

The following pro forma financial information compiled in accordance with Rule 4.29 of the Listing Rules is for illustration purposes only, and is set out here to provide the investors with further information to assess the financial performance of the Group after taking into account (a) the pro forma diluted earnings per Share of the Company to illustrate the dilution effect on the earnings per Share of the Company assuming that the Pre-IPO Options were exercised in full on 1 January 2003 resulting in the issuance of 20,000,000 Shares and (b) the adjusted net tangible assets of the Group to illustrate the financial position of the Group after the issue of Shares as referred to in “Further Information About the Company - Changes in share capital” in Appendix V to this prospectus.

The pro forma financial information is derived according to a number of adjustments. Although reasonable care has been exercised in preparing the said information, prospective investors who read the information should bear in mind that these figures are inherently subject to adjustments and may not give a complete picture of the actual financial performance of the Group during the Relevant Periods.

#### A. PRO FORMA DILUTED EARNINGS PER SHARE

Options to subscribe for an aggregate of 20,000,000 Shares immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised) have been conditionally granted by the Company under the Pre-IPO Share Option Scheme, details of which are set out in “Other Information - Pre-IPO Share Option Scheme” in Appendix V to this prospectus. The pro form diluted earnings per Share is calculated assuming the Pre-IPO Share Options were exercised in full on 1 January 2003 resulting in the issuance of 20,000,000 additional Shares.

	<b>For the year ended 31 December 2003</b> US\$'000
Audited net profit for the year as set out in the Accountants' Report	22,793
Number of Shares in issue as at the date of this prospectus	800,000,000
Shares to be issued upon full exercise of the Pre-IPO Share Options	20,000,000
Adjusted number of Shares in issue	<u>820,000,000</u>
Basic earnings per Share ( <i>Note 1</i> )	<u>US2.85 cents</u>
Pro forma diluted earnings per Share ( <i>Note 2</i> )	<u>US2.78 cents</u>

*Notes:*

- The basic earnings per Share is calculated assuming 800,000,000 Shares were in issue as at 31 December 2003.
- The pro forma diluted earnings per Share is calculated assuming 800,000,000 Shares were in issue as at 31 December 2003 and the Pre-IPO Share Options were exercised in full on 1 January 2003, resulting in the issuance of 20,000,000 additional Shares.

**B. ADJUSTED NET TANGIBLE ASSETS**

The following statement of adjusted net tangible assets is based on the audited consolidated net tangible assets of the Group as at 31 December 2003, as shown in the Accountants' Report set out in Appendix I to this prospectus, adjusted for the issue of Shares referred in Note 1 below. It has been compiled for illustration purposes only and because of its nature, may not give an indicative net tangible assets of the Group.

	<b>Historical</b> <i>US\$'000</i>	<b>Adjustment</b> <i>US\$'000</i>	<i>Note</i>	<b>Adjusted</b> <i>US\$'000</i>
Net tangible assets	<u>30,424</u>	90,000	1	<u>120,424</u>
Net tangible assets value per Share ( <i>Note 2</i> )	<u>US3.80 cents</u>			<u>US15.05 cents</u>

*Notes:*

1. Represents the consideration payable to NTE Inc. for the transfer of the entire 100% equity interest in NTSZ assigned by NTEEPHK, and capitalised as part of the capitalisation issue on 8 April 2004 as referred to in "Further Information About the Company — Changes in share capital" in Appendix V to this prospectus, pursuant to which 799,999,990 Shares were issued to NTE Inc..
2. The calculation of the net tangible assets value per Share is based on the historical net tangible assets of US\$30,424,000 and the adjusted net tangible assets of US\$120,424,000 and 800,000,000 Shares in issue as at the date of this prospectus.
3. **The adjusted net tangible assets value and the adjusted net tangible assets value per Share as shown in the above table do not take into account the payment of a dividend of approximately US\$35,915,000 to NTE Inc. approved by the sole shareholder of the Company on 8 April 2004 and referred to in "Further Information About the Company - Changes in share capital" in Appendix V to this prospectus. After solely taking into account the payment of the dividend to NTE Inc., the adjusted net tangible assets of the Group and the adjusted net tangible assets value per Share would have been decreased.**
4. The Group's property interests as at 29 February 2004 have been valued by LCH (Asia-Pacific) Surveyors Limited, an independent property valuer, and the relevant property valuation report is set out in Appendix III - Property Valuation. The above adjustment does not take into account the surplus arising from the revaluation of the Group's property interests. The revaluation surplus will not be incorporated in the Group's financial statements for the year ending 31 December 2004. If the revaluation surplus was recorded in the Group's financial statements, the depreciation expense of the Group for the year ending 31 December 2004 would be increased by approximately US\$129,000.

**C. REPORT ON PRO FORMA FINANCIAL INFORMATION RELATING TO PRO FORMA DILUTED EARNINGS PER SHARE AND ADJUSTED NET TANGIBLE ASSETS**

**德勤 • 關黃陳方會計師行**

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**Deloitte  
Touche  
Tohmatsu**

16 April 2004

The Directors  
Nam Tai Electronic & Electrical Products Limited

Dear Sirs,

We report on the pro forma financial information set out in Section A and Section B of Appendix II (“Pro Forma Financial Information”) to the prospectus dated 16 April 2004 issued in connection with the offer for sale of 200,000,000 shares of HK\$0.01 each in the Company (the “Prospectus”), which has been compiled, for illustration purposes only, to provide information about how the assumption of the exercise in full of the options granted under the Pre-IPO Share Option Scheme, details of which are set out in “Other Information — Pre-IPO Share Option Scheme” in Appendix V to the Prospectus, on 1 January 2003 resulting in the issuance of 20,000,000 additional shares, and the issue of 799,999,990 shares to Nam Tai Electronics, Inc. as referred to in “Further Information About the Company — Changes in share capital” in Appendix V to this Prospectus might have affected the earnings per share of the Group and the net tangible assets of the Group, respectively.

**RESPONSIBILITIES**

It is the responsibility solely of the directors of the Company to prepare the Pro Forma Financial Information in accordance with Rule 4.29 of the Listing Rules.

It is our responsibility to form an opinion on the Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

**BASIS OF OPINION**

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards and Bulletin 1998/8 “Reporting on pro forma financial information pursuant to the Listing Rules” issued by the Auditing Practices Board in the United Kingdom, where applicable. Our work consisted primarily of comparing the financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the management of the Company.

Because the above work does not constitute an audit or review made in accordance with Statements of Auditing Standards issued by the Hong Kong Society of Accountants, we do not express any such assurance on the Pro Forma Financial Information.

The Pro Forma Financial Information has been compiled in accordance with the basis set out in the first paragraph of this letter for illustration purposes only and, because of its nature, it may not give an indicative net tangible assets value of the Group as at 31 December 2003 or at any future date, or the diluted earning per Share for the year ended 31 December 2003 or for any future period.

**OPINION**

In our opinion:

- (a) the Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Pro Forma Financial Information as disclosed pursuant to Rule 4.29 of the Listing Rules.

Yours faithfully,  
**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*  
Hong Kong