

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2004

	Share capital	Share premium	Capital reserve	Special reserve	Statutory reserve	Investment revaluation reserve	Accumulated profits	Total
	US\$'000	US\$'000	US\$'000 (note a)	US\$'000 (note b)	US\$'000 (note c)	US\$'000	US\$'000	US\$'000
At 1 January 2003	90,000	-	-	(3,869)	35	-	11,452	97,618
Net profit for the year	-	-	-	-	-	-	22,793	22,793
Appropriation of Namtai Electronic (Shenzhen) Co., Ltd. 2002's profits	-	-	-	-	980	-	(980)	-
Arising on Group Reorganisation (<i>Note 1</i>)	(90,000)	-	(3,869)	3,869	-	-	-	(90,000)
Capital contribution by way of profit reinvestment	-	-	8,829	-	(877)	-	(7,952)	-
Issue of quota capital	13	-	-	-	-	-	-	13
At 31 December 2003 and at 1 January 2004	13	-	4,960	-	138	-	25,313	30,424
Increase in fair value of non-trading securities not recognised in the income statement	-	-	-	-	-	8,732	-	8,732
Net profit for the year	-	-	-	-	-	-	23,123	23,123
Arising on Group Reorganisation (<i>Note 1</i>)	1,013	90,518	(2,131)	-	-	-	-	89,400
Dividend paid after Capitalisation Issue (<i>Note 11</i>)	-	(35,915)	-	-	-	-	-	(35,915)
Dividends paid	-	-	-	-	-	-	(3,846)	(3,846)
Appropriation of Namtai Electronic (Shenzhen) Co., Ltd. 2003's profits	-	-	-	-	4,230	-	(4,230)	-
At 31 December 2004	1,026	54,603	2,829	-	4,368	8,732	40,360	111,918

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Notes:

- (a) The capital reserve represents the pre-acquisition dividend declared by Namtai Electronic (Shenzhen) Co., Ltd. 南太電子(深圳)有限公司 ("NTSZ"), a wholly owned subsidiary of the Company, and reinvested by the Company into NTSZ, offset by the differences between the translation of NTSZ's registered paid-up capital based on historical exchange rates and amount shown in the capital verification reports issued by the People's Republic of China (other than Hong Kong and Macao, the "PRC") certified public accountants, and the difference between the quota capital of Nam Tai Investments Consultant (Macao Commercial Offshore) Company Limited ("NTIC"), a wholly owned subsidiary of the Company, and the nominal amount of the Company's shares issued as consideration pursuant to the Group Reorganisation (as defined in Note 1 to the financial statements).
- (b) The special reserve represents the differences between the translation of NTSZ's registered paid-up capital based on historical exchange rates and amount shown in the capital verification reports issued by the PRC certified public accountants.
- (c) The statutory reserve is not distributable but can be capitalised as share capital of NTSZ subject to approvals by the relevant authorities. Appropriations to this reserve are made out of NTSZ's net profit after taxation calculated in accordance with accounting principles generally accepted in the PRC, and shall not be less than 10% of net profit after taxation calculated in accordance with accounting principles generally accepted in the PRC.