Options Held by Executive Officers at January 31, 2018

Stock Options of Directors and Management

The following table provides information concerning the options owned by our current management and directors as of January 31, 2018.

Name	Number of common shares subject to option	Exercise price ($)	Expiration Date
Ming Kown Koo	160,000[(1)]	6.22	December 31, 2018
Ming Kown Koo	160,000	6.22	December 31, 2019
Ming Kown Koo	160,000	6.22	December 31, 2020
Ying Chi Kwok	300,000	13.30	December 31, 2018
Ying Chi Kwok	300,000	13.30	December 31, 2019
Julian Lin	100,000	7.95	December 31, 2018
Julian Lin	100,000	15.00	December 31, 2018
Julian Lin	100,000	7.95	December 31, 2019
Julian Lin	100,000	15.00	December 31, 2019
Julian Lin	100,000	7.95	December 31, 2020
Julian Lin	100,000	15.00	December 31, 2020
Yu Zhang	70,000	13.30	December 31, 2018
Yu Zhang	70,000	13.30	December 31, 2019
Xiaoxia (Shirley) Yin	150,000	13.30	December 31, 2018
Xiaoxia (Shirley) Yin	150,000	13.30	December 31, 2019

Note:

(1) In January 19, 2018, Mr. Koo exercised his options to purchase 160,000 shares vested on January 1, 2018 and received the shares on February 12, 2018.

Board Practices

All directors hold office until our next annual meeting of shareholders, which generally is in the summer of each calendar year, or until their respective successors are duly elected and qualified or their positions are earlier vacated by resignation or otherwise. The full board committee appoints members and the chairman of the board committees, who serve at the pleasure of the Board. Nam Tai does not have any director service contracts providing for benefits upon termination of service as a director or employee (if employed).

Corporate Governance Guidelines

We have adopted a set of corporate governance guidelines which are available on our website at http://www.Nam Tai.com/investors#investors/corporate_governance. The contents of this website address, other than the corporate governance guidelines, the code of ethics and committee charters, are not a part of this Form 20-F. Stockholders also may request a free copy of our corporate governance guidelines in print form by making a request to:

Mr. Kevin McGrath, Managing Partner of Cameron Associates
Telephone: 212.245.4577
e-mail: kevin@cameronassoc.com

NYSE Listed Company Manual Disclosure

As a foreign private issuer with shares listed on the NYSE, we are required by Section 303A.11 of the Listed Company Manual of the NYSE to disclose any significant ways in which its corporate governance practices differ from those followed by U.S. domestic companies under NYSE listing standards. Management believes that there are no significant ways in which our corporate governance standards differ from those followed by U.S. domestic companies under NYSE listing standards.

Committee Charters and Independence

The charters for our Audit Committee, Compensation Committee and Nominating/Corporate Governance Committee are available on our website at http://www.Nam Tai.com/investors#investors/committee. The contents of this website address, other than the corporate governance guidelines, the code of ethics and committee charters, are not a part of this Report. Stockholders may request a copy of each of these charters from the address and phone number set forth above under “Corporate Governance Guideline”.

Each of the members of our Board of Directors serving on our Audit Committee, Compensation Committee and Nominating/Corporate Governance Committee are “independent” as that term is defined in Corporate Governance Rules of the NYSE.

We have adopted the directors’ independence criteria as established by NYSE Corporate Governance Rules Section 303A.02.

An Independent Non-Executive Director (“INED”) is an individual:

- who has no material relationship with the Company as affirmatively determined by the Board;
- who is not nor has been within the last three years immediately prior to the date of his appointment as an INED an employee of the Company, provided, however, employment as an interim Chairman of the Board or Chief Executive Officer or other executive officer of the Company shall not disqualify a director from being considered independent following that employment;
- whose immediate family members(1) are not, nor have been within the last three years immediately prior to the date of his appointment as an INED, an executive officer of the Company;
- who, or whose immediate family members(1), have not received greater than \$0.1 million in direct compensation from the Company, other than directors’ and committees’ fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continuous service), during any twelve-month period within the last three years immediately prior to the date of his appointment as an INED;
- who is neither a partner nor an employee of the internal or external audit firm of the Company and within the last three years immediately prior to the date of his appointment as an INED was neither a partner nor an employee of such firm and personally worked on the Company’s audit during that time;
- none of whose immediate family members(1) is (a) a current partner of the internal or external audit firm of the Company or (b) a current employee of the internal or external audit firm of the Company and personally works on the Company’s audit;
- none of whose immediate family members(1) have been, within the last three years immediately prior to the date of his appointment as an INED, partners or employees of the internal or external audit firm and personally worked on the Company’s audit during that time; and
- who, or whose immediate family members(1), are not, nor within the last three years immediately prior to the date of his appointment as an INED, employed as an executive officer of another company in which any of the Company’s present executives at the same time serves or served on that company’s compensation committee; and
- who is not an employee of, or whose immediate family members (1) are not executive officers of, a company that has made payments to, or received payments from, the Company for property or services in an amount which in any of the three fiscal years prior to his appointment as an INED, exceeds the greater of \$1 million or 2% of such other company’s consolidated gross revenues.

Note:

(1) An “immediate family member” includes a person’s spouse, parents, children, siblings, mothers- and father-in-law, sons-and daughters-in-law, brothers and sisters-in-law, and anyone (other than domestic employees) who shares such person’s home.

Audit Committee

The primary duties of our Audit Committee are reviewing, acting on and reporting to the Board of Directors with respect to various auditing and accounting matters, including the selection of independent registered public accounting firm, the scope of annual audits, the fees to be paid to the independent registered public accounting firm and the performance of the independent registered public accounting firm and accounting practices.

Our Audit Committee consists of three independent non-executive directors: Messrs. Waslen, Dr. Lo and Waldman. Mr. Waslen serves as the Chairman of the Audit Committee as a "financial expert".

Compensation Committee

The primary duties of our Compensation Committee are to recommend (1) the compensation of the our Board of Directors; (2) compensation of any directors who are executives of the Company and the chief executive officer with reference to achievement of corporate goals and objectives established in the previous year; (3) compensation of other senior management if required by the Board; and (4) equity-based and incentive compensation programs of the Company.

Our Compensation Committee consists of four independent non-executive directors: Messrs. Waslen, Kellogg, Dr. Lo and Waldman. Mr. Waldman serves as the Chairman of the Compensation Committee.

Nominating/Corporate Governance Committee

The primary duties of our Nominating/Corporate Governance Committee consist of (1) assisting the Board by actively identifying individuals qualified to become Board members consistent with criteria approved by the Board; (2) recommending to the Board the director nominees for election at the next annual meeting of stockholders, the member nominees for the Audit Committee, Compensation Committee and the Nominating/Corporate Governance Committee on an annual basis; (3) reviewing and recommending to the Board whether it is appropriate for such director to continue to be a member of the Board in the event that there is a significant change in the circumstance of any director that would be considered detrimental to the Company's business or his/her ability to serve as a director or his/her independence; (4) reviewing the composition of the Board on an annual basis; (5) recommending to the Board a succession plan for the chief executive officer and directors, if necessary; (6) monitoring significant developments in the law and practice of corporate governance and of the duties and responsibilities of directors of public companies; (7) establishing criteria to be used in connection with the annual self-evaluation of the Nominating/Corporate Governance Committee; and (8) developing and recommending to the Board and administering the corporate governance guidelines of the Company.

Our Nominating/Corporate Governance Committee consists of four independent non-executive directors: Messrs.Waslen, Kellogg, Dr. Lo and Lorne Waldman. Dr. Lo serves as the Chairman of the Nominating/Corporate Governance Committee.

Stock Options of Directors and Management

*During 2016, our non-employee directors were each granted options to purchase 150,000 shares of the Company. A remaining balance of 360,000 options plus an aggregate of remaining balance of 30,000 options granted in 2015 but not yet ex*ercised by our directors (a total of 135,000) were outstanding and held by our directors as of January 31, 2018. With the exception of Mr. Koo's options, the options granted in 2016 are exercisable at $6.22 per share, according to the option certificates, the options vested per annum in five equal portions. The first portion vested on July 29, 2016 and expired on July 28, 2017. The second portion vested on January 1, 2017 and expired on December 31, 2017.The remaining three portions shall vest on January 1 and expire on December 31 in 2018, 2019 and 2020, respectively.

The options granted in 2015 are exercisable at $5.33 per share, and will lapse on June 4, 2018.

The options granted in 2014 are exercisable at $8.05 per share, and lapsed on June 5, 2017.

During 2016, a director (Mr. Koo) and our management were granted options to purchase 800,000 and 140,000 shares of the Company, respectively. These options granted are exercisable at $6.22 and $5.41 per share, respectively, and according to the option certificates, the options will vest per annum in five equal portions. The first portion vested on July 29, 2016 and expired on July 28, 2017. The second portion vested on January 1, 2017 and expired on December 31, 2017.The remaining three portions shall vest on January 1 and expire on December 31 in 2018, 2019 and 2020, respectively.

During 2017, a member of our senior management was granted options to purchase 400,000 shares of the Company exercisable at $7.95 per share and 400,000 shares of the Company exercisable at $15.00 per share. According to the option certificates, these options will vest per annum in four equal portions. The first portion vested on May 1, 2017 and expired on December 31, 2017. The remaining three portions shall vest on January 1 and expire on December 31 in 2018, 2019 and 2020, respectively.

Share Ownership of Directors and Management

For information regarding the numbers and percentage ownership of our shares, see ITEM 7. Major Shareholders and Related Party Transactions – Shares and Options Ownership of Directors, Management and Principal Shareholders.

Employee Stock Option Plans

We have four stock option plans - our amended 2001 stock option plan, our 2006 stock option plan, our 2016 stock option plan and 2017 stock option plan. The 2006 stock option plan was approved by the Board on February 10, 2006 and approved by shareholders at our 2006 Annual Meeting of Shareholders. In April 2016, the Board of Directors approved our 2016 stock option plan, which was subsequently approved by the shareholders at the 2016 Annual General Meeting of Shareholders. The 2016 stock option plan had the same terms and conditions as the 2006 stock option plan, except that the maximum number of shares to be issued pursuant to exercise of options granted under the 2016 stock option plan was 3,500,000 shares. In April 2017, the Board of Directors approved our stock option plan, which was subsequently approved by the shareholders at the 2017 annual general meeting of shareholders, with the same terms and conditions. However, the maximum number of shares to be issued pursuant to exercise of options granted was 1,500,000 shares.

Under either the amended 2001 stock option plan or the 2006 stock option plan, the terms and conditions of individual grants may vary subject to the following: (1) the exercise price of incentive stock options may not normally be less than market value on the date of grant; (2) the term of incentive stock options may not exceed ten years from the date of grant; (3) the exercise price of an option cannot be altered once granted unless such action is approved by shareholders in a general meeting or results from adjustments to our share capital and necessary to preserve the intrinsic value of the granted options; and (4) every non-employee director automatically receives on an annual basis upon their election to the Board of Directors at the annual shareholders' meeting, options to purchase 15,000 common shares at an exercise price equal to 100% of the fair market value of the common shares on the date of grant. Under the 2016 stock option plan, the terms and conditions of individual grants may vary subject to the above item (1) to item (3) of the amended 2001 stock option plan or the 2006 stock option plan.

As of January 31, 2018, we had outstanding options to purchase 390,000 shares under the 2006 and 2016 stock option plans held by four non-employee directors and 3,128,000 shares under the 2016 and 2017 stock option plans held by three executive directors, management and staff, respectively. Under our existing stock option plans, options to purchase 1,481,000 shares are available for future grants. The full text of our amended 2001 stock option plan, amended on July 30, 2004, was filed with the SEC as Exhibit 4.18 to our Annual Report on Form 20-F for the year ended December 31, 2004. The full text of our 2006 stock option plan was included as Exhibit 99.1 to our Form 6-K furnished to the SEC on June 12, 2006. Amendments to our 2006 stock option plan were included with our form 6-K furnished to the SEC on November 13, 2006. The full text of our 2016 stock option plan was incorporated by reference to Annex A of our Form 6-K furnished to the SEC on May 5, 2016.The full text of our 2017 stock option plan was incorporated by reference to our Form S-8 furnished to the SEC on July 28, 2017

Employees

The following table provides information concerning the number of Nam Tai's employees, their geographic location and their main category of activity during the years ended December 31, 2015, 2016 and 2017.

		At December 31,		
Geographic Location	**Main Activity**	**2015**	**2016**	**2017**
Shenzhen, PRC				
	Project development	11	6	8
	Supervision & checking committee member	3	—	—
	Administration	43	49	45
	Total Shenzhen	57	55	53
Wuxi, PRC				
	Administration	4	4	4
	Total Wuxi	4	4	4
Hong Kong				
	Administration	9	8	6
	Total Hong Kong	**9**	**8**	**6**
Total Employees		**70**	**67**	**63**

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

Shares and Options Ownership of Directors, Senior Management and Principal Shareholders

The following table sets forth certain information known to us regarding the beneficial ownership of our common shares as of January 31, 2018, by each person (or group within the meaning of Section 13(d)(3) of the Exchange Act) known by us to own beneficially 5% or more of our common shares; and each of our current directors and senior management:

	Shares beneficially owned[1]	
Name	**Number**	**Percent**
Kaisa Group Holdings Ltd.	9,191,050[2]	24.5%
Peter R. Kellogg	7,333,094[3]	19.5%
M.K. Koo	160,000[4]	*
Ying Chi Kwok	300,000[5]	*
Julian Lin	200,000[6]	*
Wing Yan (William) Lo	45,000[7]	*
Mark Waslen	85,000[8]	*
Lorne Waldman	45,000[9]	*
Yu Zhang	70,000[10]	*
Xiaoxia (Shirley) Yin	150,000[11]	*

Notes:

* Less than 1%.

(1) Percentage of ownership is based on 37,575,991 common shares outstanding as of January 31, 2018. In accordance with Rule 13d-3(d) (1) under the Exchange Act, options which are exercisable within 60 days of January 31, 2018 have been considered outstanding for the purpose of computing the percentage of Nam Tai's outstanding shares owned by the listed person holding such options, but are not considered outstanding for the purpose of computing the percentage of shares owned by any of the other listed persons.

(2) Kaisa beneficially holds 9,191,050 common shares, which are held indirectly through Greater Sail Limited. Greater Sail Limited is a British Virgin Islands company of which Kaisa indirectly holds 100% outstanding stock.

(3) Mr. Kellogg beneficially holds 7,288,094 common shares, including 5,774,800 common shares held indirectly through I.A.T. Reinsurance Syndicate Ltd. I.A.T. Reinsurance Syndicate Ltd. is a Bermuda corporation of which Mr. Kellogg is the sole holder of its voting stock. Mr. Kellogg disclaims beneficial ownership of the shares held by I.A.T. Reinsurance Syndicate Ltd. Mr. Kellogg also holds options to purchase 45,000 shares, which he has received as of January 31, 2018, as a director of Nam Tai.

(4) Mr. Koo holds options to purchase 160,000 shares, which he has received as of January 31, 2018, as a director of Nam Tai. In January 19, 2018, Mr. Koo exercised his options to purchase 160,000 shares vested on January 1, 2018 and received the shares on February 12, 2018.

(5) Represents options to purchase 300,000 shares, which he has received as of January 31, 2018, as a director of Nam Tai.

(6) Represents options to purchase 100,000 shares at $7.95 and 100,000 shares at $15.00 vested on January 1, 2018 and expired on December 31, 2018, which he received as the former Chief Executive Officer of Nam Tai.

(7) Represents options to purchase 45,000 shares, which he has received as of January 31, 2018, as a director of Nam Tai.

(8) Includes 55,000 common shares and options to purchase 30,000 shares, which he has received as of January 31, 2018, as a director of Nam Tai.

(9) Includes 15,000 common shares and options to purchase 30,000 shares, which he has received as of January 31, 2018, as a director of Nam Tai.

(10) Represents options to purchase 70,000 shares, which she has received as of January 31, 2018, as our Chief Financial Officer.

(11) Represents options to purchase 150,000 shares, which she has received as of January 31, 2018, as our Project Director.

To our knowledge, the Company is not directly or indirectly owned or controlled by another corporation or corporations, by any foreign government or by any other natural or legal person severally or jointly through January 31, 2018.

All of the holders of our common shares have equal voting rights with respect to the number of common shares held. As of January 31, 2018, there were approximately 464 holders of record of our common shares. According to information provided to us by our transfer agent, 97.6% holders of record with addresses in the United States held 31,040,009 of our common shares as of January 31, 2018.

The following table reflects the percentage ownership of our common shares during the last three years ended January 31, 2016, January 31, 2017 and January 31, 2018 by shareholders who beneficially owned 5% or more of our common shares during that period:

	Percentage Ownership[1]		
	2016	2017	2018
Kaisa Group Holdings Ltd.[2]	—	—	24.5%
Peter R. Kellogg[3]	18.8%	19.1%	19.5%
Kahn Brothers LLC[4]	9.9%	5.3%	4.9%
Ming Kown Koo[5]	16.7%	17.8%	—

Notes:

(1) Based on 36,699,572, 36,446,691 and 37,575,991 common shares outstanding on January 31, 2016, 2017 and 2018, respectively. In accordance with Rule 13d-3(d)(1) under the Exchange Act, options which are exercisable within 60 days as of January 31, 2016, January 31, 2017 and January 31, 2018 have been considered outstanding for the purpose of computing the percentage of our outstanding shares owned by the listed person holding such options, but are not considered outstanding for the purpose of computing the percentage of shares owned by any of the other listed persons.

(2) Based on a Schedule 13G filed with the SEC jointly by Kaisa and Greater Sail Limited on December 15, 2017, Kaisa beneficially holds 9,191,050 common shares, which are held indirectly through Greater Sail Limited. Greater Sail Limited is a British Virgin Islands company of which Kaisa indirectly holds 100% of its outstanding stock.

(3) Mr. Kellogg beneficially owned 6,871,000, 6,871,000 and 7,288,094 common shares, as of January 31, 2016, January 31, 2017 and January 31, 2018 including shares registered in the name of I.A.T. Reinsurance Syndicate Ltd., of which Mr. Kellogg is the sole holder of its voting stock but does not admit to its beneficial ownership and, as compensation granted to him for being a director of Nam Tai, options to purchase 45,000, 90,000 and 45,000 common shares, on each of the respective date. Based on a Schedule 13G/A filed with the SEC by I.A.T. Reinsurance Company Ltd. on February 17, 2015, 5,774,800 common shares were held by I.A.T. Reinsurance Company Ltd. as of December 21, 2014.

(4) Based on a Schedule 13G/A filed with the SEC by Kahn Brothers LLC on February 10, 2016 of 3,645,209 common shares and on February 2, 2017 of 1,920,660 common shares, and on January 25, 2018 of 1,855,255 common shares.

(5) Mr. Koo, jointly with Ms. Cho Sui Sin, Mr. Koo's wife, beneficially owned 5,922,486, 6,344,355 and nil common shares as of January 31, 2016, and January 31, 2017, and January 31, 2018, including, as compensation granted to him for being CFO of Nam Tai, options to purchase 261,869, 160,000 and 160,000 common shares, on each of the respective dates. In January 19, 2018, Mr. Koo exercised his options to purchase 160,000 shares vested on January 1, 2018 and received the shares on February 12, 2018.

The Company is not aware of any arrangements that may, at a subsequent date, result in a change of control of the Company.

Certain Relationships and Related Party Transactions

On February 12, 2018, we sold our Hong Kong office property to our Chairman, Mr. Koo, for $9.7 million after our Audit Committee reviewed two valuation reports prepared by two independent appraisers and our Board of Directors approved the transaction price.

During 2017, Julian Lin was granted options to purchase 400,000 shares of the Company at an exercise price of $7.95 per share and 400,000 shares of the Company at an exercise price of $15.00 per share. According to the option certificates, the options granted to Julian Lin shall vest per annum in four equal portions. The first portion of 100,000 shares at $7.95 per share and 100,000 shares at $15.00 vested on May 1, 2017 and expired on December 31, 2017. The remaining three portions shall vest on January 1 and expire on December 31 in 2018, 2019 and 2020, respectively. Julian Lin exercised his options to purchase 100,000 shares at the exercise price of $7.95 per share in November 2017.

During 2016, Mr. Koo was granted options to purchase 800,000 shares of the Company at an exercise price of $6.22 per share. According to the option certificates, the options granted to Mr. Koo shall vest per annum in five equal portions. The first portion of 160,000 shares vested on July 29, 2016 and expired on July 28, 2017. The second portion of 160,000 shares vested on January 1, 2017 and expired on December 31, 2017. The remaining three portions shall vest on January 1 and expire on December 31 in 2018, 2019 and 2020, respectively. Mr. Koo exercised his options to purchase 160,000 shares at the exercise price of $6.22 per share on August 16, 2016, 261,869 shares at the exercise price of $8.00 per share on August 18, 2016 and 160,000 shares at the exercise price of $6.22 per share on July 11, 2017. In January 19, 2018, Mr. Koo exercised his options to purchase 160,000 shares vested on January 1, 2018 and received the shares on February 12, 2018.

During 2015, Mr. Koo was granted options to purchase 261,869 shares of the Company at an exercise price of $8.00 per share. According to the option certificates, the options granted to Mr. Koo during 2015 will expire on October 29, 2020. Mr. Koo exercised his options to purchase 600,000 shares at the exercise price of $6.66 per share on September 15, 2015.

During the year ended December 31, 2013, we paid tax of $2.3 million on behalf of a director of the Company and a former director of a subsidiary. The amount was recorded as other receivables. For more information, please refer to ITEM 8. Financial Information – Legal Proceedings – Notices of Alleged Personal Liability for Additional Taxes Against Former Directors and Officers for Signing NTTC's Tax Returns".

ITEM 8. FINANCIAL INFORMATION

Financial Statements

Our consolidated financial statements are included this Form 20-F in the F pages following page 76.

Legal Proceedings

Tax Disputes with Hong Kong Inland Revenue Department.

Since the fourth quarter of 2007, several of our inactive subsidiaries have been involved in tax disputes relating to tax years 1996 and later years with the Inland Revenue Department of Hong Kong, (the "HKIRD"), the income tax authority of the Hong Kong Government. These inactive subsidiaries include three Hong Kong entities, Nam Tai Group Management Limited ("NTGM"), Nam Tai Trading Company Limited ("NTTC") and Nam Tai Telecom (Hong Kong) Company Limited ("NTT"). The disputes concern the appropriateness of expensing certain intra-group service fees under the transfer pricing context. NTGM is the parent company of NTT and NTTC. NTTC is the title holder of certain land in Hong Kong and is being liquidated. The particulars of these disputes are discussed below.

NTTC

(a) Starting from October 2007, the HKIRD issued assessments and writs against NTTC claiming taxes and interests on unpaid taxes for the taxable years 1996/1997 to 2003/2004, for matters related to intra-group service fees.

(b) Judgments were entered against NTTC and on June 4, 2012 a winding-up order was issued by the High Court of Hong Kong against NTTC.

(c) NTTC is currently in liquidation. The total tax claims against NTTC are $6.6 million plus interest. The financial statements of NTTC have not been included in our consolidated financial statements subsequent to our annual report for 2012.

NTT

(a) The HKIRD also issued assessments and writs against NTT for matters related to intra-group service fees in taxable years 2002/2003. During the years 2009 and 2011, two judgments were entered against NTT, our dormant subsidiary. The total tax claims against NTT are $0.4 million plus interest.

(b) NTT had a net deficit position as of December 31, 2017 and we have no funding obligation towards NTT. As a result, the liability from the HKIRD demand letter has no impact on us. Therefore, the amount claimed by HKIRD was not recorded as a liability in our consolidated financial statements.

NTGM

(a) The HKIRD had also issued assessments and writs against NTGM for matters related to intra-group service fee. During the years 2009 to 2011, two judgments were also entered against NTGM, a subsidiary that had been inactive since 2005. Since then, NTGM has received a number of demand letters from the HKIRD, demanding total payments of judgment debts for an aggregate amount of $1.1 million plus interest.

(b) NTGM has a net deficit position as of December 31, 2017 and we have no funding obligation towards NTGM. As a result, the claims from the HKIRD demand letters have no impact on us. Therefore, the amount claimed by HKIRD was not recorded as a liability in our consolidated financial statements.

Notices of Alleged Personal Liability for Additional Taxes against Former Directors and Officers for Signing NTTC's Tax Returns

(a) The HKIRD had also separately commenced legal proceedings against two former directors and officers of NTTC personally for taxable years 1996/1997, 1997/1998 and 1999/2000, in the total amount of approximately $2.3 million for additional tax by way of penalty for signing the tax return of the Hong Kong subsidiaries in relation to the disputed intra-group service fees. Both directors have been indemnified under the Company's indemnity policy.

(b) The hearing for the appeal application is scheduled for April 18, 2018 at the Hong Kong Court of First Instance.

Matter Concerning a Former Director

We are plaintiff in an action against a former director, Charles Chu, in the California Superior Court in San Francisco for breach of duty in connection with his failure to cooperate with the Board's inquiry on his historical beneficial shareholding in our Company. We are seeking damages from Mr. Chu arising from his conduct. Litigation is inherently uncertain, and the ultimate outcome of this action is unknown at this time.

Dividends

Under our dividend policy, our Board of Directors determines and declares the amount of Nam Tai's dividend payable based on our operating income, current and estimated future cash, cash flow and capital expenditure requirements at the time of the yearly declaration and such other factors as Nam Tai's Board believes reasonable and appropriate to consider in the determination and plans to announce the declared amount of that dividend.

As announced on November 4, 2013, the Company set payment of quarterly dividends for 2014 of $0.02 per quarter. All quarterly dividends scheduled for payment in 2014 were paid as scheduled.

As announced on November 3, 2014, the Company set payment of quarterly dividends for 2015 of $0.02 per quarter. All quarterly dividends scheduled for payment in 2015 were paid as scheduled.

As announced on October 30, 2015, the Company set payment of quarterly dividends for 2016 of $0.02 per quarter. All quarterly dividends scheduled for payment in 2016 were paid as scheduled.

As announced on October 31, 2016, the Company set payment of quarterly dividends for 2017 of $0.07 per quarter. All quarterly dividends scheduled for payment in 2017 were paid as scheduled.

On October 31, 2017, following its review of our financial results for the first nine months of 2017, our Board of Directors assessed our operating income, current and estimated future cash, cash flow and capital expenditure requirements, and decided to pay quarterly dividends in 2018 according to the Schedule set forth below:

Dividends declared for 2018				
Quarterly Payment	**Record Date**	**Scheduled Payment Date**		**Dividend per share**
Q1 2018	December 31, 2017	January 19, 2018	$	0.07
Q2 2018	March 31, 2018	April 20, 2018		0.07
Q3 2018	June 30, 2018	July 20, 2018		0.07
Q4 2018	September 30, 2018	October 19, 2019		0.07
Total for full year 2018			**$**	**0.28**

Although the Company has resumed paying dividends, it does not necessarily mean that dividend payments will continue thereafter. Whether future dividends will be declared will depend upon Nam Tai's future growth and earnings, of which there can be no assurance, and the Company's cash flow needs for future expansion, which growth, earning or cash flow needs may be adversely affected by one or more of the factors discussed in ITEM 3. Key Information — Risk Factors in this Report. There can be no assurance that future cash dividends will be declared, what the amounts of such dividends will be or whether such dividends, once declared for a specific period, will continue for any future period, or at all.

The following table sets forth the total cash dividends and dividends per share we have declared during each of the five years ended December 31:

	Year ended December 31,									
		2013		**2014**		**2015**		**2016**		**2017**
Total dividends declared (in thousands)	$	3,622	$	3,409	$	2,936	$	10,205	$	10,514
Regular dividends per share	$	0.08	$	0.08	$	0.08	$	0.28	$	0.28
Total dividends per share	$	0.08	$	0.08	$	0.08	$	0.28	$	0.28

ITEM 9. THE LISTING

Our shares are traded in the United States and have been listed on the New York Stock Exchange since January 2003 under the ticker symbol “NTE” until April 22, 2014 when the ticker symbol changed to “NTP”.

The following table sets forth the highest and lowest closing sales prices for our shares for each of the quarters in the year period ended December 31:

	2015			2016			2017		
	High	Low	Average Daily Trading Volume(1)	High	Low	Average Daily Trading Volume(1)	High	Low	Average Daily Trading Volume(1)
1st Quarter	$ 5.16	$ 3.51	154,839	$ 6.25	$ 4.80	83,507	$ 7.95	$ 6.79	36,715
2nd Quarter	5.40	3.86	179,730	6.18	5.26	41,823	8.85	6.90	43,036
3rd Quarter	6.59	4.20	140,952	9.59	5.19	138,388	11.23	7.95	105,313
4th Quarter	6.63	4.70	60,853	8.63	7.10	100,784	13.30	10.80	127,632

Notes:

(1) Determined by dividing the sum of the reported daily volume for the quarter by the number of trading days in the quarter.

The following table sets forth the highest and lowest closing sale prices of our shares for the five years ended December 31:

Year ended December 31,	High	Low	Average Daily Trading Volume(1)
2013	$ 16.01	$ 5.55	626,068
2014	8.11	4.12	225,267
2015	6.63	3.51	133,665
2016	9.59	4.80	91,178
2017	13.30	6.79	78,339

Note:

(1) Determined by dividing the sum of the reported daily volume for the year by the number of trading days in the year.

The following table sets forth the highest and lowest closing sale prices of our shares during each of the most recent six months in the period ending February 28, 2018:

Month ended	High	Low	Average Daily Trading Volume(1)
September 30, 2017	11.10	10.15	77,195
October 31, 2017	12.55	10.80	87,777
November 30, 2017	13.30	11.78	204,038
December 31, 2017	12.85	11.80	91,247
January 31, 2018	13.40	12.25	90,581
February 28, 2018	13.75	11.95	159,732

Note:

(1) Determined by dividing the sum of the reported daily volume for the month by the number of trading days in the month.

ITEM 10. ADDITIONAL INFORMATION

Share Capital

Our authorized capital consists of 200,000,000 common shares, $0.01 par value per share. As of January 31, 2018, we had 37,575,991 common shares outstanding.

Memorandum and Articles of Association

On December 5, 2007, we filed with the Registrar of Corporate Affairs of the British Virgin Islands, our jurisdiction of organization, an amended Memorandum and Articles of Associations (collectively our "Charter"), the instruments governing a company organized under the law of the British Virgin Islands, which are comparable in purpose and effect to certificates or articles of incorporation and bylaws of corporations organized in a state of the United States. Our Charter, which became effective on December 5, 2007, amended and restated our Memorandum and Articles of Association. The purpose of amending our Charter was to:

- Make our shares eligible for a direct registration system operated by a securities depository in accordance with Section 501.00 (B) of the rules of the New York Stock Exchange that became effective on January 1, 2008 as to companies, like us, having equity securities listed on the New York Stock Exchange prior to January 1, 2007;
- Make various consequential amendments to our Memorandum and Articles of Association so as to make them consistent with the BVI Business Company's Act, 2004, as amended (the "Act"), which we became subject to on January 1, 2007;
- Eliminate our authority to issue bearer shares that would otherwise be permitted under BVI law, which our directors believed to be inappropriate for a company with shares publicly traded in the United States;
- Authorize our Chief Executive Officer, Chief Financial Officer and our other officers designated by the Chairman of the Board of Directors (or the directors in the absence of designation by the Chairman of the Board of Directors), to serve as the Chairman of all meetings of shareholders in the absence of the Chairman of the Board of Directors; and
- Make certain other changes as are indicated in our Memorandum and Articles of Association.

Under our Charter, holders of our shares:

- are entitled to one vote for each whole share a holder owns on all matters to be voted upon by shareholders, including the election of directors;
- do not have cumulative voting rights in the election of directors;
- are entitled to receive dividends if and when declared by our Board of Directors out of funds legally available under British Virgin Islands law; and
- do not have preemptive rights to purchase any additional, unissued common shares.

Under our Charter or applicable BVI law:

- all of common shares are equal to each other with respect to voting and dividend rights; and
- in the event of our liquidation, all assets available for distribution to the holders of our common shares are distributable among them according to their respective holdings.

Pursuant to our Charter and pursuant to the laws of the British Virgin Islands, our Board of Directors without shareholder approval, may amend our Memorandum and Articles of Association except:

- to restrict the rights or powers of our shareholders to amend the Memorandum or the Articles;
- to change the percentage of shareholders required to pass a resolution of shareholders to amend our Charter;
- in circumstances where our Charter cannot be amended by the Shareholders;
- to authorize the Company to issue, or authorize the issuance of, bearer shares of capital stock; or
- The power of our Board of Directors to amend our Memorandum and Articles of Association continues to include amendments to increase or reduce our authorized capital stock. Our ability to amend our Memorandum and Articles of Association without shareholder approval in this fashion could have the effect of delaying, deterring or preventing our change in control, including one involving a tender offer to purchase our common shares or to engage in a business combination at a premium over the then current market price of our shares.

We have never had any class of stock outstanding other than our common shares nor have we ever changed the voting rights with respect to our common shares.

Our registered office is at P.O. Box 3342, Road Town, Tortola, British Virgin Islands and we have been assigned company number 3805.

As set forth in Clause 4 of our Memorandum of Association included in our Charter, our object or purpose is to engage in any act or activity that is not prohibited under British Virgin Islands law.

The following summarizes certain of the Regulations from our Articles of Association, included in our Charter:

- Regulation 53 provides that a director may be counted as part of the quorum with respect to any contract or arrangement in which the director is materially interested or makes with the Company;
- Regulation 46 allows the directors to vote on their compensation for their service as directors;
- Regulation 62 provides that the directors may by resolution exercise all of the Company's powers to borrow money and to mortgage or charge our undertakings and property or any part thereof, to issue debentures, debenture stock and other securities whenever we borrow money or as security for any of our debts, liabilities or obligations or those of any third party. These borrowing powers can be altered by an amendment to the Articles;
- Regulation 78 allows us to deduct from any shareholder's dividends amounts owed to us by that shareholder;
- Regulation 8(b) provides that we can redeem shares at fair market value from any shareholder against whom we have a judgment debt;
- Regulation 5(a) provides that the Company's registered shares may be certificated or uncertificated and shall be entered in the register of members of the Company and registered as they are issued;
- Regulation 7 provides that without prejudice to any special rights previously conferred on the holders of any existing shares, any of our shares may be issued with such preferred, deferred or other special rights or such restrictions, with respect to dividends, voting, return of capital or otherwise as the directors may from time to time determine;
- Regulation 9 provides that if at any time our capital stock is divided into different classes or series of shares, the rights attached to any class or series may be varied with the consent in writing of the holders of not less than three-fourths of the issued shares of any other class or series of shares which may be affected by such variation;
- Regulations 22 through 26 and under applicable BVI law provide that directors may convene meetings of our shareholders at such times and in such manner and places as the directors consider necessary or desirable, and they shall convene such a meeting upon the written request of shareholders holding more than 30% of the votes of our outstanding voting shares. Other than providing, if requested, reasonable proof of a holder's status as a holder of our shares as of the applicable record date, there is no condition to the admission of a shareholder or his or her proxy holder to our meetings of shareholders.

There is no provision in our Charter for the mandatory retirement of directors. Directors are not required to own our shares in order to serve as directors.

British Virgin Islands law and our Charter impose no limitations on the right of nonresident or foreign owners to hold or vote our securities.

There are no provisions in our Charter governing the ownership threshold above which shareholder ownership must be disclosed.

We filed our Charter with the SEC as Exhibit 1.1 to Amendment No. 1 to Form 8-A on December 13, 2007 and the provisions of our Charter may be reviewed by examining that filing.

Transfer Agent

Computershare, 480 Washington Blvd. Jersey City, NJ 07310, U.S.A., serves as transfer agent and registrar for our shares in the United States.

Material Contracts

We have not entered into any material contracts other than in the ordinary course of business or elsewhere in this annual report on Form 20-F.

Exchange Controls

There are no exchange control restrictions on payments of dividends, interest, or other payments to nonresident holders of Nam Tai's securities or on the conduct of our operations in Hong Kong, Cayman Islands or the British Virgin Islands, where Nam Tai is incorporated. Other jurisdictions in which we conduct operations may have various exchange controls. With respect to our subsidiaries in China, with the exception of a requirement that 11% of profits be reserved for future developments and staff welfare, there are no restrictions on the payment of dividends and the removal of dividends from China once all taxes are paid and assessed and losses, if any, from previous years have been made good. We believe such restrictions will not have a material effect on our liquidity or cash flows.

United States Federal Income Tax Consequences

The discussion below is for general information only and is not, and should not be interpreted to be, tax advice to any holder of our common shares. Each holder or a prospective holder of our common shares is urged to consult his, her or its own tax advisor.

General

This section is a general summary of the material United States federal income tax consequences of the ownership and disposition of our common shares as of the date of this report. This summary is based on the provisions of the Internal Revenue Code of 1986, as amended, or the Code, Treasury regulations promulgated and proposed thereunder, judicial decisions and current administrative rulings and practice, all of which are subject to change, possibly on a retroactive basis. This summary applies to you only if you hold our common shares as a capital asset within the meaning of Section 1221 of the Code.. The United States Internal Revenue Service, or the IRS, may challenge the tax consequences described below, and we have not requested, nor will we request, a ruling from the IRS or an opinion of counsel with respect to the United States federal income tax consequences of acquiring, holding or disposing of our common shares. This summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to the ownership of our common shares. In particular, the discussion below does not cover tax consequences that depend upon your particular tax circumstances nor does it cover any state, local or foreign law, or the possible application of the United States federal estate or gift tax. You are urged to consult your own tax advisors regarding the application of the United States federal income tax laws to your particular situation as well as any state, local, foreign and United States federal estate and gift tax consequences of the ownership and disposition of our common shares. In addition, this summary does not take into account any special United States federal income tax rules that apply to a particular holder of our common shares, including, without limitation, the following:

- broker;
- a dealer in securities or currencies;
- a trader in securities that elects to use a mark-to-market method of accounting for its securities holdings;
- a financial institution or a bank;
- an insurance company;
- a tax-exempt organization;
- a person that holds our common shares in a hedging transaction or as part of a straddle or conversion transaction;
- a U.S. Holder (as defined below)whose functional currency for United States federal income tax purposes is not the U.S. dollar;
- a person liable for alternative minimum tax;
- a person that owns, or is treated as owning, 10% or more, by voting power or value, of our common shares;
- certain former U.S. citizens and residents who have expatriated;
- persons holding shares through partnerships or other pass-through entities; or
- a person who receives our shares pursuant to the exercise of employee stock options or otherwise as compensation.

Investors should consult their tax advisors regarding the application of the U.S. federal tax rules to their particular circumstances as well as the state, local, non-U.S. and other tax consequences to them of the purchase, ownership and disposition of our common shares.

The United States federal income tax treatment of a partner in a partnership (or other entity treated as a partnership for United States federal income tax purposes) that holds our common shares will generally depend on the status of the partner and the activities of the partnership. Partners in a partnership investing in our common shares should consult their tax advisors regarding the specific United States federal income tax consequences to them of the acquisition, ownership and disposition of our common shares.

U.S. Holders

For purposes of the discussion below, you are a "U.S. Holder" if you are a beneficial owner of our common shares who or which is:

- an individual United States citizen or resident alien of the United States (as defined for United States federal income tax purposes);
- a corporation, or other entity treated as a corporation for United States federal income tax purposes, created or organized in or under the laws of the United States, any State or the District of Columbia;
- an estate whose income is subject to United States federal income tax regardless of its source; or
- a trust (x) if a United States court can exercise primary supervision over the trust's administration and one or more United States persons are authorized to control all substantial decisions of the trust or (y) if it was in existence on August 20, 1996, was treated as a United States person prior to that date and has a valid election in effect under applicable Treasury regulations to be treated as a United States person.

Distributions on Our Common Shares

Subject to the discussion below under "PFIC Considerations," the gross amount of any cash distribution or the fair market value of any property distributed that you receive with respect to our common shares generally will constitute dividends to the extent such distribution does not exceed our current and accumulated earnings and profits, or E&P, as calculated for United States federal income tax purposes. To the extent any distribution exceeds our current and accumulated E&P, such distribution will first be treated as a tax-free return of capital to the extent of your adjusted tax basis in our common shares and will be applied against and reduce such basis on a dollar-for-dollar basis (thereby increasing the amount of gain and decreasing the amount of loss recognized on a subsequent disposition of such shares). To the extent that such distribution exceeds your adjusted tax basis in our common shares, the distribution will be treated as capital gain. Notwithstanding the foregoing, we do not intend to maintain calculations of our E&P as determined for United States federal income tax purposes. Consequently, distributions generally will be reported as ordinary dividend income for United States information reporting purposes. Such income will be included in your gross income on the date of actual or constructive receipt. Subject to certain limitations, dividends paid to non-corporate U.S. Holders, including individuals, may be eligible for a reduced rate of taxation if we are a "qualified foreign corporation" for U.S. federal income tax purposes. A qualified foreign corporation includes (i) a foreign corporation that is eligible for the benefits of a comprehensive income tax treaty with the United States that includes an exchange of information program, and (ii) a foreign corporation if its stock with respect to which a dividend is paid is readily tradable on an established securities market within the United States. We anticipate that requirement (ii) will be met here. A qualified foreign corporation for purposes of the reduced rate does not, however, include a passive foreign investment company, or PFIC. U.S. Holders should consult their tax advisors regarding the availability of the reduced rate of taxation applicable to any dividends the Company pays with respect to the shares. A dividends-received deduction generally will not be allowed to U.S. Holders that are corporations with respect to dividends paid by us.

We believe we were a PFIC for 2017 and, based on our current operations, assets and market conditions for our shares, we may be a PFIC for 2018—see "PFIC Considerations" below and the discussion of certain PFIC issues in "Risk Factors" above. Therefore, the reduced rate of taxation available to U.S. Holders of a "qualified foreign corporation" may not be available for 2017 or future taxable years.

For United States foreign tax credit limitation purposes, dividends received on our common shares will be treated as foreign source income and will generally be "passive category income", or in the case of certain holders, "general category income". You may be eligible, subject to a number of complex limitations, to claim a foreign tax credit in respect of foreign withholding taxes, if any, imposed on dividends paid on our common shares. The rules governing United States foreign tax credits are complex, and we recommend that you consult your tax advisor regarding the applicability of such rules to you.

Sale, Exchange or Other Disposition of Our Common Shares

Subject to the discussion below under "PFIC Considerations," in connection with the sale, exchange or other taxable disposition of our common shares, generally:

- you will recognize capital gain or loss equal to the difference (if any) between the amount realized on such sale, exchange or other taxable disposition and your tax basis in such common shares (your tax basis in the shares you hold generally will equal your U.S. dollar cost of such shares);
- such gain or loss will be long-term capital gain or loss if your holding period for our common shares is more than one year at the time of such sale or other disposition;
- such gain or loss will generally be treated as United States source for United States foreign tax credit purposes; and
- your ability to deduct capital losses is subject to limitations.

Medicare Tax

Certain U.S. Holders that are individuals, estates or trusts are required to pay an additional 3.8% tax on, among other things, dividends on and capital gains from the sale or other disposition of stock. U.S. Holders that are individuals, estates or trusts should consult their tax advisors regarding the effect, if any, of this tax on their ownership and disposition of the Company's shares.

Information with Respect to Foreign Financial Assets

A U.S. Holder that is an individual (and, to the extent provided in future regulations, an entity), may be subject to certain reporting obligations with respect to our common shares if the aggregate value of these and certain other "specified foreign financial assets" exceeds $50,000. If required, this disclosure is made by filing IRS Form 8938 with the IRS. Significant penalties can apply if U.S. Holders are required to make this disclosure and fail to do so. In addition, a U.S. Holder should consider the possible obligation to file annually FinCEN Report 114 (Report of Foreign Bank and Financial Accounts) as a result of holding our common shares. U.S. Holders are thus encouraged to consult their U.S. tax advisors with respect to these and other reporting requirements that may apply to their acquisition of common shares.

PFIC Considerations

The determination of whether a corporation is a PFIC in any taxable year is made on an annual basis after the close of that year and depends on the composition of its income and the nature and value of its assets including goodwill. Specifically, a corporation will be classified as a PFIC if, after applying relevant look-through rules with respect to the income and assets of subsidiaries, either (i) 75% or more of its gross income for such taxable year is passive income (the "PFIC income test"), or (ii) 50% or more of the value of its assets (based on an average of the quarterly values of the assets during such year) are passive to assets, which generally means that they either produce passive income or are held for the production of passive income (the "PFIC asset test"). For this purpose, passive income generally includes dividends, interest, royalties, rents (other than rents and royalties derived in the active conduct of a trade or business), annuities and gains from assets that produce passive income.

Based on the assumption that (i) cash and cash equivalents are passive assets and (ii) our market capitalization plus total liabilities may be considered a proxy for our total assets, a calculation based on a comparison of the average quarter-end book values of our cash and cash equivalents to our market capitalization plus total book liabilities indicates that we were a PFIC for 2017 under the PFIC asset test. As a result, although not free from doubt, we believe we were a PFIC for U.S. federal income tax purposes for 2017. However, the PFIC asset test requires a determination of the fair market value of each asset and a determination of whether such asset produces or is held for the production of passive income and involves complex legal issues. We have not made a determination of the fair market value of our assets for 2017 or for 2018 to date, and we do not intend to make such a determination as we believe that our management and financial resources can be better deployed in other aspects of our business. We may have been a PFIC in 2017 and may be a PFIC in future taxable years under either the PFIC income test or the PFIC asset test, or both.

If we are classified a PFIC, a special tax regime generally would apply to both (a) any "excess distribution" by us (generally, the U.S. Holder's ratable share of distributions in any year that are greater than 125% of the average annual distributions received by such U.S. Holder in the three preceding years or its holding period, if shorter) and (b) any gain recognized on the sale or other disposition of your common shares. Under the PFIC regime, any excess distribution and recognized gain would be treated as ordinary income. The U.S. federal income tax on such ordinary income is determined under the following steps: (i) the amount of the excess distribution or gain is allocated ratably over the U.S. Holder's holding period for our common shares; (ii) tax is determined for amounts allocated to the first year in the holding period in which we were classified as a PFIC and all subsequent years (except the year in which the excess distribution was received or the sale occurred) by applying the highest applicable tax rate in effect in the year to which the income was allocated; (iii) an interest charge is added to this tax calculated by applying the underpayment interest rate to the tax for each year determined under the preceding sentence from the due date of the income tax return for such year to the due date of the return for the year in which the excess distribution or sale occurs; and (iv) amounts allocated to a year prior to the first year in the U.S. Holder's holding period in which we were classified as a PFIC or the year in which the excess distribution or the disposition occurred are taxed as ordinary income and no interest charge applies.

A U.S. Holder may generally avoid the PFIC regime by making a "qualified electing fund" election, or QEF election, effective beginning with the first taxable year in the holder's holding period in which we are a PFIC, which generally provides that, in lieu of the foregoing treatment, our earnings, on a pro rata basis, would be currently included in the holder's gross income. In general, a U.S. Holder makes a QEF election on a completed IRS Form 8621 (Information Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund) attached to such holder's U.S. federal income tax return for the year beginning with which the QEF election is to be effective. A QEF election can be revoked only with the consent of the IRS. In order for a U.S. Holder to make a valid QEF election, the Company must provide or make available to the holder certain information on an annual basis. The Company currently intends to provide U.S. Holders the information required to make a valid QEF election for the 2017 and possibly future taxable years. However, the Company provides no assurances that it will provide such information in any taxable year.

In addition, as an alternative to making a QEF election, U.S. Holders generally may avoid the PFIC regime by making the "mark-to-market" election with respect to our common shares if the shares meet certain minimum trading requirements. If a U.S. Holder makes a valid mark-to-market election for the first tax year in which such holder holds (or is deemed to hold) stock in a corporation and for which such corporation is determined to be a PFIC, such holder generally will not be subject to the PFIC rules described above in respect of its stock. Instead, a U.S. Holder that makes a mark-to-market election will be required to include in income each year an amount equal to the excess of the fair market value of the shares that the holder owns as of the close of the taxable year over the holder's adjusted tax basis in the shares. The U.S. Holder will be entitled to a deduction for the excess, if any, of the holder's adjusted tax basis in the shares over the fair market value of the shares as of the close of the taxable year; provided, however, that the deduction will be limited to the extent of any net mark-to-market gains with respect to the shares included by the U.S. Holder under the election for prior taxable years. The U.S. Holder's basis in the shares will be adjusted to reflect the amounts included or deducted pursuant to the election. Amounts included in income pursuant to a mark-to-market election, as well as gain on the sale, exchange or other disposition of the shares will be treated as ordinary income. The deductible portion of any mark-to-market loss, as well as loss on a sale, exchange or other disposition of shares to the extent that the amount of such loss does not exceed net mark-to-market gains previously included in income, will be treated as ordinary loss. It also is possible that one or more of our subsidiaries is or will become a PFIC. Such determination is made annually at the end of each taxable year and is dependent upon a number of factors, some of which are beyond our control, including the amount and nature of a subsidiary's income, as well as the market valuation and nature of a subsidiary's assets. In such case, assuming a U.S. Holder does not receive from such subsidiary the information that the U.S. Holder needs to make a QEF election with respect such a subsidiary, if we are treated as a PFIC, a U.S. Holder generally will be deemed to own a portion of the shares of such lower-tier PFIC and may incur liability for a deferred tax and interest charge if we receive a distribution from, or dispose of all or part of our interest in, or the U.S. Holder otherwise is deemed to have disposed of an interest in, the lower-tier PFIC. There is no assurance that we will have timely knowledge of the status of any such lower-tier PFIC, or that we will cause the lower-tier PFIC to provide the required information for a U.S. holder to make or maintain a QEF election with respect to the lower-tier PFIC. In addition, a mark-to-market election generally would not be available with respect to such a lower-tier PFIC. U.S. Holders are advised to consult with their tax advisors regarding the tax issues raised by lower-tier PFICs.

An actual determination of PFIC status is factual in nature. Given the complexity of the issues regarding our classification as a PFIC, U.S. Holders are urged to consult their own tax advisors for guidance as to our PFIC status.

If during any taxable year of a U.S. Holder ending on or after December 31, 2017 such U.S. Holder owns our common shares and we are a PFIC in such year, the U.S. Holder generally will be required to file an IRS Form 8621 (Information Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund) with respect to the Company (generally with the U.S. Holder's federal income tax return for that year), unless a *de minimis* exception applies. U.S. Holders are urged to consult their tax advisors regarding their annual filing requirements.

Non-U.S. Holders

If you are not a U.S. Holder and are not a partnership (or other entity treated as a partnership for United States federal income tax purposes), you are a "Non-U.S. Holder".

Distributions on Our Common Shares

Subject to the discussion below under "Backup Withholding and Information Reporting," you generally will not be subject to United States federal income tax, including withholding tax, on distributions made on our common shares unless:

- you conduct a trade or business in the United States and the distributions are effectively connected with the conduct of that trade or business (and, if an applicable income tax treaty so requires as a condition for you to be subject to United States federal income tax on a net income basis in respect of income from our common shares, such distributions are attributable to a permanent establishment or fixed base that you maintain in the United States).
- In such case, you generally will be subject to tax in respect of such distributions in the same manner as a U.S. Holder, as described above (other than with respect to the Medicare tax described above). In addition, any effectively connected dividends received by a non-U.S. corporation may also, under certain circumstances, be subject to an additional "branch profits tax" at a 30% rate or such lower rate as may be specified by an applicable income tax treaty.

Sale, Exchange or Other Disposition of Our Common Shares

Subject to the discussion below under "Backup Withholding and Information Reporting," you generally will not be subject to United States federal income tax, including withholding tax, in respect of gain recognized on a sale or other taxable disposition of our common shares unless:

- your gain is effectively connected with a trade or business that you conduct in the United States (and, if an applicable income tax treaty so requires as a condition for you to be subject to United States federal income tax on a net income basis in respect of gain from the sale or other disposition of our common shares, such gain is attributable to a permanent establishment or fixed base maintained by you in the United States); or
- you are an individual Non-U.S. Holder and are present in the United States for at least 183 days in the taxable year of the sale or other disposition, and certain other conditions exist.

In the first case, the Non-U.S. Holder will be taxed in the same manner as a U.S. Holder (other than with respect to the Medicare Tax described above). In the second case, the Non-U.S. Holder will be subject to U.S. federal income tax at a rate of 30% on the amount by which such Non-U.S. Holder's U.S.-source capital gains exceed its non-U.S.-source capital losses. Effectively connected gains realized by a non-U.S. corporation may also, under certain circumstances, be subject to an additional "branch profits tax" at a rate of 30% or such lower rate as may be specified by an applicable income tax treaty.

Backup Withholding and Information Reporting

Payments, including dividends and proceeds of sales, in respect of our common shares that are made in the United States or by a United States related financial intermediary may be subject to United States information reporting rules. In addition, such payments may be subject to United States federal backup withholding tax. You generally will not be subject to backup withholding provided that:

- you are a corporation or other exempt recipient and comply with applicable certification requirements demonstrating such exemption; or
- you provide your correct United States federal taxpayer identification number and certify, under penalties of perjury, that you are not subject to backup withholding.

Amounts withheld under the backup withholding rules may be credited against your United States federal income tax, and you may obtain a refund of any excess amounts withheld under the backup withholding rules by filing the appropriate claim for refund with the IRS in a timely manner.

A Non-U.S. Holder generally may establish an exemption from backup withholding by providing certification of its non-U.S. status to the payor, under penalties of perjury, on IRS Form W-8BEN or W-8BEN-E, as applicable. You should consult your own tax advisor as to the qualifications for exemption from backup withholding and the procedures for obtaining the exemption.

The discussion above is a general summary. It does not cover all tax matters that may be important to you. Investors should consult their tax advisors regarding the application of the United States federal tax rules , including the recently enacted legislation known as the Tax Cuts and Jobs Act, to their particular circumstances as well as the state, local, non-U.S. and other tax consequences to them of the purchase, ownership and disposition of our common shares.

There is no income tax treaty or convention currently in effect between the United States and the British Virgin Islands or between China and the British Virgin Islands.

Documents on Display

We are subject to the information requirements of the Exchange Act, and, in accordance with the Exchange Act, we file annual reports on Form 20-F within four months of our fiscal year end, and submits other reports and information under cover of Form 6-K with the SEC. You may read and copy this information at the SEC's public reference room at 450 Fifth Street, N.W., Washington, D.C. 20549. Recent filings and reports are also available free of charge though the EDGAR electronic filing system at www.sec.gov. You can also request copies of the documents, upon payment of a duplicating fee, by writing to the public reference section of the SEC. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference room or accessing documents through EDGAR. As a foreign private issuer, we are exempt from the rules under the Exchange Act prescribing the furnishing and content of proxy statements to shareholders.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Currency Fluctuations and Foreign Exchange Risk

Beginning on December 1, 1996, the RMB became fully convertible under the current accounts. There are no restrictions on trade-related foreign exchange receipts and disbursements in China. However, capital account foreign exchange receipts and disbursements are subject to control, and organizations in China are required to use designated banks for foreign currency transactions.

Chinese Renminbi

Effective from April 1, 2015, the Company's subsidiaries in China changed their functional currency from the U.S. dollar to the RMB. This change was made upon the progress of the property development projects in China causing the Company's subsidiaries primary operating activities to be in RMB and making the RMB the currency of the economic environment in which the entities primarily generate and expend cash. We do not hedge against currency risk for subsidiaries in China.

For the Company and subsidiaries outside of China, the function currencies are U.S. dollars and Hong Kong dollars, as expense transactions are generally denominated in U.S. dollars and Hong Kong dollars. Our exposure to foreign exchange risk primarily relates to a significant portion of the Company's cash and cash equivalent and short term investment denominated in RMB. We need to convert RMB to U.S. dollars and Hong Kong dollars for our operations, depreciation of the RMB against the U.S. dollar would reduce the U.S. dollar amount and Hong Kong dollars amount we receive from the conversion.

As of December 31, 2017, the Company and subsidiaries outside of China had RMB-denominated cash and cash equivalents and short term investments of RMB723.1 million (equal to $110.9 million). If the RMB had depreciated by 10% against the U.S. dollar and assuming we converted RMB723.1million into U.S. dollars, our U.S. dollar cash balance for the RMB723.1 million would have been $100.8 million.

For more information on impact of foreign currency fluctuations, see ITEM 5. Operating And Financial Review And Prospects – Impact of Foreign Currency Fluctuations.

Hong Kong Dollar

The exchange rate of Hong Kong dollars to U.S. dollars has been fixed by the Hong Kong government since 1983 at approximately HK$7.80 to US$1.00, through the currency-issuing banks in Hong Kong and, accordingly, has not in the past presented a currency exchange risk. This could change in the future.

Currency Hedging

We may elect to hedge our currency exchange risk when we judge that such action is required. In an attempt to lower the costs of expenditures in foreign currencies, we may enter into forward contracts or option contracts to buy or sell foreign currency (ies) against the U.S. dollar through one of our banks. As a result, we may suffer losses resulting from the fluctuation between the buy forward exchange rate and the sell forward exchange rate, or from the price of the option premium.

Currencies included in Cash and Cash Equivalents and Short term investments

The following table provides the U.S. dollar equivalent of amounts of currencies included in cash and cash equivalents and short term investments on our balance sheets at December 31, 2016 and 2017:

Currencies included in cash and cash equivalents and short term investments	As of December 31 2016	As of December 31 2017
	(In thousands)	
United States dollars	$ 2,083	$ 3,379
Chinese renminbi	181,843	161,569
Hong Kong dollars	256	225
Total US$ equivalent	$ 184,182	$ 167,492

Interest Rate Risk

Our interest expenses and income are sensitive to changes in interest rates. All of our cash reserves and long term investment are subject to interest rate changes. Cash on hand of $165.2 million as of December 31, 2017 was invested in term deposits. As such, interest income will fluctuate with changes in interest rates. During 2017, we had $7.6 million in interest income.

As of December 31, 2017, we had no long-term bank loan.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

Not applicable to Nam Tai.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

Not applicable to Nam Tai.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

Not applicable to Nam Tai.

ITEM 15. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

As of the end of the period covered by this report, our management, with the participation of its Chief Executive Officer and Chief Financial Officer, conducted an evaluation pursuant to Rule 13a-15 promulgated under the Exchange Act, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that as of the end of the period covered by this report such disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by the Company in reports it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC, and included controls and procedures designed to ensure that information required to be disclosed by the Company in such reports is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Report of Management on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our internal controls will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, a control may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Our management, including its Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of our internal control over financial reporting as of December 31, 2017. In making this assessment, our management used the criteria set forth in the Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on the assessment, our management, including its Chief Executive Officer and Chief Financial Officer, concluded that, as of December 31, 2017, our internal control over financial reporting was effective based on these criteria.

Attestation Report of Independent Registered Public Accounting Firm

The effectiveness of our internal control over financial reporting as of December 31, 2017 has been audited by Moore Stephens CPA Limited, an independent registered public accounting firm. The related report to our shareholders and the Board of Directors appears on the next page of this Report.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

MOORE STEPHENS

Moore Stephens CPA Limited
801-806 Silvercord, Tower 1,
30 Canton Road, Tsimshatsui,
Kowloon, Hong Kong

T +852 2375 3180
F +852 2375 3828

www.moorestephens.com.hk

大華馬施雲會計師事務所有限公司

To the Board of Directors and the Shareholders of Nam Tai Property Inc.:

Opinion on Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Nam Tai Property Inc. and subsidiaries (the "Company") as of December 31, 2016 and 2017, and the related consolidated statements of comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2017, and the related notes (collectively referred to as the "consolidated financial statements"). Our audits also included the financial statement schedules in Schedule 1. In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2016 and 2017, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2017, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the financial statement schedules listed in Schedule 1, when considered in relation to the basic financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2017, based on criteria established in Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated March 9, 2018 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Moore Stephens CPA Limited

Certified Public Accountants

We have served as the Company's auditor since
2009.

Hong Kong
March 9, 2018

Changes in Internal Control Over Financial Reporting

There were no changes in our internal controls over financial reporting during the year ended December 31, 2017, the period covered by this Report on Form 20-F, that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Our Board of Directors has determined that one member of the Audit Committee, Mark Waslen, qualifies as an "audit committee financial expert" as defined by Item 407(d) (5) (ii) of Regulation S-K, adopted pursuant to the Exchange Act. For information concerning Mr. Waslen's education and experience by which he acquired the attributes qualifying him as an audit committee financial expert, please see the description of Mr. Waslen's background in ITEM 6. Directors and Senior Management—Directors and Senior Managers of this Report.

Mr. Waslen is "independent" as that term is defined in the Listed Company Manual of the NYSE.

ITEM 16B. CODE OF ETHICS

We have adopted a Code of Ethics for the Chief Executive Officer and Chief Financial Officer, which also applies to our principal executive officers and to its principal financial and accounting officers. The Code of Ethics has been revised to apply to all employees as well. A copy of the revised Code of Ethics is attached as Exhibit 11.1 to this Report on Form 20-F. This code has been posted on our website, which is located at http://www.Nam Tai.com/investors#investors/corporate_governance. The contents of this website address, other than the corporate governance guidelines, the code of ethics and committee charters, are not a part of this Form 20-F. Stockholders may request a free copy in print form from:

Mr. Kevin McGrath, Managing Partner of Cameron Associates
Telephone: 212.245.4577
e-mail: kevin@cameronassoc.com

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Moore Stephens has served as our independent registered public accounting firm for the years ended December 31, 2016 and 2017, for which audited consolidated financial statements appeared in this Report on Form 20-F. Each year our Audit Committee of the Board of Directors selects our independent registered public accounting firm and our Board of Directors annually directs us to submit the selection of our independent registered public accounting firm for ratification by shareholders at our annual meeting of shareholders. It is currently expected that the Audit Committee will select Moore Stephens as our independent registered public accounting firm for 2018 and that our Board of Directors will propose at the Annual Meeting of Shareholders to be held in 2018 that Moore Stephens be ratified as our independent registered public accounting firm for 2018.

The following table presents the aggregate fees for professional services and other services rendered by Moore Stephens to us in 2016 and 2017, respectively (U.S. dollars in thousands).

	Year ended December 31, 2016	Year ended December 31, 2017
Audit Fees[(1)]	$ 129	$ 128
Tax Fees[(2)]	1	2
Others[(3)]	2	2
Total	$ 132	$ 132

Notes:

(1) Audit Fees consist of fees billed for the annual audit of our consolidated financial statements and the statutory financial statements of our subsidiaries. They also include fees billed for other audit services, which are those services that only the independent registered public accounting firm reasonably can provide, and include the provision of attestation services relating to the review of documents filed with the SEC.

(2) Tax Fees include fees billed for tax compliance services, including the preparation of original and amended tax returns.

(3) Others mainly include fees billed for preparing tax advice from both Hong Kong and China tax perspective and the incorporation of ICCL.

Audit Committee Pre-approval Policies and Procedures

The Audit Committee of our Board of Directors is responsible, among other matters, for the oversight of the independent registered public accounting firm subject to the relevant regulations of the SEC and NYSE. The Audit Committee has adopted a policy, or the Policy, regarding pre-approval of audit and permissible non-audit services provided by our independent registered public accounting firm.

Under the Policy, the Chairman of the Audit Committee is delegated with the authority to grant pre-approvals in respect of all auditing services including non-audit service, but excluding those services stipulated in Section 201 “Service Outside the Scope of Practice of Auditors”. Moreover, if the Audit Committee approves an audit service within the scope of the engagement of the audit service, such audit service shall be deemed to have been pre-approved. The decisions of the Chairman of the Audit Committee made under delegated authority to pre-approve an activity shall be presented to the Audit Committee at each of its scheduled meetings.

Requests or applications to provide services that require specific approval by the Audit Committee are submitted to the Audit Committee by both the independent registered public accounting firm and the Chief Financial Officer.

During 2016 and 2017, 100% of the total audit fees, audit-related fees, tax fees and all other fees were approved by the Audit Committee pursuant to the pre-approval requirement provided by paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not applicable to Nam Tai.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

On July 12, 2017, Kaisa Group Holdings Ltd., or Kaisa, in a private transaction, purchased 6,504,355 common shares of the Company from our Chairman, M.K. Koo and his wife, at a price of US$17.00 per share. Subsequently, Kaisa continued to purchase common shares of the Company from the open market. Based on the Schedule 13D/A filed with the SEC on December 15, 2017, Kaisa beneficially owned 9,191,050 common shares of the Company, or 24.5% of our outstanding shares.

Our board of directors approved a stock repurchase program to buy back up to $40 million of its common stocks in open market at prevailing market prices which was announced on May 7, 2014. The stock repurchase program was closed on November 28, 2014.

3,000,000 common shares had been bought back from the open market at a purchase price of $5.50 under our cash tender offer announced on April 28, 2015 and expired on May 29, 2015.

3,518,750 common shares had been bought back from the open market at a purchase price of $5.50 under our cash tender offer announced on August 3, 2015 and expired on September 4, 2015.

724,750 common shares had been bought back from the open market at prevailing market prices under our share repurchase program announced on August 22, 2016 and expired on September 30, 2016.

The following table provides a summary of our stock repurchases program for the year ended December 31, 2014, our two cash tender offers for the year ended December 31, 2015 and one stock repurchases program for the year ended December 31, 2016.

Period	Total Number of Shares Purchased	Average Price	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
May 2014	178,816	$ 7.39	178,816	$38,678,468
June 2014	348,363	7.82	348,363	35,957,421
July 2014	384,986	7.43	384,986	33,095,654
August 2014	376,835	7.16	376,835	30,396,327
September 2014	315,200	6.68	315,200	28,290,757
October 2014	594,800	5.63	594,800	24,943,222
November 2014	470,413	5.19	470,413	22,499,810
Total in 2014	2,669,413	$ 6.56	2,669,413	$ —
May 2015	3,000,000	$ 5.50	3,000,000	$ —
September 2015	3,518,750	5.50	3,518,750	—
Total in 2015	6,518,750	$ 5.50	6,518,750	$ —
September 2016	724,750	8.47	724,750	—
Total in 2016	724,750	$ 8.47	724,750	$ —

ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

Not applicable to Nam Tai.

ITEM 16G. CORPORATE GOVERNANCE

For information regarding whether our corporate governance standards differ from those applied to U.S. domestic issuers, see the discussion under "NYSE listed Company Manual Disclosure" in ITEM 6. Directors and Senior Management of this Report.

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable to Nam Tai.

PART III

ITEM 17. FINANCIAL STATEMENTS

Not Applicable to Nam Tai.

ITEM 18. FINANCIAL STATEMENTS

Index to Consolidated Financial Statements

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

MOORE STEPHENS

Moore Stephens CPA Limited
801-806 Silvercord, Tower 1,
30 Canton Road, Tsimshatsui,
Kowloon, Hong Kong

T +852 2375 3180
F +852 2375 3828

www.moorestephens.com.hk

大華馬施雲
會計師事務所有限公司

To the Board of Directors and the Shareholders of Nam Tai Property Inc.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Nam Tai Property Inc. and subsidiaries (the "Company") as of December 31, 2016 and 2017, and the related consolidated statements of comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2017, and the related notes (collectively referred to as the "consolidated financial statements"). Our audits also included the financial statement schedules in Schedule 1. In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2016 and 2017, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2017, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the financial statement schedules listed in Schedule 1, when considered in relation to the basic financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2017, based on criteria established in Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated March 9, 2018 expressed an unqualified opinion thereon.

Basis for Opinion

These consolidated financial statements and financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements and financial statement schedules based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Moore Stephens CPA Limited

Certified Public Accountants

We have served as the Company's auditor since 2009.

Hong Kong
March 9, 2018

NAM TAI PROPERTY INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands of U.S. dollars, except per share data)

	Notes	Year Ended December 31, 2015	2016	2017
Operation income		$ 2,978	$ 2,508	$ 1,851
Operation expenses		(1,949)	(740)	—
Net operation income		1,029	1,768	1,851
Costs and expenses				
General and administrative expenses		(13,862)	(8,359)	(9,450)
		(13,862)	(8,359)	(9,450)
Operating loss		(12,833)	(6,591)	(7,599)
Other (expenses) income, net	13	(8,019)	(8,497)	8,495
Interest income		8,054	5,554	7,621
Interest expenses		(360)	—	—
Write off of demolished building		—	—	(4,573)
(Loss) income before income tax		(13,158)	(9,534)	3,944
Income tax	14	—	—	—
Consolidated net (loss) income		(13,158)	(9,534)	3,944
Foreign currency translation adjustment		(4,417)	(7,736)	6,311
Other comprehensive (loss) income		(4,417)	(7,736)	6,311
Consolidated comprehensive (loss) income		$ (17,575)	$ (17,270)	$ 10,255
Basic (loss) income per share	11	$ (0.32)	$ (0.26)	$ 0.11
Diluted (loss) income per share	11	$ (0.32)	$ (0.26)	$ 0.11

See accompanying notes to consolidated financial statements.

NAM TAI PROPERTY INC.
CONSOLIDATED BALANCE SHEETS
(In thousands of U.S. dollars, except share data)

	Notes	December 31, 2016	December 31, 2017
ASSETS			
Current assets:			
Cash and cash equivalents	2 (b)	$ 94,558	$ 165,173
Short term investments	2 (c)	89,624	—
Prepaid expenses and other receivables[1]		4,034	5,100
Assets held for sale	3	18,970	—
Total current assets		207,186	170,273
Long term investments	2(g)	—	2,319
Real estate properties under development, net[1]	4	37,779	52,460
Property, plant and equipment, net[1]	5	3,735	36,976
Other assets[1]		101	49
Total assets		$ 248,801	$ 262,077
LIABILITIES AND EQUITY			
Current liabilities:			
Accounts payable[1]		$ 845	$ 5,705
Accrued expenses and other payables[1]	8	1,405	1,500
Dividend payable		10,205	10,514
Total current liabilities		12,455	17,719
Commitments and contingencies (Note 15)			
Equity:			
Common shares ($0.01 par value—authorized 200,000,000 shares, issued and outstanding 36,446,691 and 37,551,191 shares as at December 31, 2016 and 2017, respectively)	10	364	376
Additional paid-in capital		241,536	249,856
Retained earnings (Accumulated deficit)		6,607	(24)
Accumulated other comprehensive loss		(12,161)	(5,850)
Total shareholders' equity		236,346	244,358
Total liabilities and equity		$ 248,801	$ 262,077

(1) Certain comparative amounts have been reclassified to conform with the current period's presentation and disclosure.

See accompanying notes to consolidated financial statements.

NAM TAI PROPERTY INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(In thousands of U.S. dollars, except share and per share data)

	Common Shares Outstanding	Common Shares Amount	Additional Paid-in Capital	Retained Earnings (Accumulated deficit)	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
Balance at January 1, 2015	42,618,322	$ 426	$ 274,276	$ 42,258	$ (8)	$ 316,952
Shares issued on exercise of options	600,000	6	3,990	—	—	3,996
Cancellation of shares	(6,518,750)	(65)	(36,671)	—	—	(36,736)
Stock-based compensation expenses	—	—	1,685	—	—	1,685
Net loss	—	—	—	(13,158)	—	(13,158)
Cash dividends declared ($0.08per share)	—	—	—	(2,936)	—	(2,936)
Cash dividends reversal	—	—	—	179	—	179
Foreign currency translation adjustments	—	—	—	—	(4,417)	(4,417)
Balance at December 31, 2015	36,699,572	$ 367	$ 243,280	$ 26,343	$ (4,425)	$ 265,565
Shares issued on exercise of options	471,869	4	3,284	—	—	3,288
Cancellation of shares	(724,750)	(7)	(6,251)	—	—	(6,258)
Stock-based compensation expenses	—	—	1,223	—	—	1,223
Net loss	—	—	—	(9,534)	—	(9,534)
Cash dividends declared ($0.28 per share)	—	—	—	(10,205)	—	(10,205)
Cash dividends reversal	—	—	—	3	—	3
Foreign currency translation adjustments	—	—	—	—	(7,736)	(7,736)
Balance at December 31, 2016	36,446,691	$ 364	$ 241,536	$ 6,607	$ (12,161)	$ 236,346
Shares issued on exercise of options	1,104,500	12	6,896	—	—	6,908
Stock-based compensation expenses	—	—	1,424	—	—	1,424
Net income	—	—	—	3,944	—	3,944
Cash dividends declared ($0.28 per share)	—	—	—	(10,514)	—	(10,514)
Cash dividends paid	—	—	—	(61)	—	(61)
Foreign currency translation adjustments	—	—	—	—	6,311	6,311
Balance at December 31, 2017	37,551,191	$ 376	$ 249,856	$ (24)	$ (5,850)	$ 244,358

See accompanying notes to consolidated financial statements.

NAM TAI PROPERTY INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands of U.S. dollars)

	Year ended December 31,		
	2015	**2016**	**2017**
Cash flows from operating activities:			
Consolidated net (loss) income	$ (13,158)	$ (9,534)	$ 3,944
Adjustments to reconcile consolidated net loss to net cash provided by operating activities:			
Depreciation and amortization	4,173	1,784	328
Gain on disposal of property, plant and equipment	(33)	(14)	(25)
Gain on disposal of idle property, plant and equipment	(106)	(8)	—
Write off of demolished building	—	—	4,573
Impairment on other assets	—	—	57
Share-based compensation expenses	1,685	1,035	1,126
Unrealized exchange loss (gain)	1,470	3,370	(6,712)
.Changes in current assets and liabilities:			
Decrease (increase) in prepaid expenses and other receivables[(1)]	1,723	(618)	(1,035)
(Decrease) increase in accrued expenses and other payables	(4,536)	(1,225)	3
Total adjustments	4,376	4,324	(1,685)
Net cash (used in) provided by operating activities	$ (8,782)	$ (5,210)	$ 2,259
Cash flows from investing activities:			
Payment of real estate properties under development[(1)]	$ (2,250)	$ (5,577)	$ (11,935)
Purchase of property, plant and equipment[(1)]	(99)	(525)	(13,377)
(Increase) decrease in deposits for real estate properties under development[(1)]	(469)	304	(74)
Decrease in deposits for purchase of property, plant and equipment[(1)]	—	4	—
Proceeds from disposal of property, plant and equipment and other assets	1,716	14	67
Proceeds from disposal of idle property, plant and equipment	106	8	—
Proceeds from disposal of demolished building	—	—	550
Cash received from finance lease receivable	3,840	1,371	—
Decrease (increase) in short term investments	35,167	(39,719)	89,703
(Increase) in long term investments	—	—	(2,319)
Net cash provided by (used in) investing activities	$ 38,011	$ (44,120)	$ 62,615
Cash flows from financing activities:			
Cash dividends paid	$ (3,230)	$ (2,936)	$ (10,266)
Proceeds from shares issued on exercise of options	3,996	3,288	6,908
Share repurchase program	(36,704)	(6,258)	—
Proceeds from short term bank borrowing	92,432	—	—
Repayment of short term bank borrowing	(132,432)	—	—
Net cash used in financing activities	$ (75,938)	$ (5,906)	$ (3,358)
Net (decrease) increase in cash and cash equivalents	$ (46,709)	$ (55,236)	$ 61,516
Cash and cash equivalents at beginning of year	212,760	157,371	94,558
Effect of exchange rate changes on cash and cash equivalents	(8,680)	(7,577)	9,099
Cash and cash equivalents at end of year	$ 157,371	$ 94,558	$ 165,173
Supplemental schedule of cash flow information:			
Interest paid	$ 413	$ —	$ —
Non-cash investing activities:			
Decrease in construction in progress funded through accrued expenses and other payables	$ (173)	$ (611)	$ —

(1) Certain comparative amounts have been reclassified to conform with the current period's presentation and disclosure.

See accompanying notes to consolidated financial statements.

1. Company Information

Prior to complete cessation of its electronic manufacturing and design services business in April 2014, Nam Tai Property Inc. and subsidiaries (the "Company" or "Nam Tai") was an electronics manufacturing and design services provider to a selected group of the world's leading original equipment manufacturers, or OEMs, of telecommunication and consumer electronic products. Through its electronics manufacturing services operations, the Company manufactured electronic components and sub-assemblies, including Flexible Printed Circuit Board ("FPCB"), FPCB subassemblies, Thin Film Transistor display (TFT-LCD) modules, image sensors modules and printed circuit board assemblies. These components, modules and subassemblies were used in numerous electronic products including mobile phones, digital cameras, electronic toys, and automobile. The Company also manufactured finished products, including mobile phone accessories and home entertainment products.

The Company was founded in 1975 and moved its manufacturing facilities to the People's Republic of China ("PRC") in 1980 to take advantage of lower overhead costs, lower material costs and competitive labor rates available and subsequently relocated to Shenzhen, PRC in order to capitalize on opportunities offered in Southern PRC. The Company was reincorporated as a limited liability International Business Company under the laws of the British Virgin Islands ("BVI") in August 1987 (which was amended in 2004 as The British Virgin Islands Business Companies Act, 2004). The Company's principal manufacturing and design operations were based in Shenzhen, approximately 30 miles from Hong Kong. Its PRC headquarters were located in Shenzhen. Some of the subsidiaries' offices were located in Hong Kong, which provide them access to Hong Kong's infrastructure of communication and banking facilities. The Company's principal manufacturing operations were conducted in the PRC. The PRC resumed sovereignty over Hong Kong effective July 1, 1997, and, politically, Hong Kong was an integral part of the PRC. However, for simplicity and as a matter of definition only, references to PRC in these consolidated financial statements mean the PRC and all of its territories excluding Hong Kong.

In April 2014, the Company ceased its liquid crystal display modules ("LCM") manufacturing business and turned its focus to re-developing two parcels of land in Gushu and Guangming, Shenzhen, China, by converting these two parcels of land that formally housed its manufacturing facilities into high-end commercial complexes. The Company intends to earn its principal income in the future from rental services derived from its commercial complexes.

2. Summary of Significant Accounting Policies

(a) Principles of consolidation

The consolidated financial statements include the financial statements of the Company and all of its subsidiaries. The Company consolidates companies in which it has controlling interest over 50%. All significant intercompany accounts, transactions and cash flows have been eliminated on consolidation.

(b) Cash and cash equivalents

Cash and cash equivalents include all cash balances and certificates of deposit having a maturity date of three months or less upon acquisition.

(c) Short-term investments

Short-term investments as of December 31, 2017 consisted of time deposits of more than three months and not exceeding twelve months duration held in commercial banks of $Nil (2016: $89,624).

(d) Finance lease receivable

Finance lease receivable is derived from sales of property, plant and equipment and is comprised of the minimum lease payments due on the direct financial lease. From April 1, 2012 to March 31, 2016, monthly interest income has been recognized in other income (expenses), net in the consolidated statement of comprehensive income based on principal balance of $14,000 at an annual interest rate of 10%. In 2017, there is no additional finance lease receivable.

(e) Assets held for sale

Long-lived assets or asset groups that are part of a disposal group that meets the criteria to be classified as held for sale are not assessed for impairment but rather if fair value, less cost to sell, of the disposal group is less than its carrying value a loss is recorded against the disposal group.

No provision was recognized to write down assets held for sale to their fair values in 2015 and 2016.

(f) Provision for bad debts

No provision for bad debt was made in the years ended December 31, 2015, 2016 and 2017.

(g) Long term investments

Long term investments as of December 31, 2017 consisted of time deposits of exceeding twelve months duration held in commercial banks of $2,319 (2016: $Nil).

(h) Real estate properties under development, net

Real estate properties under development, net are stated at the lower of carrying amounts or fair value less selling costs.

In accordance with ASC 360, *"Property, Plant and Equipment"* ("ASC 360"), real estate properties under development are subject to valuation adjustments when the carrying amount exceeds fair value. An impairment loss is recognized only if the carrying amount of the assets is not recoverable. An asset is not recoverable if the carrying amount exceeds the expected future cash flows to be derived from the asset on an undiscounted basis. The impairment loss is measured as the amount by which the asset's carrying amount exceeds its fair value.

All land in PRC is owned by the PRC government. The government in the PRC, according to PRC law, may sell the right to use the land for a specified period of time. Thus, all of the Company's land purchased in the PRC is considered to be leasehold land and is classified as real estate properties under development, net in the consolidated balance sheet. It is amortized on a straight-line basis over the respective term of the right to use the land.

The buildings and land use rights included in real estate properties under development have not been depreciated since June 1, 2016.

(i) Property, plant and equipment

Property, plant and equipment are recorded at cost and include interest on funds borrowed to finance construction, if applicable. The cost of major improvements and betterments is capitalized whereas the cost of maintenance and repairs is expensed in the year incurred. Gains and losses from the disposal of property, plant and equipment and land use rights are included in the consolidated statement of comprehensive income.

The majority of the land in Hong Kong is owned by the government of Hong Kong which leases the land at public auction to non-governmental entities. All of the Company's leasehold lands in Hong Kong have leases of not more than 50 years from the respective balance sheet dates. The cost of such leasehold land is amortized on a straight-line basis over the respective terms of the leases.

The Company computed depreciation expenses using the straight-line method over the following estimated useful lives:

Classification	Years
Buildings...	20 years
Machinery and equipment	4 years
Leasehold improvements................................	shorter of lease term or 4 years
Furniture and fixtures	4 years
Motor vehicle..	4 years

(j) Impairment or disposal of long-lived assets

Long-lived assets other than goodwill are included in impairment evaluations when events and circumstances exist that indicate the carrying value of these assets may not be recoverable. In accordance with FASB ASC 360 "*Property, Plant and Equipment*", the Company assesses the recoverability of the carrying value of long-lived assets by first grouping its long-lived assets with other assets and liabilities at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities (the asset group) and, secondly, estimating the undiscounted future cash flows that are directly associated with and expected to arise from the use of and eventual disposition of such asset group. The Company estimates the undiscounted cash flows over the remaining useful life of the primary asset within the asset group. If the carrying value of the asset group exceeds the estimated undiscounted cash flows, the Company recognizes an impairment loss to the extent the carrying value of the long-lived asset exceeds its fair value. The Company determines fair value through quoted market prices in active markets or, if quotations of market prices are unavailable, through the performance of internal analysis using a discounted cash flow methodology or obtains external appraisals from independent valuation firms. The undiscounted and discounted cash flow analyses are based on a number of estimates and assumptions, including the expected period over which the asset will be utilized, projected future operating results of the asset group, discount rate and long-term growth rate.

Long-lived assets to be disposed of are stated at the lower of fair value and carrying value. Expected future operating losses from discontinued operations are recorded in the periods in which the losses are incurred.

In 2015, the Company assessed the impairment of its long-lived assets used in Shenzhen, by comparing external appraisals obtained from independent valuation firms with the carrying amounts of the assets. The results indicated the carrying amounts of the Company's long-lived assets at December 31, 2015 were less than external appraisals obtained from independent valuation firms.

In 2016, the Company assessed the impairment of its long-lived assets used in Shenzhen and Wuxi, by comparing external appraisals obtained from independent valuation firms with the carrying amounts of the assets. The results indicated the carrying amounts of the Company's long-lived assets at December 31, 2016 were less than external appraisals obtained from independent valuation firms.

In 2015 and 2016, no additional impairment loss was recognized to write down the long-lived assets to their fair values upon reclassification to assets held for sale.

However, in 2017, our management decided not to sell the long-lived assets in Wuxi that previously were classified as assets held for sale, thus the assets should be reclassified as property, plant, and equipment. According to FASB ASC 360-10-35-44 "a long-lived asset that is reclassified shall be measured individually at the lower of the following: a. its carrying amount before the asset was classified as held for sale, adjusted for any depreciation expense that would have been recognized had the asset been continuously classified as held and use, b. its fair value at the date of the subsequent decision not to sell." Therefore, the assets in Wuxi is reclassified to the account of property, plant, and equipment and recorded at the amount of $20,164.

(k) Accruals and provisions for loss contingencies

The Company makes provisions for all material loss contingencies when information available prior to the issuance of the consolidated financial statements indicates that it is probable that an asset has been impaired or a liability has been incurred at the date of the consolidated financial statements and the amount of loss can be reasonably estimated.

For provisions or accruals related to litigation, the Company makes provisions based on information from legal counsels and the best estimation of management. The Company assesses the potential liability for the significant legal proceedings in accordance with FASB ASC 450 "*Contingencies*". FASB ASC 450 requires a liability to be recorded if the contingency loss is probable and the amount of loss can be reasonably estimated. The actual resolution of the contingency may differ from the Company's estimates. If the contingency is settled for an amount greater than the estimate, a future charge to income would result. Likewise, if the contingency is settled for an amount that is less than the Company's estimate, a future credit to income would result

(l) Revenue recognition

The Company generates revenue from real-estate derived from its buildings held through its subsidiaries in Shenzhen.

Operation income includes minimum rents which are recognized on an accrual basis over the terms of the related leases on a straight-line basis. Lease revenue recognition commences when the lessee is given possession of the leased space and there are no contingencies offsetting the lessee's obligation to pay rent.

(m) Staff retirement plan costs

The Company's costs related to the staff retirement plans (see Note 12) are charged to the consolidated statement of comprehensive income as incurred.

(n) Income taxes

Deferred income taxes are provided using the asset and liability method in accordance with FASB ASC 740 "*Income Taxes*". Under this method, deferred income taxes are recognized for all significant temporary differences at enacted rates and classified as current or non-current based upon the classification of the related asset or liability in the consolidated financial statements or the expected date of reversal of the temporary differences. A valuation allowance is provided to reduce the amount of deferred tax assets if it is considered more likely than not that some portion of, or all, the deferred tax asset will not be realized.

FASB ASC 740 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements, and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. It also provides accounting guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. Interest and penalties from tax assessments, if any, are included in income taxes in the consolidated statement of comprehensive income.

(o) Foreign currency transactions and translations

All transactions in currencies other than functional currencies during the year are translated at the exchange rates prevailing on the respective transaction dates. Monetary assets and liabilities existing at the balance sheet date denominated in currencies other than functional currencies are remeasured at the exchange rates existing on that date. Exchange differences are recorded in the consolidated statement of comprehensive income.

The functional currencies of the Company and its subsidiaries include the Renminbi, U.S. dollar and the Hong Kong dollar. Effective from April 1, 2015, the Company's subsidiaries in China changed their functional currency from U.S. dollar to Renminbi. This change was made upon the progress of the property development projects in China causing the Company's subsidiaries primary operating activities to be in Renminbi and making the Renminbi the currency of the economic environment in which the entities primarily generate and expend cash.

The financial statements of all subsidiaries are translated in accordance with FASB ASC 830 "*Foreign Currency Matters*".

The financial statements and other financial data of the Company included in this annual report are presented in U.S. dollars. The business and operations of the Company are primarily conducted in China through its PRC subsidiaries. The functional currency of its PRC subsidiaries is Renminbi. The financial statements of its PRC subsidiaries are translated into U.S. dollars, using published exchange rates from banks in China, based on (i) year-end exchange rates or the rates of exchange ruling at the balance sheet date for assets and liabilities and (ii) average yearly exchange rates for income and expense items. Capital accounts are translated at historical exchange rates when the transactions occurred. The effects of foreign currency translation adjustments are included as a component of accumulated other comprehensive income (loss) in shareholders' equity. The Company makes no representation that any Renminbi or U.S. dollar amounts could have been, or could be, converted into U.S. dollar or Renminbi, as the case may be, at any particular rate or at all.

(p) Earnings per share

Basic earnings per share is computed by dividing net income attributable to common shareholders by the weighted average number of common shares outstanding during the year.

Diluted earnings per share gives effect to all dilutive potential common shares outstanding during the year. The weighted average number of common shares outstanding is adjusted to include the number of additional common shares that would have been outstanding if the dilutive potential common shares had been issued.

(q) Stock options

The Company has three stock-based employee compensation plans, as more fully described in Note 10(b). The Company measures the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award. That cost is recognized over the period during which an employee is required to provide service, the requisite service period (usually the vesting period), in exchange for the award. The grant-date fair value of employee share options and similar instruments are estimated using option-pricing models. If the award is modified after the grant date, incremental compensation cost is recognized in an amount equal to the excess of the fair value of the modified award over the fair value of the original award immediately before the modification.

(r) Use of estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant items subject to such estimates and assumptions include provision for bad debts, valuation allowance for deferred income tax assets, share-based compensation, useful lives of property, plant and equipment and intangible assets, and recovery of the carrying amounts of long-lived assets, assets held for sale and intangible assets.

(s) Comprehensive (loss) income

Accumulated other comprehensive (loss) income represents principally foreign currency translation adjustments and is included in the consolidated statement of changes in equity.

(t) Fair value

The Company follows FASB ASC 820 "*Fair Value Measurements and Disclosures*" to measure its assets and liabilities.

Fair value is estimated by applying the following hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

Level 1 — Quoted prices in active markets for identical assets or liabilities that the reporting entity can access at the measurement date.

Level 2 — Observable inputs other than quoted prices in active markets for identical assets and liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 — Inputs that are generally unobservable and typically reflect management's estimate of assumptions that market participants would use in pricing the asset or liability.

The carrying amounts of cash and cash equivalents, short term investment, other receivables, assets held for sale, accrued expenses and other payables, accounts payable, and dividend payable approximate their fair values due to the short term nature of these instruments.

The fair value of the Company's assets held for sale is detailed in Note 3.

As of December 31, 2015, 2016 and 2017, the Company did not have any non-financial assets and liabilities that are recognized or disclosed at fair value in the consolidated financial statements, at least annually, on a recurring basis.

(u) Leases

Leases have been classified as either capital or operating leases. Leases that transfer substantially all the benefits and risks incidental to the ownership of assets are accounted for as if there was an acquisition of an asset and incurrence of an obligation at the inception of the lease. All other leases are accounted for as operating leases wherein rental payments are expensed as incurred.

When the Company is the lessor, minimum contractual rental from leases is recognized on a straight-line basis over the noncancelable term of the lease. With respect to a particular lease, actual amounts billed in accordance with the lease during any given period may be higher or lower than the amount of rental revenue recognized for the period. Straight-line rental revenue commences when the customer assumes control of the leased premises. Accrued straight-line rents receivable represents the amount by which straight-line rental revenue exceeds rents currently billed in accordance with lease agreements. Contingent rental revenue is accrued when the contingency is removed.

(v) Concentration of risk

The Company's potential significant concentration of credit risk primarily consists of cash and cash equivalents and long term investments which are held by financial institutions in the PRC and international financial institutions outside of the PRC. As of December 31, 2017, the Company has $165,173 in cash and cash equivalents which are held by financial institutions in the PRC and international financial institutions outside of the PRC, respectively. PRC state-owned banks are subject to a series of risk control regulatory standards, and PRC bank regulatory authorities are empowered to take over the operation and management when any of those faces a material credit crisis. The Company does not foresee substantial credit risk with respect to cash and cash equivalents and short term investments held at the PRC state-owned banks. Based on the order of the State Council of the PRC (No.660): Deposit Insurance Regulation effective on May 1, 2015, the maximum amount of coverage is $76 (RMB 0.5 million) for deposits and foreign currency deposits in the same financial institutions. In the event of bankruptcy of one of the financial institutions in which the Company has deposits, deposits excess of $76 (RMB 0.5 million) shall be compensated from liquidation of the financial institution. By far, the Company's cash is held as structured deposit or time deposits in financial institutions in the PRC and international financial institutions outside of the PRC.

Overall, the real estate market in China has shown signs of a continuous slow down. The Company's results of operations are affected by a wide variety of macro factors, including changing economic, political, industry, business and financial conditions and affect by micro factors, including lack of experience handling the real estate development projects; the process of applying for the redevelopment of Gushu land with the government bodies, the demand for the Company's real estate properties, and other risks associated with an enterprise operating mainly in the PRC.

Accordingly, the Company's business, financial condition and results of operations are primarily influenced by the political, economic, legal environments and foreign currency exchange in the PRC and by the general state of the PRC economy and may be adversely affected by changes in social conditions in the PRC, and by changes in governmental policies with respect to laws and regulations, anti-inflationary measures, currency conversion and remittance abroad, and rates and methods of taxation. As a result, the Company may experience significant fluctuations in future operating results due to the factors mentioned above. These fluctuations may result in volatility in the share price of the Company.

All the Company's land development related applications are subject to government policies and regulations in the real estate market. However, the Company cannot provide assurance that it will obtain all the necessary approvals in accordance with its timetable. Furthermore, as this is the Company's first venture into land development projects after the cessation of the LCM business, the Company may encounter industry-specific difficulties that result in losses as it progresses with development projects in Shenzhen.

The Company currently derives a majority of its income from rental and interest income. Any future reductions in the official cash deposit interest rates in China and Hong Kong could adversely impact its income and the total cash on hand will gradually decrease as more funds are being used for land development related expenditures for the land in Gushu and Guangming, Shenzhen.

Certain transactions of the Company are denominated in Renminbi, which is not freely convertible into foreign currencies. All foreign exchange transactions take place either through the Peoples Bank of China ("PBOC") or other banks authorized to buy and sell foreign currencies at the exchange rates quoted by the PBOC. Approval of foreign currency payments by the PBOC or other institutions requires submitting a payment application form together with suppliers' invoices, shipping documents and signed contracts.

(w) Recent changes in accounting standards

In January 2017, the FASB issued ASU No.2017-01, Business Combinations (Topic 805): Clarifying the Definition of a Business. This Update provides a more robust framework to use in determining when a set of assets and activities is a business and provides more consistency in applying the guidance, reduce the costs of application, and make the definition of a business more operable. For public business entities, this Update is effective for annual periods beginning after December 15, 2017, including interim periods within those periods. The adoption of ASU 2017-01 is not expected to have a material impact on the Company's consolidated financial statements in 2018.

In January 2017, the FASB issued ASU No.2017-04, Intangibles-Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment. This Update states an entity no longer will determine goodwill impairment by calculating the implied fair value of goodwill by assigning the fair value of a reporting unit to all of its assets and liabilities as if that reporting unit had been acquired in a business combination. Instead, an entity should perform its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount, where Step 2 from the goodwill impairment test is eliminated. In addition, any reporting unit with a zero or negative carrying amount is no longer required to perform a qualitative assessment and, if it fails that qualitative test, to perform Step 2 of the goodwill impairment test. For public entity, this Update is effective for annual or any interim periods beginning after December 15, 2019. The Company is evaluating the new pronouncement to determine the impact it may have to its consolidated financial statements.

In February 2017, the FASB issued ASU No. 2017-05, other income-Gains and Losses from the Derecognition of Nonfinancial Assets (Subtopic 610-20): Clarifying the Scope of Asset Derecognition Guidance and Accounting for Partial Sales of Nonfinancial Assets. This Update includes guidance on the accounting for partial sales of nonfinancial assets, which are common in the real estate industry, and contributions of nonfinancial assets to a joint venture or other noncontrolled investee. This Update indicates income-producing real estate is considered in substance real estate and, therefore, is derecognized in accordance with industry-specific guidance. It also simplifies GAAP by eliminating several accounting differences between transactions involving assets and transactions involving businesses and requires an entity to initially measure a retained noncontrolling interest in a nonfinancial asset at fair value consistent with a how a retained noncontrolling interest in a business is measured. For public business entities, this Update is effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period. The adoption of ASU 2017-05 is not expected to have a material impact on the Company's consolidated financial statements in 2018.

In March 2017, the FASB issued ASU No. 2017-07, Compensation-Retirement Benefits (Topic 715): Improving the presentation of net periodic pension cost and net periodic postretirement benefit cost by adding a standard-setting project to provide additional guidance on the presentation of net benefit cost in the income statement and on the components eligible for capitalization in assets and requires that an employer report the service cost component in the same line item as other compensation costs arising from services rendered by the pertinent employees during the period. This Update requires additional disclosures, including the amount of net benefit cost recognized for each period for which a statement of income is presented. For public business entities, this Update is effective for annual reporting periods beginning after December 15, 2017, including interim reporting periods within that reporting period. The adoption of ASU 2017-07 is not expected to have a material impact on the Company's consolidated financial statements in 2018.

In May 2017, the FASB issued ASU No. 2017-09, Stock Compensation (Topic 718): Scope of Modification Accounting. This Update provides guidance about which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting in Topic 718. The current disclosure requirements in Topic 718 apply regardless of whether an entity is required to apply modification accounting in this Update. This Update is effective for all entities for annual periods, and interim periods within those annual periods, beginning after December 15, 2017. Early adoption is permitted, including adoption in any interim period for public business entities for reporting periods for which financial statements have not yet been issued. The adoption of ASU 2017-09 is not expected to have a material impact on the Company's consolidated financial statements in 2018

In May 2017, the FASB issued ASU No.2017-10, Service Concession Arrangements (Topic 853): Determining the Customer of the Operation Services. This Update clarifies the grantor is the customer of the operation services in all cases for those arrangements and enable more consistent application of other aspects of the revenue guidance. This Update is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. The adoption of ASU 2017-10 is not expected to have a material impact on the Company's consolidated financial statements in 2018.

In September 2017, the FASB issued ASU No. 2017-13, Revenue Recognition (Topic 605), Revenue from Contracts with Customers (Topic 606): Amendments to SEC paragraphs pursuant to the staff announcement at the July 20, 2017 EITF meeting and rescission of prior SEC staff announcements and observer comments. For public business entities, this Update is effective for annual reporting periods beginning after December 15, 2017, including interim reporting periods within that reporting period. The adoption of ASU 2017-13 is not expected to have a material impact on the Company's consolidated financial statements in 2018.

In February 2016, the FASB issued ASU 2016-02, Lease (Subtopic 842): This Update to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. For public business entities, this Update is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. In January 2018, the FASB issued No. 2018-01, Land Easement Practical Expedient for Transition (Topic 842): Amendments of new leases guidance allows entities the option to apply the provisions of the new leases guidance at the effective date, without adjusting the comparative periods presented. This Update also simplifies the reporting and disclosures for lessors for certain leases in which they also provide related services. This Update allows lessors to not separate the nonlease components from the lease. For public business entities, this Update is effective for annual reporting periods beginning after December 15, 2018. The Company is evaluating the new pronouncement to determine the impact it may have to its consolidated financial statements.

3. Assets Held for Sale

The Company fully discontinued its production in Wuxi by the end of June 2013 due to sustained losses generated from FPC production and a lack of customers for LCM for tablets. The Company was seeking a potential buyer for all its long-lived assets related to FPC production since June 2013, hence these assets were classified as assets held for sale in 2013. During 2014, $16,316 of long-lived assets was reclassified to assets held for sale, and $19,035 of additional impairment was recorded on the production machineries because management assessed that the market value was lower than the net book value. No additional impairment loss was made on the asset held for sale in 2015, 2016 and 2017.

However, in December of 2017, management decided not to sell the assets in Wuxi, instead, the assets held for sale were reclassified as property, plant, and equipment.

$25 of assets held for sale was disposed of with the consideration of $34 and a gain of $9 which is included in other income, net in the year 2017.

Assets held for sale are comprised of the following:

At December 31,	2016	2017
At net book value:		
Land	$ 341	$ —
Buildings	16,496	—
Machinery and equipment	23	—
Leasehold improvements	2,097	—
Others	13	—
Total	$ 18,970	$ —

4. Real Estate Properties under Development, Net

The following summarizes the components of real estate properties under development as at December 31, 2016 and 2017:

At December 31,	2016	2017
Building at cost	$ 58,109	$ 34,498
Less: accumulated depreciation	(40,814)	(20,859)
	17,295	13,639
Construction in progress	9,773	27,420
Land use right	10,711	11,401
Net book value	$ 37,779	$ 52,460

The Company previously entered into an operating lease contract with a third party with respect to certain buildings with the carrying amount as shown below:

At December 31,	2016	2017
Buildings at cost	$ 29,825	$ —
Less: accumulated depreciation	(17,163)	—
Buildings, net	$ 12,662	$ —

At December 31, 2016, scheduled minimum rental payments to be received for buildings leased to others were $1,897 and the lease term expired on October 31, 2017.

5. Property, Plant and Equipment, Net

Property, plant and equipment, net consist of the following:

At December 31,	2016	2017
At cost:		
Land	$ —	$ 363
Buildings	$ 4,557	$ 22,115
Machinery and equipment	362	211
Leasehold improvements	1,981	4,313
Furniture and fixtures	24	32
Motor vehicles	275	304
Total	7,199	27,338
Less: accumulated depreciation	(3,464)	(3,590)
Construction in process	—	13,228
Net book value	$ 3,735	$ 36,976

Depreciation expenses were $354, $365 and $328 for the years ended December 31, 2015, 2016 and 2017, respectively.

6. Investments in Subsidiaries

Subsidiaries	Place of Incorporation	Principal activity	Percentage of Ownership as at December 31, 2016	2017
Consolidated principal subsidiaries:				
Nam Tai Electronic & Electrical Products Limited ("NTEEP")	Cayman Islands	Investment holding	100%	100%
Nam Tai Holdings Limited ("NTHL")	BVI	Investment holding	100%	100%
Nam Tai Group Management Limited ("NTGM")	Hong Kong	Inactive	100%	100%
Nam Tai Telecom (Hong Kong) Company Limited ("NTT")	Hong Kong	Inactive	100%	100%
Nam Tai Trading Company Limited ("NTTC") (1)	Hong Kong	In liquidation	—	—
Inno Consultant Company Limited ("ICCL") (2)	Hong Kong	Management Consultant	—	100%
Namtai Investment (Shenzhen) Co., Ltd. ("NTISZ")	PRC	Investment holding	100%	100%
Zastron Electronic (Shenzhen) Co., Ltd. ("Zastron Shenzhen")	PRC	Property development and management	100%	100%
Wuxi Zastron Precision-Flex Co., Ltd. ("Wuxi Zastron-Flex")	PRC	Inactive	100%	100%

(1) NTTC is in liquidation and the Joint and Several Liquidators confirmed that all assets of NTTC have been taken over by the Joint and Several Receivers in January 2013.

(2) ICCL was incorporated by NTSZ in 2017

7. Retained Earnings and Reserves

The Company's retained earnings are not restricted as to the payment of dividends except to the extent dictated by prudent business practices. The Company believes that there are no material restrictions, including foreign exchange controls, on the ability of its non-PRC subsidiaries to transfer surplus funds to the Company in the form of cash dividends, loans, advances or purchases. With respect to the Company's PRC subsidiaries, there are restrictions on the payment of dividends and the distribution of dividends from the PRC. On March 16, 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the PRC. The New Law was effective on January 1, 2008. Please refer to Note 14 for further details of the New Law. Prior to the enactment of the New Law, when dividends were paid by the Company's PRC subsidiaries, such dividends would reduce the amount of reinvested profits and accordingly, the refund of taxes paid might be reduced to the extent of tax applicable to profits not reinvested. Subsequent to the enactment of the New Law, due to the removal of the tax benefit related to reinvestment of capital in PRC subsidiaries, the Company may not reinvest the profits made by the PRC subsidiaries. Payment of dividends by PRC subsidiaries to foreign investors on profits earned subsequent to January 1, 2008 will also be subject to withholding tax under the New Law.

In addition, pursuant to the relevant PRC regulations, a certain portion of the profits made by these subsidiaries must be set aside for future capital investment and are not distributable, and the registered capital of the Company's PRC subsidiaries are also restricted. These reserves and registered capital of the PRC subsidiaries amounted to $347,417 and $346,357 as of December 31, 2016 and 2017, respectively. However, the Company believes that such restrictions will not have a material effect on the Company's liquidity or cash flows.

8. Accrued Expenses and Other Payables

Accrued expenses and other payables consisted of the following:

At December 31,	2016	2017
Accrued salaries and benefits	$ 581	$ 690
Accrued professional fees	88	171
Advance received from customers	584	173
Others	152	466
	$ 1,405	$ 1,500

9. Bank Loans and Banking Facilities

The Company has credit facilities with various banks representing notes payable, trade acceptances, import facilities, revolving loans and overdrafts. At December 31, 2015, these facilities totaled $90,000, which were unused at December 31, 2015. The banking facility with limited guarantee from the subsidiaries of NTISZ and Zastron Shenzhen at December 31, 2015 mature in 2016. Bank loan of $40,000 with the annual interest rate of 1.5354% and a term of one year borrowed from the Hong Kong and Shanghai Banking Corporation Limited ("HSBC") was fully repaid on May 28, 2015. On June 26, 2015, the Company borrowed $55,000 with the annual interest rate of 1.23425% from HSBC and it was fully repaid on August 26, 2015. On July 8, 2015, the Company borrowed $35,000 with the annual interest rate of 1.2311% from HSBC and it was fully repaid on September 8, 2015. Interest rates are generally based on the banks' usual lending rates in Hong Kong or the PRC and the credit lines are normally subject to annual review.

There were no banking facilities granted in 2016. However, during 2017, the Company's management began negotiating with China Construction Bank regarding a bank facility for project development in Shenzhen, PRC. The proposed bank facility is $184,049 (RMB1,200 million) for Inno Park in Guangming, Shenzhen. Both parties are still negotiating the terms and conditions in the contract. The Company is expected to close the deal within a few months following the balance sheet date.

10. Equity

(a) The Company has only one class of common shares authorized, issued and outstanding.

(b) Stock Options

In May 2001 (and amended in July 2004 and in November 2006), the Board of Directors approved a stock option plan which allows for the grant of 15,000 options to each non-employee director of the Company elected at each annual general meeting of shareholders, and might grant options to key employees, consultants or advisors of the Company or any of its subsidiaries to subscribe for its shares in accordance with the terms of this stock option plan based on past performance and/or expected contributions to the Company. The maximum number of shares to be issued pursuant to the exercise of options granted was 3,300,000 shares. The options granted under this plan generally have a term of two to three years, subject to the discretion of the Board of Directors, but cannot exceed ten years.

In February 2006, the Board of Directors approved one stock option plan which was subsequently approved by the shareholders at the 2006 annual general meeting of shareholders, with the same terms and conditions. However, the maximum number of shares to be issued pursuant to exercise of options granted was 2,000,000 shares.

In April 2016, the Board of Directors approved one stock option plan, which was subsequently approved by the shareholders at the 2016 annual general meeting of shareholders, with the same terms and conditions. However, the maximum number of shares to be issued pursuant to exercise of options granted was 3,500,000 shares.

In April 2017, the Board of Directors approved one stock option plan, which was subsequently approved by the shareholders at the 2017 annual general meeting of shareholders, with the same terms and conditions. However, the maximum number of shares to be issued pursuant to exercise of options granted was 1,500,000 shares.

In April 2012, the Board of Directors approved the grant of stock options to employees of the Company. The number of stock options to be granted will range from 277,000 to 831,000, which is determined by achievement of a 6% to 10% return on total shareholders' equity as at December 31, 2011 in the 9 month period from April 1, 2012 to December 31, 2012. 415,500 and 328,500 of share options were granted and immediately vested in January 2013 and June 2014 respectively. The share based compensation expenses of $156 were booked in 2014.

In January 2015, the Board of Directors approved the extension of exercisable period of 159,000 stock options out of 831,000 stock options included in the stock option grant which had been approved in April 2012. The exercisable period of stock options was extended by two years from April 26, 2015 to April 24, 2017. The share based compensation expense of $170 was booked in 2015 accordingly.

In June 2015, 75,000 of share options were granted to directors and were immediately vested upon granting. The share based compensation expense of $141 was booked in 2015 accordingly.

In April, October, November and December 2015, 776,869 share options were granted to a director and employees of the Company. The share based compensation costs of $1,374 was booked in 2015 accordingly.

In April 2016, 130,000 share options were granted to employees of the Company and were immediately vested upon granting. The share based compensation costs of $185 was booked in 2016 accordingly.

In July 2016, 2,940,000 share options were granted to directors, employees and external consultants of the Company and were vested in five equal portions of July 2016, January 2017, January 2018, January 2019 and January 2020, respectively. The share based compensation costs of $1,038 was booked in 2016 accordingly.

In March 2017, 75,000 share options were granted to employees of the Company and were vested in five equal portions of March 2017, January 2018, January 2019, January 2020, and January 2021, respectively. The share based compensation costs of $60 was booked in 2017 accordingly.

In May 2017, 800,000 share options were granted to directors of the Company and were vested in four equal portions of May 2017, January 2018, January 2019 and January 2020, respectively. The share based compensation costs of $378 was booked in 2017 accordingly.

A summary of stock option activity during the three years ended December 31, 2017 is as follows:

	Number of options	Weighted average exercise price	Weighted average fair value per option
Outstanding and exercisable at January 1, 2015	1,175,500	$ 6.37	$ 1.66
Granted	851,869	$ 7.53	$ 1.78
Exercised	(600,000)	$ 6.66	$ 1.98
Expired	(296,500)	$ 5.60	$ 1.09
Outstanding and exercisable at December 31, 2015	1,130,869	$ 7.29	$ 1.68
Granted	3,070,000	$ 5.87	$ 1.18
Exercised	(471,869)	$ 6.97	$ 1.31
Expired	(535,000)	$ 6.62	$ 1.49
Outstanding and exercisable at December 31, 2016	3,194,000	$ 6.08	$ 1.28
Granted	875,000	$ 11.10	$ 0.95
Exercised	(1,104,500)	$ 6.25	$ 0.91
Expired	(732,100)	$ 7.42	$ 1.11
Outstanding and exercisable at December 31, 2017	2,232,400	$ 7.52	$ 1.40

Aggregate intrinsic value represents the value of the Company's closing stock price on the last trading day of the fiscal period in excess of the weighted-average exercise price multiplied by the number of options outstanding or exercisable.

Details of the options outstanding and exercisable at December 31, 2017 are as follows:

Number of options granted	Vesting period		Exercise price	Exercisable period	Weighted remaining contractual life in months
In 2015					
45,000	100% vested at date of grant	$	5.33	June 5, 2015 to June 4, 2018	5.1
115,000	100% vested at date of grant	$	8.00	October 30, 2015 to October 29, 2020	34.0
In 2016					
280,000	vested in January 2018	$	6.22	January 1, 2018 to December 31, 2018	12.0
280,000	vested in January 2019	$	6.22	January 1, 2019 to December 31, 2019	24.0
280,000	vested in January 2020	$	6.22	January 1, 2020 to December 31, 2020	36.0
190,800	vested in January 2018	$	5.41	January 1, 2018 to December 31, 2018	12.0
190,800	vested in January 2019	$	5.41	January 1, 2019 to December 31, 2019	24.0
190,800	vested in January 2020	$	5.41	January 1, 2020 to December 31, 2020	36.0
In 2017					
15,000	vested in January 2018	$	7.10	January 1, 2018 to December 31, 2018	12.0
15,000	vested in January 2019	$	7.10	January 1, 2019 to December 31, 2019	24.0
15,000	vested in January 2020	$	7.10	January 1, 2020 to December 31, 2020	36.0
15,000	vested in January 2021	$	7.10	January 1, 2021 to December 31, 2021	48.0
100,000	vested in January 2018	$	7.95	January 1, 2018 to December 31, 2018	12.0
100,000	vested in January 2019	$	7.95	January 1, 2019 to December 31, 2019	24.0
100,000	vested in January 2020	$	7.95	January 1, 2020 to December 31, 2020	36.0
100,000	vested in January 2018	$	15.00	January 1, 2018 to December 31, 2018	12.0
100,000	vested in January 2019	$	15.00	January 1, 2019 to December 31, 2019	24.0
100,000	vested in January 2020	$	15.00	January 1, 2020 to December 31, 2020	36.0

There was approximately nil, $ 1,728 and $1,093 respectively, of unrecognized compensation expense related to non-vested stock options granted under the Company's option plan at December 31, 2015, 2016 and 2017. The total amount of recognized compensation costs in 2015, 2016 and 2017 was $1,685, $1,223 and $1,424, respectively.

The total 160,000 stock options are exercisable as of December 31, 2017.

The total fair value of shares vested during fiscal years ended December 31, 2015, 2016 and 2017 was $1,515, $469 and $91.2, respectively.

The weighted average remaining contractual life of the stock options outstanding at December 31, 2015, 2016 and 2017 was approximately 44, 27 and 33 months, respectively. The weighted average fair value of options granted during 2015, 2016 and 2017 was $1.78, $1.18 and $0.95, respectively, using the Black-Scholes option-pricing model based on the following assumptions:

Year ended December 31,	2015	2016	2017
Risk-free interest rate...	0.85% to 1.73%	0.50% to 1.24%	0.98% to 2.02%
Expected life	3 years to 5 years	1 years to 5 years	0.67 years to 4.83 year s
Expected volatility	49.50% to 55.94%	34.64% to 50.61 %	31.37% to 49.63%
Expected dividend yield..	1.35% to 2.02%	1.31% to 1.48%	2.26% to 2.54%

(c) Share Buy Back

As of December 31, 2015, 3,000,000 common shares had been bought back from the open market at a purchase price of $5.50 under the Company's cash tender offer announced on April 28, 2015 and expiring on May 29, 2015 and 3,518,750 common shares had been bought back from the open market at a purchase price of $5.50 under the Company's cash tender offer announced on August 3, 2015 and expiring on September 4, 2015.

As of December 31, 2016, 724,750 common shares had been bought back from the open market at the average purchase price of $8.64 under the Company's shares buyback program announced on August 22, 2016 and expiring on September 30, 2016.

As of December 31, 2017, there is no additional common shares bought back by the Company.

The share repurchase program was conducted in accordance with Rule 10b-18 of the Securities and Exchange Act of 1934.

11. (Loss) Income per Share

The calculations of basic (loss) income per share and diluted (loss) income per share are computed as follows:

	Income (loss)	Weighted average number of shares	Per share amount
Year ended December 31, 2015			
Basic loss per share	$ (13,158)	40,548,784	$ (0.32)
Effect of dilutive securities — Stock options		—	
Diluted loss per share	$ (13,158)	40,548,784	$ (0.32)

	Income (loss)	Weighted average number of shares	Per share amount
Year ended December 31, 2016			
Basic loss per share	$ (9,534)	36,672,957	$ (0.26)
Effect of dilutive securities — Stock options		—	
Diluted loss per share	$ (9,534)	36,672,957	$ (0.26)

	Income (loss)	Weighted average number of shares	Per share amount
Year ended December 31, 2017			
Basic income per share	$ 3,944	36,807,275	$ 0.11
Effect of dilutive securities — Stock options		685,163	
Diluted income per share	$ 3,944	37,492,438	$ 0.11

12. Staff Retirement Plans

The Company operates a Mandatory Provident Fund ("MPF") scheme for all qualifying employees in Hong Kong. The MPF is a defined contribution scheme and the assets of the scheme are managed by trustees independent of the Company.

The MPF is available to all employees aged 18 to 64 and with at least 60 days of service under the employment of the Company in Hong Kong. Contributions are made by the Company at 5% based on the staff's relevant income. The maximum relevant income for contribution purposes is $3.8 per month per employee. Eligible staff members are entitled to 100% of the Company's contributions together with accrued returns irrespective of their length of service with the Company, but the benefits are required by law to be preserved until the retirement age of 65 for employees in Hong Kong.

According to the applicable laws and regulations in the PRC, the Company is required to contribute 13%-14% and 19% of the stipulated salary set by the local governments of Shenzhen and Wuxi, respectively. The principal obligation of the Company with respect to these retirement benefit schemes is to make the required contributions under the scheme. No forfeited contributions may be used by the employer to reduce the existing level of contributions.

The cost of the Company's contribution to the staff retirement plans in Hong Kong and the PRC amounted to $149, $167, and $152 for the years ended December 31, 2015, 2016 and 2017, respectively.

13. Other (Expenses) Income, Net

Year ended December 31,	2015	2016	2017
Foreign exchange (loss) gain, net	$ (8,678)	$ (8,294)	$ 8,582
Interest income from finance lease receivable	303	16	—
Gain on disposal of idle property, plant and equipment	106	8	—
Income from selling residual scraps from demolished buildings	—	—	529
Loss from discontinued operations	(630)	(634)	(693)
Others	880	407	77
	$ (8,019)	$ (8,497)	$ 8,495

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No additional long-lived asset was reclassified to assets held for sale in 2015 and 2016. Assets of $20,254 and $18,970 have been included in assets held for sale (Note 3) as at December 31, 2015 and 2016. However, in 2017, the Company's management decides not to sell the assets in Wuxi, thus, the long-lived asset is reclassified to property, plant and equipment.

Summarized financial information for the discontinued operations of the Company is as follows:

	2015	2016	2017
Net sales	—	—	—
Loss before income tax	(630)	(634)	(693)
Income tax expenses	—	—	—
Loss from discontinued operations, net of income tax	(630)	(634)	(693)
Prepaid expenses and other receivables	106	74	79
Total assets	106	74	79
Accrued expenses and other payables	160	121	128
Total liabilities	160	121	128
Net liabilities of discontinued operations	(54)	(47)	(49)

14. Income Taxes

The components of income before income tax are as follows:

Year ended December 31,	2015	2016	2017
PRC, excluding Hong Kong	$ (577)	$ (2,106)	$ (6,759)
Hong Kong and other jurisdictions	(12,581)	(7,428)	10,703
	$ (13,158)	$ (9,534)	$ 3,944

The Company's income is not subject to taxation in BVI under the current BVI law. Subsidiaries operating in Hong Kong and the PRC are subject to income taxes as described below. Under the current BVI law, NTHL is not subject to profit tax in the BVI. However, it may be subject to Hong Kong income taxes as described below if it has income earned in or derived from Hong Kong.

The provision for current income taxes of the subsidiaries operating in Hong Kong has been calculated by applying the rate of taxation of 16.5% for the years ended December 31, 2015, 2016 and 2017 to the estimated income earned in or derived from Hong Kong during the respective years, if applicable.

The provision for current income taxes of the subsidiaries operating in PRC has been calculated by applying the rate of taxation of 25% for the years ended December 31, 2015, 2016 and 2017.

The Company, which has subsidiaries that are tax resident in the PRC, is subject to the PRC dividend withholding tax of 5%, when and if undistributed earnings are declared to be paid as dividends to the extent those dividends are paid out of profits that arose on or after January 1, 2008. For the years ended December 31, 2015, 2016 and 2017, there was no income tax expense for the 5% dividend withholding tax on the balance of distributable earnings that arose on or after January 1, 2008 within its PRC subsidiaries. In line with management's decision to change the core business, management decided to retain the undistributed earnings in the PRC.

Uncertainties exist with respect to how the PRC's current income tax law applies to the Company's overall operations, and more specifically, with regard to tax residency status. The New Law includes a provision specifying that legal entities organized outside of the PRC will be considered as resident enterprises for PRC enterprises income tax purpose if their active management is located in the PRC. The Implementation Rules to the New Law provide that non-resident legal entities will be considered PRC residents enterprises if substantial and overall management control over the manufacture, operations, personnel, accounting, properties, etc. occurs within the PRC.

The Company has made its assessment of each tax position (including the potential application of interest and penalties) based on the available tax laws, and has measured the unrecognized tax benefits associated with the tax positions. Based on the evaluation by the Company, it is concluded that there are no significant uncertain tax positions requiring recognition in the consolidated financial statements. The Company classifies interest and/or penalties related to unrecognized tax benefits as a component of income tax provisions. However, during the years ended December 31, 2015, 2016 and 2017, there were no interest and penalties related to uncertain tax positions and the Company had no material unrecognized tax benefit which would favorably affect the effective income tax rate in future periods. The Company does not anticipate any significant increases or decreases to its liability for unrecognized tax benefit within the next twelve months. Other than the audit by the Hong Kong tax authorities as described below, the tax positions for the years 2015 to 2017 may be subject to examination by the PRC and Hong Kong tax authorities.

Tax Disputes with Hong Kong Inland Revenue Department

Since the fourth quarter of 2007, several inactive subsidiaries of the Company have been involved in tax disputes relating to tax years 1996 and later with the Inland Revenue Department of Hong Kong, (the "HKIRD"), the income tax authority of the Hong Kong Government. These inactive subsidiaries include three Hong Kong entities, Nam Tai Group Management Limited ("NTGM"), Nam Tai Trading Company Limited ("NTTC"), Nam Tai Telecom (Hong Kong) Company Limited ("NTT"), and a Canadian entity, Nam Tai Electronics (Canada) Ltd. ("Nam Tai Canada"). The disputes concern the appropriateness of expensing certain intra-group service fees paid by the Hong Kong subsidiaries to Nam Tai Canada under the transfer pricing context. NTGM is the parent company of NTT and NTTC. NTTC is the title holder of certain land in Hong Kong and is being liquidated. Nam Tai Canada has since been dissolved. The particulars of these disputes are discussed below.

NTTC

(a) In October 2007, the HKIRD issued an assessment determination against NTTC, a limited liability company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company. This assessment relates to four tax years 1996/1997, 1997/1998, 1998/1999 and 1999/2000. The taxes assessed amounted to approximately $2.9 million. .

(b) In May 2008, in addition to the assessment determination of October 2007, the HKIRD issued a writ against NTTC claiming taxes in the amount of approximately $3.0 million for the taxable years 1997/1998, 1998/1999, 1999/2000, and 2000/2001, of which $1.9 million overlapped the taxes against NTTC assessed by HKIRD in its assessment determination of October 2007. In 2009, our defense was struck out by the District Court in Hong Kong and a judgment was entered against NTTC for $3.0 million plus interest. The judgment did not include assessment for the year 1996/1997 which was $0.8 million under the assessment determination of October 2007. NTTC decided not to pursue an appeal against the decision of the District Court.

(c) From May to November 2010, the HKIRD issued three separate writs against NTTC claiming taxes and interest on unpaid taxes for the taxable years from 1996/1997 to 2003/2004 of $0.1 million, for the taxable years of 1996/1997, 1998/1999 and 1999/2000 of $0.1 million, and for the taxable years from 1996/1997 to 1999/2000 of $13,000. NTTC did not contest these proceedings, and judgments were thus entered against NTTC in 2010 for $0.3 million plus interest.

(d) On June 10, 2011, as a result of the proceedings stated in paragraphs (b) – (c) above, the HKIRD petitioned to the High Court of Hong Kong for a winding-up order against NTTC for the overdue judgment sums of $5.4 million plus interest. The petition was heard in the High Court of Hong Kong on March 13, 2012. The Court handed down the Judgment and made a winding-up order on June 4, 2012 against NTTC.

(e) On June 23, 2017, HKIRD issued a letter asking whether NTTC objects to the assessments for the tax year from 2000/01 to 2003/04. The additional taxes assessed for the year 2000/01 amounted to $1.0 million and for the year 2003/04 amounted to $0.2 million. NTTC did not respond to the letter.

(f) NTTC is in liquidation and the joint and several liquidators confirmed that all assets of NTTC have been taken over by the court appointed joint and several receivers, JLA Asia Limited, in January 2013. The total tax claim against NTTC is $6.6 million plus interest. As we do not have a controlling financial interest in NTTC after it was taken over by the Joint and Several Receivers, so the financial statements of NTTC have not been included in our consolidated financial statements subsequent to the 2012 Form-20F, in accordance with the procedures set out in ASC 810-10-15-10.

NTT

(a) On September 14, 2009, the HKIRD issued a writ against NTT, a dormant subsidiary, claiming taxes in the amount of approximately $0.3 million for the taxable year 2002/2003. On March 9, 2010, a judgment was entered against NTT for $0.3 million plus interest.

(b) On February 17, 2011, HKIRD issued a writ against NTT claiming taxes in the amount of approximately $30,000 for the taxable year 2002/2003. NTT filed a Defense to this action. The hearing of this action was heard together with the case of NTGM as discussed in paragraph (b) of the NTGM matters below on September 6, 2011. Similarly, the judgment was handed down on September 29, 2011 with the defense being struck out and judgment was thus entered against NTT of $38,000 plus interest.

(c) Since then, NTT has received a number of demand letters from the HKIRD demanding payments of judgment debts mentioned in paragraphs (a) and (b) above.

(d) On June 21, 2016, HKIRD issued a demand letter to NTT for a total payment of $0.4 million plus interest. NTT is a limited liability company incorporated in Hong Kong. NTT had a net deficit position as of December 31, 2017 and Nam Tai has no funding obligation towards NTT. As a result, the liability from the HKIRD demand letter has no impact on the Company. Therefore, the amount claimed by HKIRD was not recorded as a liability in Nam Tai's consolidated financial statements.

NTGM

(a) The HKIRD has also made estimated assessments against NTGM, which has been inactive since 2005. On December 17, 2008, the Hong Kong tax authorities issued a Writ of Summons through the District Court in Hong Kong claiming against NTGM the amount of $0.3 million plus interest, for the fiscal years 2001/2002. NTGM filed its defense on January 29, 2009, but on February 17, 2009, HKIRD filed papers seeking to strike out NTGM's defense. As NTGM's defense was similar to the defense of NTTC, NTGM accordingly agreed with HKIRD to allow judgment to be entered against NTGM by consent of $0.3 million plus interest.

(b) On February 8, 2011, HKIRD issued a writ against NTGM claiming taxes in the amount of $0.9 million plus interest for the taxable years 2001/2002, 2002/2003 and 2003/2004. NTGM filed a defense to this action. The hearing of the action took place on September 6, 2011. The judgment was handed down on September 29, 2011 with the defense being struck out and judgment was entered against NTGM for $0.9 million plus interest.

(c) NTGM has received a number of demand letters from the HKIRD for payments of the judgment debts mentioned in paragraphs (a) and (b) above.

(d) On October 25, 2017, HKIRD issued its latest demand letter to NTGM for a total payment of $1.1 million plus interest. NTGM is a limited liability company incorporated in Hong Kong. NTGM had a net deficit position as of December 31, 2017 and Nam Tai has no funding obligation towards NTGM. As a result, the liability from the HKIRD demand letter has no impact on the Company. Therefore, the amount claimed by HKIRD was not recorded as a liability in Nam Tai's consolidated financial statements

Expected Dispositions of Tax Disputes with Inactive or Dormant Subsidiaries

As a part of the dispute regarding expensing certain intra-group service fees, HKIRD did not accept the explanations that it was necessary for certain subsidiaries of the Company to exist outside of Hong Kong to perform their individual functions for the whole Nam Tai group. Therefore the management fees paid by the Hong Kong subsidiaries of Nam Tai by contract to support and finance all the necessary overhead expenses of the subsidiaries outside of Hong Kong so they may contribute to the group operations (represented by the administration and finance departmental functions from Vancouver, Canada and the BVI for the whole group under the corporate structure at that time) were not regarded as necessary expenses by HKIRD that decreased the taxable earnings of our Hong Kong subsidiaries.

Since it is believed that it will be difficult for these subsidiaries to continue cooperating with HKIRD in the future, if Nam Tai discontinues financing these subsidiaries, they will be forced to liquidate in due course. As these subsidiaries no longer conduct any operations and have been inactive or dormant for some time, and have either assets of limited book-value or no assets, Nam Tai believes that there should be no material impact from these proceedings on its financial condition, liquidity or results of operations. Accordingly, no provision has been made regarding these assessments in its consolidated financial statements.

Notices of Alleged Personal Liability for Additional Taxes against Former Directors and Officers for Signing NTTC's Tax Returns

In addition to the legal cases against our inactive or dormant subsidiaries discussed above, in January 2011, the HKIRD issued two Notices of Intention to Assess Additional Taxes separately and personally against two former directors and officers of NTTC for the taxable years 1996/1997 and 1999/2000 of $1.5 million and for the taxable year 1997/1998 of $0.7 million (the "Notices of Intention to Assess").

On April 26, 2013, HKIRD issued three Notices of Assessment and Demand for Additional Tax against the two former directors in the total amount of approximately $2.3 million (the "Additional Assessment Notices"), assessing one of them to additional tax by way of penalty in the sum of approximately $1.6 million (approximately $0.8 million in respect of the year 1996/1997 and approximately $0.8 million in respect of the year 1999/2000) and assessing the other former director to additional tax by way of penalty in the sum of approximately $0.7 million in respect of the year 1997/1998.

On May 24, 2013, the two former directors lodged an appeal to the Board of Review of the HKIRD (the "BOR") against the Additional Assessment Notices (the "BOR Appeal").

On May 27, 2013, according to the indemnity policy of the Company, Company paid on behalf of the two former directors the additional tax as required under the Additional Assessment Notices.

On January 9, 2017, the BOR handed down the decision that one of the director is ordered to pay 140% of the original amount of tax assessed, while the other is order to pay 90%. Both penalties are subject to compound tax calculated monthly since the original due date (up to a ceiling of 300% of the original assessed amounts).

On February 9, 2017, Nam Tai lodged an appeal to the BOR decision and the Commissioner filed opposition statements to its appeal on February 22, 2017. The hearing for the appeal application is on April 18, 2018 at the Hong Kong Court of First Instance.

At this time, Nam Tai is unable to assess if the appeal will be accepted or successful. However, Nam Tai plans to continue to defend this matter vigorously for its former directors and officers and may be required to indemnify them.

Directors' and Officers' Liability Insurance

Nam Tai maintains a directors' and officers' liability insurance for certain claims or liabilities that may arise by reason of the status or service of its directors and officers (the "D&O Policy"). Nam Tai previously informed the insurers of it D&O Policy about the HKIRD's Notices of Intention to Assess against NTTC's two former directors. At that time, Nam Tai's insurance carriers raised no objection to the Notices of Intention to Assess constituting a claim under the terms of the D&O Policy and have reimbursed the Company for the legal costs and other expenses incurred by it for defending the Notices of Intention to Assess. After the Additional Assessment Notices had been issued, Nam Tai's insurers were informed of the same. The insurers then refused to reimburse for the additional tax under the Additional Assessment Notices and the associated legal costs and expenses incurred in both the BOR Appeal and an appeal to the Court of Appeal of the HKIRD (the "CA") against the Assessment Notices (the "CA Appeal"). Therefore, Nam Tai and its two former directors commenced arbitration against its insurers under the D&O Policy on October 18, 2013 by issuing a Notice of Arbitration to claim for reimbursement of the additional tax and the legal costs and expenses of both the BOR Appeal and the CA Appeal. The insurers filed their Response to Notice of Arbitration on December 24, 2013. All arbitrators were appointed and the Arbitration hearing was heard from July 20 to July 24, 2015. On December 28, 2015, the Partial Final Award on Costs and Final Award on Interest was granted. The Tribunal in the Partial Award on Cost held that Nam Tai had to pay for the insurers' costs for the period from February 11, 2014 up to the date of the award. On May 16, 2016, Nam Tai accepted the insurers' offer of approximately $0.8 million for the respective cost, as a final settlement in this matter.

Matter Concerning a Former Director

Nam Tai is plaintiff in an action against a former director, Charles Chu, in the California Superior Court in San Francisco for breach of duty in connection with his failure to cooperate with the Board's inquiry on his historical beneficial shareholding in the Company. Nam Tai is seeking damages from Mr. Chu arising from his conduct. Litigation is inherently uncertain, and the ultimate outcome of this action is unknown at this time.

The Company's deferred tax assets and liabilities as of December 31, 2016 and 2017 are attributable to the following:

December 31,	2016	2017
Net operating losses	$ 4,678	$ 5,779
Property, plant and equipment	637	1,279
Total deferred tax assets	5,315	7,058
Less: valuation allowance	(5,315)	(7,058)
Deferred tax assets	—	—
Net deferred tax assets	$ —	$ —

Movement of valuation allowance:

December 31,	2015	2016	2017
At beginning of the year	$ 10,125	$ 6,732	$ 5,315
Current year (deduction) addition	(3,393)	(1,417)	1,743
At end of the year	$ 6,732	$ 5,315	$ 7,058

The valuation allowance as of December 31, 2015, 2016 and 2017 was related to deferred tax assets generated by net operating losses carried forward that, in the judgment of management, more likely than not will not be realized. In assessing the reliability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets depends on the generation of future taxable income in which those temporary differences become deductible. During the years ended December 31, 2015, 2016 and 2017, the movement of the valuation allowance was $3,393, $1,417 and ($1,743), respectively, derived from the taxable profit of continuing operations.

As of December 31, 2015, 2016 and 2017 the Company had net operating losses of $29,057, $19,842 and $24,475, respectively, which may be carried forward indefinitely. As of December 31, 2017, the Company had net operating losses from operations of $12,637, $593, $549 and $7,370, which will expire in the years ending December 31, 2019, 2020, 2021 and 2022, respectively.

A reconciliation of the income tax expense to the amount computed by applying the current statutory tax rate to the loss before income taxes in the consolidated statements of comprehensive income is as follows:

Year ended December 31,	2015	2016	2017
(Loss) income before income taxes	$ (13,158)	$ (9,534)	$ 3,944
PRC tax rate	25%	25%	25%
Tax loss (income tax expense) at PRC tax rate on income before income tax	$ 3,289	$ 2,383	$ (986)
Effect of difference between Hong Kong and PRC tax rates applied to Hong Kong income	(478)	(130)	(208)
Change in valuation allowance	3,393	1,417	(1,743)
Reversal of tax loss cannot be recoverable in future	—	(1,664)	(950)
Tax benefit (expense) arising from items which are not assessable (deductible) for tax purposes:			
Non-deductible and non-taxable items	(6,335)	(2,893)	3,118
Loss from discontinued operations and others	131	887	769
Income tax (expense) credit	$ —	$ —	$ —

No income tax arose in the United States of America in any of the periods presented.

15. Commitments and Contingencies

(a) Commitments

The contractual obligations of the Company, including purchase commitments under non-cancelable arrangements as of December 31, 2017, are summarized below. The Company does not participate in, or secure financing for, any unconsolidated limited purpose entities.

	Payments due by period			
	Total	2018	2019	2020
Contractual Obligations				
Capital commitments	7,224	4,862	2,362	—
Total	$ 7,224	$ 4,862	$ 2,362	$ —

(b) Significant legal proceedings

Other than as disclosed in Note 14, there is no other significant legal proceeding as of December 31, 2017.

16. Operating Leases as Lessor

On March 25, 2014, the Company entered into an operating lease agreement to lease out certain of its buildings located in Shenzhen. The lease term originally was 3 years from May 1, 2014 to April 30, 2017. On March 21, 2016, the lease term was extended for six months to October 31, 2017. The lease contract is expired on October 31, 2017 and subsidiaries in Shenzhen will not have rental income in the following years.

17. Segment Information

There was no segment information to be disclosed for the years ended December 31, 2015, 2016 and 2017, respectively. A summary of net income (loss) and long-lived assets by geographical areas is as follows:

Year ended December 31,	2015	2016	2017
Operation income from property within:			
- PRC, excluding Hong Kong:	$ 2,978	$ 2,508	$ 1,851
Net (loss) income within:			
- PRC, excluding Hong Kong	$ (577)	$ (2,106)	$ (6,759)
- Hong Kong	(12,581)	(9,534)	10,703
Total net (loss) income	$ (13,158)	$ (9,534)	$ 3,944

As of December 31,	2016	2017
Long-lived assets by geographical area:		
- Real estate properties under development in PRC, excluding Hong Kong	$ 37,779	$ 52,460
- Property, plant and equipment in PRC, excluding Hong Kong	507	33,894
- Hong Kong	3,228	3,082
Total long-lived assets	$ 41,514	$ 89,436

18. Employee Severance Benefits

After the final evaluation on the viability of its core business of LCM production, the Company decided to discontinue its core business of LCM production in Shenzhen by the end of April 2014 due to a major customer's repeated and continuous changes in its formal purchasing orders without suitable commitment. The employee severance benefits in 2014 amounted to $103, which were recorded as general and administrative expenses and $92 was recorded in loss from discontinued operations. The balance of the employee severance benefits of $104 as at December 31, 2014 was paid in 2015. No additional employee severance benefit was recorded in 2015 and 2016. In 2017, the amount of employee severance benefits is $170 that was recorded as employee compensation under general and administrative expenses.

19. Subsequent Events

On January 26, 2018, the board of directors appointed Mr. Ying Chi Kwok as CEO, and Ms. Yu Zhang as CFO, and Mr. Julian Lin as President and General Counsel, effective February 1, 2018.

Based on the Employee Agreement dated February 13, 2015, Mr. Koo's severance package upon the termination of his position as the Company CFO amounts to 36 months of his basic salary and all bonuses and allowances that he was entitled to at the time of the severance, or approximately $3.7 million, which amount is payable in 2018.

On February 12, 2018, Nam Tai sold its Hong Kong Office property to its Chairman, Mr. Koo, for $9.7 million after its audit committee reviewed two valuation reports prepared by two independent appraisers and its Board of Directors approved the transaction price. The estimated gain from transaction is $6.7 million.

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SCHEDULE 1

NAM TAI PROPERTY INC.

STATEMENTS OF COMPREHENSIVE INCOME

(In thousands of U.S. dollars)

	Year ended December 31,		
	2015	2016	2017
General and administrative expenses*	$ (6,579)	$ (2,064)	$ (2,714)
Other (expenses) income, net	(8,204)	(25,794)	7,296
Interest income	3,856	4,179	6,998
Interest expenses	(360)	—	—
(Loss) income before income tax	(11,287)	(23,679)	11,580
Income tax expenses	—	—	—
(Loss) income before share of net profits of subsidiaries, net of income tax	(11,287)	(23,679)	11,580
Share of net (losses) profit subsidiaries, net of income tax	(1,871)	14,145	(7,636)
Net (loss) income	$ (13,158)	$ (9,534)	$ 3,944
Foreign currency translation adjustment	(4,417)	(7,736)	6,311
Other comprehensive (loss) income	(4,417)	(7,736)	6,311
Comprehensive (loss) income	$ (17,575)	$ (17,270)	$ 10,255
* Amount of share-based compensation expense included in general and administrative expenses	$ 1,685	$ 1,223	$ 1,424

SCHEDULE 1

NAM TAI PROPERTY INC.

BALANCE SHEETS

(In thousands of U.S. dollars)

	December 31,	
	2016	2017
ASSETS		
Current assets:		
Cash and cash equivalents	$ 51,795	$ 114,249
Short term investments	88,399	—
Prepaid expenses and other receivables	3,513	2,845
Amounts due from subsidiaries	—	—
Total current assets	143,707	117,094
Property, plant and equipment, net	3,228	3,000
Investments in subsidiaries	234,666	233,342
Total assets	$ 381,601	$ 353,436
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accrued expenses and other payables	$ 90	$ 159
Dividend payable	10,205	10,514
Amounts due to subsidiaries	20,652	23,431
Total current liabilities	30,947	34,104
Long term loan	114,308	74,974
Total liabilities	$ 145,255	$ 109,078
Shareholders' equity:		
Common shares ($0.01 par value—authorized 200,000,000 shares, issued and outstanding 36,446,691 and 37,551,191 shares as at December 31, 2016 and 2017, respectively)	364	376
Additional paid-in capital	241,536	249,856
Retained earnings (Accumulated deficit)	6,607	(24)
Accumulated other comprehensive loss	(12,161)	(5,850)
Total shareholders' equity	236,346	244,358
Total liabilities and shareholders' equity	$ 381,601	$ 353,436

SCHEDULE 1

NAM TAI PROPERTY INC.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(In thousands of U.S. dollars, except share and per share data)

	Common Shares Outstanding	Common Shares Amount	Additional Paid-in Capital	Retained Earnings (Accumulated deficit)	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
Balance at January 1, 2015	42,618,322	$ 426	$ 274,276	$ 42,258	$ (8)	$ 316,952
Shares issued on exercise of options	600,000	6	3,990	—	—	3,996
Cancellation of shares	(6,518,750)	(65)	(36,671)	—	—	(36,736)
Stock-based compensation expenses			1,685			1,685
Net loss	—	—	—	(13,158)	—	(13,158)
Cash dividends declared ($0.08 per share)	—	—	—	(2,936)	—	(2,936)
Cash dividends reversal	—	—	—	179	—	179
Accumulated other comprehensive loss	—	—	—	—	(4,417)	(4,417)
Balance at December 31, 2015	36,699,572	$ 367	$ 243,280	$ 26,343	$ (4,425)	$ 265,565
Shares issued on exercise of options	471,869	4	3,284	—	—	3,288
Cancellation of shares	(724,750)	(7)	(6,251)	—	—	(6,258)
Stock-based compensation expenses			1,223			1,223
Net loss	—	—	—	(9,534)	—	(9,534)
Cash dividends declared ($0.28 per share)	—	—	—	(10,205)	—	(10,205)
Cash dividends reversal	—	—	—	3	—	3
Accumulated other comprehensive loss	—	—	—	—	(7,736)	(7,736)
Balance at December 31, 2016	36,446,691	$ 364	$ 241,536	$ 6,607	$ (12,161)	$ 236,346
Shares issued on exercise of options	1,104,500	12	6,896	—	—	6,908
Cancellation of shares	—	—	—	—	—	—
Stock-based compensation expenses	—		1,424	—	—	1,424
Net loss	—	—	—	3,944	—	3,944
Cash dividends declared ($0.28 per share)	—	—	—	(10,514)	—	(10,514)
Cash dividends paid	—	—	—	(61)	—	(61)
Accumulated other comprehensive loss	—	—	—	—	6,311	6,311
Balance at December 31, 2017	37,551,191	$ 376	$ 249,856	$ (24)	$ (5,850)	$ 244,358

SCHEDULE 1

NAM TAI PROPERTY INC.

STATEMENTS OF CASH FLOWS

(In thousands of U.S. dollars)

	Year ended December 31,		
	2015	**2016**	**2017**
Cash flows from operating activities:			
Net (loss) income	$ (13,158)	$ (9,534)	$ 3,944
Adjustments to reconcile net (loss) income to net cash provided by operating activities:			
Share of net losses (profits) of subsidiaries, net of taxes	1,871	(14,145)	7,636
Depreciation	237	229	228
Unrealized exchange loss (gain)	—	3,370	(6,713)
Share-based compensation expenses	1,685	1,223	1,424
Loss on waiving amount due from a subsidiary	—	17,800	1,324
Changes in current assets and liabilities:			
Decrease (increase) in prepaid expenses and other receivables	1,460	(944)	668
Increase (decrease) in accrued expenses and other payables	496	(1,319)	69
Net cash (used in) provided by operating activities	$ (7,409)	$ (3,320)	$ 8,580
Cash flows from investing activities:			
Purchase of property, plant and equipment	(1)	—	—
Decrease (increase) in short term investment	24,753	(39,647)	88,399
(Increase) decrease in amounts due from subsidiaries	(6,742)	(1,032)	1,455
Net cash provided by (used in) investing activities	$ 18,010	$ (40,679)	$ 89,854
Cash flows from financing activities:			
Proceeds from a long term loan of a subsidiary	40,625	73,683	—
Repayment a long term loan to a subsidiary	—	—	(39,334)
Proceeds from short term bank borrowing	92,432	—	—
Repayment of short term bank borrowing	(132,432)	—	—
Share repurchase program	(36,704)	(6,258)	—
Dividend paid	(3,230)	(2,936)	(10,266)
Proceeds from options exercise	3,996	3,288	6,908
Net cash (used in) provided by financing activities	$ (35,313)	$ 67,777	$ (42,692)
Net (decrease) increase in cash and cash equivalents	(24,712)	23,778	55,742
Cash and cash equivalents at beginning of year	56,099	31,387	51,795
Effect of exchange rate changes on cash and cash equivalents	—	(3,370)	6,712
Cash and cash equivalents at end of year	$ 31,387	$ 51,795	$ 114,249

SCHEDULE 1

NAM TAI PROPERTY INC.

NOTE TO SCHEDULE 1

(in thousands of U.S. dollars)

Schedule 1 has been provided pursuant to the requirements of Rule 12-04(a) and 4-08(e)(3) of Regulation S-X, which require condensed financial information as to financial position, changes in financial position and results and operations of a parent company as of the same dates and for the same periods for which audited consolidated financial statements have been presented when the restricted net assets of the consolidated and unconsolidated subsidiaries together exceed 25% of consolidated net assets as of the end of the most recently completed fiscal year. As of December 31, 2017, $346,357 of the restricted capital and reserves are not available for distribution, and as such, the condensed financial information of the Company has been presented for the years ended December 31, 2015, 2016 and 2017.

During the years ended December 31, 2015, 2016 and 2017, no cash dividend was declared and paid by subshttps://www.sec.gov/Archives/edgar/data/829365/000095012407006229/v36477e8va12bza.htmidiaries to the Company.

ITEM 19. EXHIBITS

The following exhibits are filed as part of this Report:

Exhibit No.	Exhibit
1.1	Memorandum and Articles of Association, as amended and restated effective on December 5, 2007 (incorporated by reference to Exhibit 1.1 to the Company's Form 8-A/A filed with the SEC on December 13, 2007).
4.1	2006 Stock Option Plan of Nam Tai Property Inc., adopted February 10, 2006 and approved on June 9, 2006 (incorporated by reference to Exhibit A attached to Exhibit 99.1 of the Form 6-K furnished to the SEC on May 15, 2006).
4.2	Amendment to 2006 Stock Option Plan of Nam Tai Property Inc. (incorporated by reference to Exhibit 4.1.1 to the Company's Registration Statement on Form S-8 File No. 333-136653 included with the Company Form 6-K furnished to the SEC on November 13, 2006).
4.3	Amended 2001 Option Plan of Nam Tai Property Inc. dated July 30, 2004 (incorporated by reference to Exhibit 4.18 to the Company's Form 20-F for the year ended December 31, 2004 filed with the SEC on March 15, 2005).
4.4	Amendment to 2001 Stock Option Plan of Nam Tai Property Inc. (incorporated by reference to Exhibit 4.1.1 to the Company's Registration Statement on Form S-8 File No. 333-76940 included with Company's Form 6-K furnished to the SEC on November 13, 2006).
4.5	2016 Stock Option Plan of Nam Tai Property Inc., adopted April 22, 2016 and approved on June 3, 2016 (incorporated by reference to Annex A of Company's Form 6-K furnished to the SEC on May 5, 2016).
4.6	2017 Stock Option Plan of Nam Tai Property Inc., adopted April 28, 2017 and approved on June 3, 2017 (incorporated by reference to Annex A of Company's Form 6-K furnished to the SEC on May 2, 2017).
8.1	Diagram of Company's significant subsidiaries as of December 31, 2017. See the diagram on page 33 of this Report.
11.1	Code of Ethics (incorporated by reference to Exhibit 14.1 to the Company's Form 20-F for the year ended December 31, 2004 filed with the SEC on March 15, 2005).
12.1	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
12.2	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
13.1	Certification of the Chief Executive Officer pursuant to Rule 13a-14(b) and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
13.2	Certification of the Chief Financial Officer pursuant to Rule 13a-14(b) and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
15.1	Consent of Independent Registered Public Accounting Firm—Moore Stephens CPA Limited.
101	Financial information of the registrant for the year ended December 31, 2017 formatted in eXtensible Business Reporting Language (XBRL)

SIGNATURE

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and has duly caused and authorized the undersigned to sign this annual report on its behalf.

Date: March 9, 2018

NAM TAI PROPERTY INC.

By: /s/Ying Chi Kwok
Name: Ying Chi Kwok
Title: Chief Executive Officer