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Please refer to the Nam Tai website (www.namtai.com)
 or the SEC website (www.sec.gov) for Nam Tai press releases
 and financial statements.

NAM TAI ELECTRONICS, INC.
Q4 2013 Sales down 25%, Gross profit margin at 8.7%

SHENZHEN, PRC – January 27, 2014 – Nam Tai Electronics, Inc. (“Nam Tai” or the “Company”) (NYSE Symbol: NTE) today announced its unaudited results for the fourth quarter ended December 31, 2013.

KEY HIGHLIGHTS

(In thousands of US Dollars, except per share data, percentages and as otherwise stated)

| | Quarterly Results | | | Yearly Results | | |
|--|-------------------|-----------|-----------------------|----------------|-----------|-----------------------|
| | Q4 2013 | Q4 2012 | YoY(%) ^(d) | 2013 | 2012 | YoY(%) ^(d) |
| Net sales ^(a) | \$234,947 | \$312,196 | (25) | \$855,847 | \$678,113 | 26 |
| Gross profit ^(a) | \$20,521 | \$28,133 | (27) | \$67,635 | \$68,238 | (1) |
| <i>% of sales</i> | 8.7% | 9.0% | - | 7.9% | 10.1% | - |
| Operating income ^(a) | \$4,982 | \$20,813 | (76) | \$35,465 | \$45,300 | (22) |
| <i>% of sales</i> | 2.1% | 6.7% | - | 4.1% | 6.7% | - |
| <i>per share (diluted)</i> | \$0.11 | \$0.46 | (76) | \$0.78 | \$1.00 | (22) |
| Net income ^{(b)(c)} | \$9,247 | \$36,606 | (75) | \$297 | \$66,921 | (100) |
| <i>% of sales</i> | 3.9% | 11.7% | - | 0.03% | 9.9% | - |
| Basic earnings per share | \$0.20 | \$0.82 | (76) | \$0.01 | \$1.49 | (99) |
| Diluted earnings per share | \$0.20 | \$0.80 | (75) | \$0.01 | \$1.48 | (99) |
| Weighted average number of shares ('000) | | | | | | |
| <i>Basic</i> | 45,273 | 44,804 | | 45,223 | 44,804 | |
| <i>Diluted</i> | 45,399 | 45,692 | | 45,693 | 45,345 | |

Notes:

- (a) The net sales, gross profit and operating income excluded the discontinued operations located primarily in Wuxi, China. The Wuxi operations for the current and prior periods were classified as “discontinued operations” and disclosed in the statement of comprehensive income separately under income (loss) from discontinued operations (net of tax) and not included in the presentation of net sales, gross profit and operating income that form parts of the operating income of “continuing operations”. For the three months ended December 31, 2013 and December 31, 2012, the discontinued operations recognized net sales of nil and \$156.4 million, a gross (loss) profit of (\$0.1) million and \$20.8 million, and an operating income of \$0.3 million and \$18.0 million respectively. For the twelve months ended December 31, 2013 and December 31, 2012, the discontinued operations recognized net sales of \$47.1 million and \$494.0 million, a gross (loss) profit of (\$0.5) million and \$37.0 million, and an operating (loss) income of (\$37.9) million and \$25.9 million respectively.
- (b) Net income for the three months ended December 31, 2013 included (i) income from discontinued operations (net of tax) of \$0.6 million and (ii) income from continuing operations in Shenzhen of \$8.7 million (including layoff compensation of \$12.5 million due to core business transformation, gain from disposal of fixed assets and idle fixed assets of \$2.3 million, interest income of \$1.8 million, gain on exchange difference of \$1.9 million and incentive government allowance of \$1.0 million).
- (c) Net income for the twelve months ended December 31, 2013 included (i) loss from discontinued operations (net of tax) of \$40.9 million (including impairment loss on fixed assets of \$35.0 million, net deferred tax expenses of \$3.7 million and layoff compensation of \$1.1 million in Wuxi) and (ii) income from continuing operations of \$41.2 million (including provision for bad debts of \$2.2 million, layoff compensation of \$14.0 million due to core business transformation, net deferred tax expenses of \$0.8 million, gain from disposal of fixed assets and idle fixed assets of \$3.0 million, interest income of \$4.9 million, gain on exchange difference of \$4.4 million, legal liability provision on legal case reversal of \$1.0 million, income from sanctioned payment of \$1.1 million upon the resolution of a legal dispute and incentive government allowance of \$1.1 million).
- (d) This information has been published on the Company’s website <http://www.namtai.com/quarterly/quarterly.htm> under the quarterly earnings report of Q4 2013 on page 7, Condensed Consolidated Statements of Comprehensive Income.

SUPPLEMENTARY INFORMATION (UNAUDITED) IN THE FOURTH QUARTER OF 2013

1. Quarterly Sales

(In thousands of US Dollars, except percentage information)

| Quarter | 2013 | 2012 | YoY(%) (Quarterly) | YoY(%) (Quarterly accumulated) |
|-------------------------|-----------|-----------|-----------------------|--------------------------------------|
| 1 st Quarter | \$168,799 | \$87,619 | 92.7 | 92.7 |
| 2 nd Quarter | \$167,902 | \$102,318 | 64.1 | 77.3 |
| 3 rd Quarter | \$284,199 | \$175,980 | 61.5 | 69.7 |
| 4 th Quarter | \$234,947 | \$312,196 | (24.7) | 26.2 |
| Total | \$855,847 | \$678,113 | | |

Note:

* The above sales have excluded discontinued operations. Please see page 7 of the Company's Condensed Consolidated Statements of Comprehensive Income for details. This information has also been published on the Company's website at <http://www.namtai.com/quarterly/quarterly.htm> in the quarterly earnings report of Q4 2013 on page 7, Condensed Consolidated Statements of Comprehensive Income.

2. Key Highlights of Financial Position

| | As at December 31, 2013 | As at December 31, 2012 ^(a) |
|--|----------------------------|---|
| Cash on hand and fixed deposits maturing over three months | \$270.3 million | \$207.7 million |
| Ratio of cash ^(b) to current liabilities | 2.06 | 0.76 |
| Current ratio | 3.28 | 2.02 |
| Ratio of total assets to total liabilities | 3.77 | 2.33 |
| Return on equity | 0.1% | 19.5% |
| Ratio of total liabilities to total equity | 0.36 | 0.75 |
| Debtors turnover | 30 days | 55 days |
| Inventory turnover | 14 days | 28 days |
| Average payable period | 44 days | 85 days |

Notes:

(a) Certain financial ratio of the Company as at December 31, 2012 has been restated according to the reclassified assets and liabilities resulted from discontinued operations. Please see page 8 of the Company's Condensed Consolidated Balance Sheets for further information. This information has also been published on the Company's website at <http://www.namtai.com/quarterly/quarterly.htm> in the quarterly earnings report of Q4 2013 on page 8, Condensed Consolidated Balance Sheets.

(b) Cash in the financial ratio included both cash on hand and fixed deposits maturing over three months with amount of \$270.3 million and \$207.7 million in total as at December 31, 2013 and December 31, 2012, respectively.

OPERATING RESULTS

Net sales, gross profit and operating income for the fourth quarter of 2013 and the same quarter of 2012 were presented excluding the discontinued operations (primarily our Wuxi facility). Net sales in the fourth quarter of 2013 were \$234.9 million, a decrease of 24.7%, compared to the net sales of \$312.2 million for the same quarter of 2012. Gross profit in the fourth quarter of 2013 was \$20.5 million, a decrease of 27.1%, compared to \$28.1 million in the fourth quarter of last year. Gross profit margin for the fourth quarter of 2013 was 8.7%, a decrease of 0.3%, compared to 9.0% in the fourth quarter of last year. Operating income for the fourth quarter of 2013 was \$5.0 million, a decrease of 76.1%, compared to \$20.8 million in the fourth quarter of last year.

With respect to the discontinued operations (primarily our Wuxi facility), for the fourth quarter of 2013 and the same period of 2012, the net sales were nil and \$156.4 million, gross (loss) profit were (\$0.1) million and \$20.8 million, and operating income were \$0.3 million and \$18.0 million, respectively.

After considering the income from discontinued operations (net of tax), net income in the fourth quarter of 2013 was \$9.2 million, or \$0.20 per diluted share, a decrease of 74.7%, compared to net income of \$36.6 million, or \$0.80 per diluted share, in the fourth quarter of last year. The decrease was primarily the result of the loss of orders for the Company's operations in Wuxi, represented by the income difference between the \$0.6 million income from discontinued operations (net of tax) in the fourth quarter of 2013 compared with \$16.9 million income in same period last year. Net income from continuing operations (in Shenzhen) decreased to \$8.7 million in the fourth quarter of 2013 from \$19.7 million in same period last year, mainly due to the accrual of layoff compensation of \$12.5 million as a part of our core business transformation.

Net sales, gross profit and operating income for the twelve months ended December 31, 2013 and the same period of 2012 were presented excluding the discontinued operations (primarily our Wuxi facility). For the twelve months ended December 31, 2013, net sales were \$855.8 million, an increase of 26.2%, compared to the net sales of \$678.1 million for the same period of 2012. Gross profit in the twelve months ended December 31, 2013 was \$67.6 million, a decrease of 0.9%, compared to \$68.2 million in the same period of last year. Gross profit margin for the twelve months ended December 31, 2013 was 7.9%, a decrease of 2.2%, compared to 10.1% in the same period of last year. Operating income for the twelve months ended December 31, 2013 was \$35.5 million, a decrease of 21.7%, compared to \$45.3 million in the same period of last year.

For the twelve months ended December 31, 2013 and December 31, 2012, our discontinued operations recognized net sales of \$47.1 million and \$494.0 million, gross (loss) profit of (\$0.5) million and \$37.0 million, and operating (loss) income of (\$37.9) million and \$25.9 million, respectively. After considering the (loss) income from our discontinued operations (net of tax), net income for the twelve months ended December 31, 2013 was \$0.3 million, or \$0.01 per diluted share, compared to net income of \$66.9 million, or \$1.48 per diluted share, in the same period of last year. The decrease was primarily attributable to the absence and losses from discontinued operations, which included the impairment loss of fixed assets of \$35.0 million and net deferred tax expenses of \$3.7 million.

Please see page 7 of the Company's Condensed Consolidated Statements of Comprehensive Income for further details. This information has also been published on the Company's website at <http://www.namtai.com/quarterly/quarterly.htm> in the quarterly earnings report of Q4 2013 on page 7, Condensed Consolidated Statements of Comprehensive Income.

COMPANY OUTLOOK

The Company recorded revenue of \$234.9 million in the fourth quarter of 2013, excluding discontinued operations. This revenue was mainly attributed to the production of high-resolution LCMs for smartphones at the Company's Shenzhen facility.

As announced previously, the Company has discontinued its production operations of LCMs for tablets in Wuxi at the end of June 2013 due to a lack of customer orders. As for the high-resolution LCMs for smartphones, the Company received orders from a customer to extend the production throughout the third and fourth quarters of 2013. The production of these orders had substantially completed by December 2013 and the shipment will be completed within January 2014. There are presently no more outstanding orders for smartphone LCMs. There are, however, still a few minor LCM orders for automobile applications requested by another customer, which would allow us to extend a small amount of production up to the end of April 2014. We currently have no more orders for any LCM production thereafter and estimate that the aforesaid final orders will only generate net sales of around \$50 million in the first half of 2014.

Also announced previously, we have been forced to cease our core business of LCM production by the end of April 2014, due to a customer's repeated and continuous changes in its formal purchasing orders without suitable commitment and, as a result, a strong likelihood that no reasonable profit margin can be gained anymore from continuing production. We have decided our core business of LCM production will formally cease by the end of April 2014. After April 2014, we intend to sell all of our machinery and production lines in all our facilities. We expect the sales will be finalized around end of July 2014.

Upon the cessation of our core business of LCM production, our management will thoroughly focus our efforts on developing two parcels of property in Gushu, Shenzhen, and Guangming, Shenzhen, respectively, by converting these two parcels of land into high-end commercial complexes. Upon which, we will become the landlord and manager of the commercial complexes and, as a result of which, our core business will be transformed from the EMS industry to property development and management. We project that the development of these two properties will take approximately four years each to complete following our board's approval, which is scheduled in July 2014. During this development period, all overheads expenses, development costs and dividend will be funded from interest income and rental income, together with Company's cash on hand and bank facilities, which we believe is sufficient.

The information contained in or that can be accessed through the websites mentioned in this announcement does not form part of this announcement.

PAYMENT OF QUARTERLY DIVIDENDS FOR 2014

As announced on November 4, 2013, the Company has set the payment schedule of quarterly dividends for 2014. The dividend for Q1 2014 was paid on January 17, 2014. The following table updates the previously announced schedule for declaration and payment of quarterly dividends in 2014.

| Quarterly Payment | Record Date | Payment Date | Dividend (per share) | Status |
|---------------------------------|--------------------|-------------------------|-----------------------------|---------------|
| Q1 2014 | December 31, 2013 | January 17, 2014 | \$0.02 | PAID |
| Q2 2014 | March 31, 2014 | before April 30, 2014 | \$0.02 | |
| Q3 2014 | June 30, 2014 | before July 31, 2014 | \$0.02 | |
| Q4 2014 | September 30, 2014 | before October 31, 2014 | \$0.02 | |
| Total for Full Year 2014 | | | \$0.08 | |

The Company's decision to continue dividend payments in 2014 does not necessarily mean that cash dividend payments will continue thereafter. Whether future dividends after 2014 will be declared will depend upon Company's future growth and earnings at each relevant period, of which there can be no assurance, and the Company's cash flow needs for business transformation. Accordingly, there can be no assurance that cash dividends on the Company's common shares will be declared beyond those declared for 2014, we also cannot assure you 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.

PROPOSED SCHEDULE OF RELEASE OF QUARTERLY FINANCIAL RESULTS FOR 2014

The following table repeats and updates the previously announced schedule for the announcements of financial results for the year 2014.

| Announcements of Financial Results | |
|------------------------------------|------------------------|
| Quarter | Date of release |
| Q1 2014 | April 28, 2014 (Mon) |
| Q2 2014 | August 4, 2014 (Mon) |
| Q3 2014 | November 3, 2014 (Mon) |
| Q4 2014 | February 2, 2015 (Mon) |

ANNUAL GENERAL MEETING

The 2014 Annual General Meeting (“AGM”) has been scheduled to be held on Friday, June 6, 2014 at 11:30 a.m. (China Standard Time) at the Company’s Shenzhen facility in the location of Gushu Industrial Estate, Xixiang, Baoan, Shenzhen, People’s Republic of China. More detailed information of the AGM will be disclosed in Proxy Statement which will be released before the end of April 2014.

FORWARD-LOOKING STATEMENTS AND FACTORS THAT COULD CAUSE OUR SHARE PRICE TO DECLINE

Certain statements included in this press release, other than statements of historical fact, are forward-looking statements. Forward-looking statements generally can be identified by the use of forward-looking terminology such as “may”, “will”, “expect”, “intend”, “estimate”, “anticipate”, “plan”, “seek” or “believe”. These forward-looking statements, which are subject to risks, uncertainties, and assumptions, may include projections of our future financial performance based on our growth strategies and anticipated trends in our business. These statements are only predictions based on our current expectations about future events. There are important factors that could cause our actual results, level of activity, performance, or achievements to differ materially from the results, level of activities, performance, or achievements expressed or implied by the forward-looking statements, including, but not limited to, a deterioration of the markets for the Company’s customers’ products and the global economy as a whole, which could negatively impact the Company’s revenue and the ability of the Company’s customers to confirm prior orders or pay for the Company’s products; the financial resources and credit rating of Company’s customers under the current global recession; the effects that current credit and market conditions could have on the liquidity and financial condition of our customers and suppliers, including any impact on their ability to meet their contractual obligations; the sufficiency of the Company’s cash position and other sources of liquidity to operate its business; the negative effects of increased competition pressure on the Company’s revenues and margins; component quality or shortage, whether or not cause by customers change in specifications, delay in the Company’s ability to obtain all requisite permits and approvals from relevant government authorities in relation to the redevelopment of two parcels of property in Gushu, Shenzhen, and Guangming, Shenzhen, respectively, and the successfully redevelopment of the two parcels; continued inflation and appreciation of the Renminbi against the US dollar; rising labor costs in China and changes in the labor supply and labor relations our ability to win business; the negative effect of the litigation faced by the Company. In particular, you should consider the risks outlined under the heading “Risk Factors” in our most recent Annual Report on Form 20-F and in our Current Report filed from time to time on Form 6-K. The Company’s decision to continue dividend payments in 2014 does not necessarily mean that dividend payments will continue thereafter. Whether future dividends will be declared depend upon the Company’s future growth and earnings, of which there can be no assurance, as well as the Company’s cash flow needs for further expansion. Accordingly, there can be no assurance that cash dividends on the Company’s common shares will be declared beyond those declared for 2014, what amount that dividends may be or whether such dividends, once declared for a specific period, will continue for any future period, or at all, Although we believe the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, level of activity, performance, or achievements. You should not rely upon forward-looking statements as predictions of future events. These forward-looking statements apply only as of the date of this press release and the subsequent investors conference call; as such, they should not be unduly relied upon as circumstances change. Except as required by law, we are not obligated, and we undertake no obligation, to release publicly any revisions to these forward-looking statements that might reflect events or circumstance occurring after the date of this release or those that might reflect the occurrence of unanticipated events.

ABOUT NAM TAI ELECTRONICS, INC.

We are an electronics manufacturing and design services provider to a select group of the world's leading OEMs of telecommunications, consumer electronic and automotive products. Through our electronics manufacturing services operations, we manufacture electronic components and subassemblies, i.e. LCD modules and FPCAs. These components are used in numerous electronic products, including smartphones, tablets, automotive, laptop computers, digital cameras, electronic toys, handheld video game devices, and entertainment devices. We also manufacture finished products, including mobile phone accessories, home entertainment products and educational products. We assist our OEM customers in the design and development of their products and furnish full turnkey manufacturing services that utilize advanced manufacturing processes and production technologies.

Upon the cessation of our LCM manufacturing business around April 2014, we will focus our efforts on redeveloping two parcels of property in Gushu, Shenzhen, and Guangming, Shenzhen, respectively, by converting these two parcels into high-end commercial complexes. Subsequently, we believe our principal income will be derived from the rental income from the commercial complexes and our core business will be transformed from electronic manufacturing and design services to property development and management.

Nam Tai Electronics, Inc. is a corporation registered in the British Virgin Islands and listed on the New York Stock Exchange (Symbol "NTE"). All the Company's operations are located in the People's Republic of China.

NAM TAI ELECTRONICS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIODS ENDED DECEMBER 31, 2013 AND 2012
(In Thousands of US Dollars except share and per share data)

| | Three months ended December 31 | | Twelve months ended December 31 | |
|--|-----------------------------------|------------|------------------------------------|------------|
| | 2013 | 2012 | 2013 | 2012 |
| Net sales ⁽¹⁾ | \$ 234,947 | \$ 312,196 | \$ 855,847 | \$ 678,113 |
| Cost of sales | 214,426 | 284,063 | 788,212 | 609,875 |
| Gross profit | 20,521 | 28,133 | 67,635 | 68,238 |
| Costs and expenses | | | | |
| General and administrative expenses | 16,911 | 7,209 | 33,317 | 20,739 |
| Selling expenses | 99 | 111 | 462 | 1,483 |
| Research and development expenses | - | - | - | 716 |
| | 17,010 | 7,320 | 33,779 | 22,938 |
| Other operating income | 1,471 | - | 1,609 | - |
| Operating income | 4,982 | 20,813 | 35,465 | 45,300 |
| Other income, net ⁽²⁾ | 4,598 | 2,775 | 11,955 | 5,283 |
| Interest income ⁽²⁾ | 1,816 | 619 | 4,939 | 2,038 |
| Income before income tax | 11,396 | 24,207 | 52,359 | 52,621 |
| Income tax expenses | (2,737) | (4,464) | (11,143) | (15,188) |
| Income from continuing operations | 8,659 | 19,743 | 41,216 | 37,433 |
| Income (loss) from discontinued operations, net of tax | 588 | 16,863 | (40,919) | 29,488 |
| Consolidated net income | 9,247 | 36,606 | 297 | 66,921 |
| Other comprehensive income | - | - | - | - |
| Consolidated comprehensive income | \$ 9,247 | \$ 36,606 | \$ 297 | \$ 66,921 |
| Basic net earnings (loss) per share: | | | | |
| Basic earnings per share from continuing operations | \$ 0.19 | \$ 0.44 | \$ 0.91 | \$ 0.83 |
| Basic earnings (loss) per share from discontinued operations | \$ 0.01 | \$ 0.38 | \$ (0.90) | \$ 0.66 |
| Basic net earnings per share | \$ 0.20 | \$ 0.82 | \$ 0.01 | \$ 1.49 |
| Diluted net earnings (loss) per share: | | | | |
| Diluted earnings per share from continuing operations | \$ 0.19 | \$ 0.43 | \$ 0.90 | \$ 0.83 |
| Diluted earnings (loss) per share from discontinued operations | \$ 0.01 | \$ 0.37 | \$ (0.89) | \$ 0.65 |
| Diluted net earnings per share | \$ 0.20 | \$ 0.80 | \$ 0.01 | \$ 1.48 |
| Weighted average number of shares ('000) | | | | |
| Basic | 45,273 | 44,804 | 45,223 | 44,804 |
| Diluted | 45,399 | 45,692 | 45,693 | 45,345 |

Notes:

- (1) The sales from the discontinued operations were nil and \$156.4 million for the three months ended December 31, 2013 & 2012, respectively;
- (2) The other and interest income of \$6.4 million from continuing operations has included gain on exchange difference of \$1.9 million, interest income of \$1.8 million and incentive government allowance of \$1.0 million for the three months ended December 31, 2013.

NAM TAI ELECTRONICS, INC.
 CONDENSED CONSOLIDATED BALANCE SHEETS
 AS AT DECEMBER 31, 2013 AND DECEMBER 31, 2012
 (In Thousands of US Dollars)

| | <i>December 31</i> 2013 | <i>December 31</i> 2012 |
|--|-----------------------------------|----------------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents ⁽¹⁾ | \$ 68,707 | \$ 157,838 |
| Fixed deposits maturing over three months ⁽¹⁾ | 201,565 | 49,824 |
| Accounts and notes receivable, net | 70,917 | 101,666 |
| Derivative financial instrument | - | 99 |
| Inventories | 30,493 | 46,732 |
| Prepaid expenses and other receivables | 5,908 | 21,143 |
| Finance lease receivable – current | 3,921 | 3,583 |
| Deferred tax assets – current | - | 444 |
| Income taxes recoverable | - | 169 |
| Assets held for sale | 45,423 | - |
| Current assets from discontinued operations | 2,364 | 168,532 |
| Total current assets | <u>429,298</u> | <u>550,030</u> |
| Property, plant and equipment, net | 49,076 | 64,226 |
| Finance lease receivable – non current | 4,987 | 8,553 |
| Land use rights | 10,951 | 11,218 |
| Deferred tax assets – non current | - | 1,690 |
| Other assets | 107 | 327 |
| Total assets | <u>\$ 494,419</u> | <u>\$ 636,044</u> |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Notes payable | \$ - | \$ 395 |
| Accounts payable | 95,303 | 141,271 |
| Accrued expenses and other payables | 28,860 | 33,428 |
| Dividend payable | 3,622 | 26,882 |
| Income tax payable | 3,010 | 2,688 |
| Current liabilities from discontinued operations | 234 | 67,209 |
| Total current liabilities | <u>131,029</u> | <u>271,873</u> |
| Deferred tax liabilities | - | 1,379 |
| Total liabilities | <u>131,029</u> | <u>273,252</u> |
| EQUITY | | |
| Shareholders' equity: | | |
| Common shares | 453 | 448 |
| Additional paid-in capital | 291,731 | 287,602 |
| Retained earnings | 71,214 | 74,750 |
| Accumulated other comprehensive loss | (8) | (8) |
| Total shareholders' equity | <u>363,390</u> | <u>362,792</u> |
| Total liabilities and shareholders' equity | <u>\$ 494,419</u> | <u>\$ 636,044</u> |

Note:

(1) According to the definition of "Balance Sheet" under the Financial Accounting Standard Board ("FASB") Accounting Standards Codification ("ASC") 210-10-20, cash equivalents are short-term, highly liquid investments that are readily convertible to cash. Only investments with original maturities of three months or less when purchased qualify under that definition. Therefore, the fixed deposits maturing over three months with amount of \$201.6 million and \$49.8 million as at December 31, 2013 and December 31, 2012 are not classified as cash on hand but require separate disclosure in the balance sheet.

NAM TAI ELECTRONICS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED DECEMBER 31, 2013 AND 2012
(In Thousands of US Dollars)

| | <i>Three months ended</i> | | <i>Twelve months ended</i> | |
|--|---------------------------|-----------|----------------------------|------------|
| | <i>December 31</i> | | <i>December 31</i> | |
| | 2013 | 2012 | 2013 | 2012 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Consolidated net income | \$ 9,247 | \$ 36,606 | \$ 297 | \$ 66,921 |
| <i>Adjustments to reconcile net income to net cash provided by operating activities:</i> | | | | |
| Depreciation and amortization of property, plant and equipment, land use rights and other assets | 3,206 | 8,519 | 21,355 | 26,133 |
| (Reversal) provision for inventories | (393) | (26) | (526) | 1,282 |
| (Reversal) provision for goods return | (385) | (201) | (402) | 402 |
| (Reversal) provision for bad debts | - | (561) | 2,158 | 45 |
| Gain on disposal of property, plant and equipment | (2,195) | (4) | (3,096) | (810) |
| Gain on disposal of idle property, plant and equipment | (783) | - | (1,352) | - |
| Loss on disposal of other assets | - | - | 366 | - |
| Impairment loss on fixed assets and land use rights | - | - | 34,955 | - |
| (Gain) loss on derivative financial instruments | (19) | (99) | (580) | 57 |
| Share-based compensation expenses | 39 | 164 | 1,536 | 547 |
| Loss on liquidation of a subsidiary | - | - | 235 | - |
| Decrease in deferred income taxes | 1,611 | 258 | 4,498 | 5,460 |
| Unrealized exchange gain | (758) | (507) | (2,087) | (648) |
| <i>Changes in current assets and liabilities:</i> | | | | |
| Decrease (increase) in accounts receivable | 22,194 | 1,715 | 82,633 | (81,245) |
| Decrease (increase) in inventories | 5,702 | 50,896 | 25,671 | (25,064) |
| Decrease (increase) in prepaid expenses and other receivables | 8,945 | 4,386 | 21,656 | (10,030) |
| Decrease (increase) in income tax recoverable | 172 | (2) | 169 | (169) |
| (Decrease) increase in notes payable | - | (33) | (4,273) | 4,005 |
| (Decrease) increase in accounts payable | (23,253) | (55,101) | (92,137) | 104,385 |
| Increase (decrease) in accrued expenses and other payables | 9,748 | 1,132 | (8,891) | 15,340 |
| (Decrease) increase in income tax payable | (754) | 437 | (143) | 3,160 |
| Total adjustments | 23,077 | 10,973 | 81,745 | 42,850 |
| Net cash provided by operating activities | \$ 32,324 | \$ 47,579 | \$ 82,042 | \$ 109,771 |

NAM TAI ELECTRONICS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED DECEMBER 31, 2013 AND 2012
(In Thousands of US Dollars)

| | <i>Three months ended</i> | | <i>Twelve months ended</i> | |
|---|---------------------------|-------------|----------------------------|-------------|
| | <i>December 31</i> | | <i>December 31</i> | |
| | 2013 | 2012 | 2013 | 2012 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Purchase of property, plant and equipment and land use rights | \$ (245) | \$ (5,407) | \$ (3,653) | \$ (58,444) |
| Decrease in deposits for purchase of property, plant and equipment | - | - | - | 4,543 |
| Cash received from (payment for) derivative financial instruments | 260 | - | 679 | (156) |
| Proceeds from disposal of property, plant and equipment and other assets | 3,744 | - | 9,752 | 264 |
| Proceeds from disposal of idle property, plant and equipment and other assets | 783 | - | 1,352 | - |
| Cash received from finance lease receivable | 837 | 627 | 3,228 | 1,864 |
| Increase in fixed deposits maturing over three months | (126,107) | (45,953) | (151,741) | (14,999) |
| Net cash used in investing activities | \$ (120,728) | \$ (50,733) | \$ (140,383) | \$ (66,928) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Cash dividends paid | \$ (6,791) | \$ (3,136) | \$ (27,093) | \$ (12,545) |
| Proceeds from issue of shares | - | - | 2,598 | - |
| Proceeds from (repayment of) Trust Receipt loans | - | 3,558 | (3,558) | 3,558 |
| Proceeds from (repayment of) bank loans | - | 4,824 | (4,824) | 4,824 |
| Net cash (used in) provided by financing activities | \$ (6,791) | \$ 5,246 | \$ (32,877) | \$ (4,163) |
| Net (decrease) increase in cash and cash equivalents | \$ (95,195) | \$ 2,092 | \$ (91,218) | \$ 38,680 |
| Cash and cash equivalents at beginning of period | 163,144 | 155,239 | 157,838 | 118,510 |
| Effect of exchange rate changes on cash and cash equivalents | 758 | 507 | 2,087 | 648 |
| Cash and cash equivalents at end of period | \$ 68,707 | \$ 157,838 | \$ 68,707 | \$ 157,838 |

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIODS ENDED DECEMBER 31, 2013 AND 2012

(In Thousands of US Dollars)

1. Accumulated other comprehensive loss represents foreign currency translation adjustments. The comprehensive income was \$9,247 and \$36,606 for the three months ended December 31, 2013 and 2012 respectively.

2. Business segment information:

The Company's business was separated into the Telecommunication Components Assembly – ("TCA") and Flexible Printed Circuit – ("FPC") segments in 2012. Since the first quarter of 2013, the FPC segment has been discontinued and only one TCA segment still existed.

3. A summary of the net sales, net income (loss) and long-lived assets by geographical areas is as follows:

| | <i>Three months ended</i> | | <i>Year ended</i> | |
|--|---------------------------|------------|--------------------|------------|
| | <i>December 31</i> | | <i>December 31</i> | |
| | 2013 | 2012 | 2013 | 2012 |
| NET SALES FROM OPERATIONS WITHIN: | | | | |
| - PRC, excluding Hong Kong: | | | | |
| Unaffiliated customers | \$ 234,947 | \$ 312,196 | \$ 855,847 | \$ 678,113 |
| Intercompany sales | (10) | 14,527 | 4,760 | 55,774 |
| - Intercompany eliminations | 10 | (14,527) | (4,760) | (55,774) |
| Total net sales | \$ 234,947 | \$ 312,196 | \$ 855,847 | \$ 678,113 |
| NET INCOME (LOSS) FROM OPERATIONS WITHIN: | | | | |
| - PRC, excluding Hong Kong | \$ 8,995 | \$ 20,199 | \$ 43,602 | \$ 40,023 |
| - Hong Kong | (336) | (456) | (2,386) | (2,590) |
| Total net income from continuing operations | \$ 8,659 | \$ 19,743 | \$ 41,216 | \$ 37,433 |

| | <i>Dec. 31, 2013</i> | <i>Dec. 31, 2012</i> |
|----------------------------------|----------------------|----------------------|
| LONG-LIVED ASSETS WITHIN: | | |
| - PRC, excluding Hong Kong | \$ 56,060 | \$ 71,151 |
| - Hong Kong | 3,967 | 4,293 |
| Total long-lived assets | \$ 60,027 | \$ 75,444 |