an affiliated company	3,049	9,855
Investments, at cost	-	16,366
Property, plant and equipment, at cost	158,147	127,930
Less: accumulated depreciation and amortization	<u>(60,706)</u>	<u>(50,283)</u>
	97,441	77,647
Deposit for fixed assets	7,701	3,327
Intangible assets	16,290	20,688
Other assets	1,260	1,435
Total assets	<u>\$ 460,473</u>	<u>\$ 297,695</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Notes payable	\$ 2,080	\$ 1,879
Long term bank loan – current portion	2,875	1,125
Accounts payable	89,570	55,674
Accrued expenses and other payables	16,661	13,633
Amount due to a related party	-	-
Dividend payable	5,120	2,062
Income taxes payable	183	530
Total current liabilities	<u>116,489</u>	<u>74,903</u>
Long-term bank loan – non-current portion	5,163	1,688
Deferred income taxes	-	78
Total liabilities	<u>121,652</u>	<u>76,669</u>
Minority interests	33,768	3,908
Shareholders' equity:		
Common shares	426	412
Additional paid-in capital	241,756	206,845
Retained earnings	56,324	9,863
Accumulated other comprehensive income (loss) (Note 1)	6,547	(2)
Total shareholders' equity	<u>305,053</u>	<u>217,118</u>
Total liabilities and shareholders' equity	<u>\$ 460,473</u>	<u>\$ 297,695</u>

NAM TAI ELECTRONICS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED DECEMBER 31, 2004 AND 2003
(In Thousands of US Dollars)

	Unaudited Three months ended December 31		Unaudited Twelve months ended December 31	
	2004	2003	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income (loss)	\$ (42,465)	\$ 13,706	\$ 66,885	\$ 43,802
<i>Adjustments to reconcile net income to net cash provided by operating activities:</i>				
Depreciation and amortization of property, plant and equipment	3,737	3,183	13,924	12,172
Amortization of intangible assets	22	23	92	92
Net loss (gain) on disposal of property, plant and equipment	376	94	347	(6)
Gain on disposal of other asset	(19)	-	(19)	-
Gain on disposal of a subsidiary net of minority interests	-	-	-	(1,979)
Gain on partial disposal of subsidiaries	(6,249)	(1,989)	(77,320)	(1,838)
Unrealized loss on marketable securities	58,316	-	58,316	-
Loss on disposal of long term investment	-	-	67	-
Loss on disposal of convertible notes	-	-	-	102
Compensation cost on partial disposal of a subsidiary	-	-	-	509
Equity in loss (income) of an affiliated company	-	(209)	6,806	(498)
Dividend income	-	-	(15,913)	-
Minority interests	1,431	202	6,013	1,067
Deferred income taxes	(78)	(9)	(78)	(34)
Changes in current assets and liabilities, net of effects of acquisition and disposal:				
(Increase) Decrease in accounts receivable	(16,531)	2,223	(28,272)	(11,146)
Decrease (Increase) in amount due from a related party	(66)	(633)	2,641	(2,707)
Decrease (Increase) in inventories	5,153	(7,081)	3,936	(8,554)
Decrease (Increase) in prepaid expenses and other receivables	575	(462)	2,651	(3,027)
(Increase) Decrease in income taxes recoverable	210	(631)	(1,644)	(4,067)
Increase (Decrease) in notes payable	(1,658)	319	201	894
Increase in accounts payable	33,044	1,170	33,896	17,971
Increase in accrued expenses and other payables	1,963	3,317	3,028	1,189
Decrease in amount due to a related party	(288)	-	-	-
(Decrease) Increase in income taxes payable	(1,011)	(874)	(347)	330
Total adjustments	78,927	(1,357)	8,325	470
Net cash provided by operating activities	\$ 36,462	\$ 12,349	\$ 75,210	\$ 44,272
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of long term investment	\$ -	\$ -	\$ (25,084)	\$ (384)
Purchase of property, plant and equipment	(14,396)	(4,826)	(38,611)	(17,053)
Deposit for purchase of property, plant & equipment	2,736	(1,865)	(4,374)	(3,103)
Increase in other assets	(37)	(24)	(37)	(24)
Proceeds from disposal of investment in other assets	231	-	231	-
Proceeds from disposal of property, plant and equipment	1,498	2	4,546	2,595
Proceeds from disposal of long term investment	385	-	5,609	-
Proceeds from partial disposal of subsidiaries	2,682	3,712	95,449	6,551
Proceeds from disposal of convertible notes	-	-	-	5,026
Prepayment for long term investment	-	(5,277)	-	(5,277)
Acquisition of an affiliated company	-	-	-	(10,000)
Net cash provided by (used in) investing activities	\$ (6,901)	\$ (8,278)	\$ 37,729	\$ (21,669)
CASH FLOWS FROM FINANCING ACTIVITIES				
Cash dividends paid	\$ (5,120)	\$ (31,876)	\$ (19,414)	\$ (37,777)
Repayment of bank loans	(606)	(281)	(5,375)	(13,984)
Proceeds from bank loans	1,800	-	10,600	-
Proceeds from shares issued on exercise of options and warrants	-	4,388	72	8,508
Net cash used in financing activities	\$ (3,926)	\$ (27,769)	\$ (14,117)	\$ (43,253)
Net increase (decrease) in cash and cash equivalents	25,635	(23,698)	98,822	(20,650)
Cash and cash equivalents at beginning of period	135,014	85,525	61,827	82,477
Cash and cash equivalents at end of period	\$ 160,649	\$ 61,827	\$ 160,649	\$ 61,827

NAM TAI ELECTRONICS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

FOR THE PERIODS ENDED DECEMBER 31, 2004 AND 2003

(In Thousands of US Dollars)

1. Accumulated other comprehensive income represents foreign currency translation adjustments and unrealized loss on marketable securities. The comprehensive income of the Company was \$73,434 (including an unrealized gain on marketable securities of US\$6,549 in relation to TCL Corp.) and \$43,802 for the twelve months ended December 31, 2004 and December 31, 2003, respectively.
2. Business segment information – The Company operates primarily in three segments, the Consumer Electronics and Communication Products (“CECP”) segment, Telecom. Components Assembly (“TCA”) segment, and the LCD Panels and Transformers (“LCDP”) segment.

	Unaudited <i>Three months ended December 31</i>		Unaudited <i>Twelve months ended December 31</i>	
	2004	2003	2004	2003
NET SALES:				
- CECP	\$ 42,189	\$ 33,894	\$ 163,584	\$ 128,778
- TCA	99,366	64,180	321,567	236,204
- LCDP	11,221	10,380	48,710	41,324
Total net sales	<u>\$ 152,776</u>	<u>\$ 108,454</u>	<u>\$ 533,861</u>	<u>\$ 406,306</u>
NET INCOME (LOSS):				
- CECP	\$ 4,236	\$ 6,642	\$ 18,562	\$ 22,848
- TCA	(46,344)	7,196	46,225	18,254
- LCDP	(357)	(132)	2,098	2,700
Total net income (loss)	<u>\$ (42,465)</u>	<u>\$ 13,706</u>	<u>\$ 66,885</u>	<u>\$ 43,802</u>

	Unaudited. <i>Dec 31,</i> 2004	Audited <i>Dec. 31,</i> 2003
IDENTIFIABLE ASSETS BY SEGMENT:		
- CECP	\$ 134,473	\$ 85,799
- TCA	274,664	162,366
- LCDP	51,336	49,530
Total assets	<u>\$ 460,473</u>	<u>\$ 297,695</u>

3. The following is a summary of the net sales, net income and long-lived assets by geographical area.

	Unaudited <i>Three months ended</i> <i>December 31</i>		Unaudited <i>Twelve months ended</i> <i>December 31</i>	
	2004	2003	2004	2003
NET SALES FROM OPERATIONS WITHIN:				
- Hong Kong:				
Unaffiliated customers	\$ 11,221	\$ 26,946	\$ 48,710	\$ 295,113
Related party	-	839	-	14,770
Inter-companies sales	113	14	563	404
- PRC, excluding Hong Kong:				
Unaffiliated customers	136,295	74,665	450,970	90,411
Related party	5,260	6,004	34,181	6,012
Inter-companies sales	-	19,717	4,393	263,971
- Inter-companies eliminations	(113)	(19,731)	(4,956)	(264,375)
Total net sales	<u>\$ 152,776</u>	<u>\$ 108,454</u>	<u>\$ 533,861</u>	<u>\$ 406,306</u>
NET INCOME (LOSS) WITHIN:				
- PRC, excluding Hong Kong and Macao	\$ 4,999	\$ 11,394	\$ 30,981	\$ 38,627
- Macao	5,621	1,273	16,240	1,273
- Hong Kong	(53,085)	1,039	19,664	3,902
Total net income (loss)	<u>\$ (42,465)</u>	<u>\$ 13,706</u>	<u>\$ 66,885</u>	<u>\$ 43,802</u>
LONG-LIVED ASSETS WITHIN:				
- PRC, excluding Hong Kong and Macao			\$ 84,453	\$ 59,399
- Macao			134	180
- Hong Kong			12,854	18,068
Total long-lived assets			<u>\$ 97,441</u>	<u>\$ 77,647</u>