



宁波屹东电子股份有限公司

NINGBO YIDONG ELECTRONIC COMPANY LIMITED*

(a joint stock limited company incorporated in the People's Republic of China)
stock code: 8249

* For identification purpose only



Interim Report
2006

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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The Stock Exchange takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors (the “Directors”) of Ningbo Yidong Electronic Company Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (“GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

HIGHLIGHTS

Unaudited turnover was approximately RMB79,095,000 and RMB165,265,000 for the three and six months ended 30 June 2006, representing decrease of approximately 37.4% and 35.1% when compared with the same period in 2005.

Unaudited profit attributable to equity shareholders of the Company was approximately RMB1,356,000 and RMB2,293,000 for the three and six months ended 30 June 2006 representing decrease of approximately 87.3% and 91.6% when compared with the same period in 2005.

Unaudited earnings per share was approximately RMB0.27 cents and RMB0.46 cents for the three and six months ended 30 June 2006.

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the three months and six months ended 30 June 2006

		Unaudited For the three months ended 30 June		Unaudited For the six months ended 30 June	
	Notes	2006 RMB'000	2005 RMB'000	2006 RMB'000	2005 RMB'000
Revenue	(2)&(3)	79,095	126,253	165,265	254,458
Cost of sales		(66,279)	(105,177)	(139,671)	(202,410)
Gross profit		12,816	21,076	25,594	52,048
Other revenue		1,612	3,965	3,973	4,032
Selling and distribution costs		(566)	(661)	(1,454)	(2,124)
Administrative cost		(9,366)	(8,347)	(19,100)	(11,906)
Profit from operations		4,496	16,033	9,013	42,050
Finance cost		(2,019)	(2,934)	(4,312)	(4,346)
Share of loss of associates		—	(28)	—	(56)
Profit from taxation		2,477	13,071	4,701	37,648
Income tax expenses	(4)	(688)	(3,129)	(2,542)	(11,573)
Profit for the period		1,789	9,942	2,159	26,075
Attributable to :					
Equity holders of the company		1,356	10,695	2,293	27,354
Minority interest		433	(753)	(134)	(1,279)
		1,789	9,942	2,159	26,075
Dividend	(5)	—	3,500	—	3,500
Earnings per share (cents)	(6)	0.27	2.1	0.46	5.5

CONDENSED CONSOLIDATED BALANCE SHEET*As at six months ended 30 June 2006*

		(Unaudited)	(Audited)
	Note	30 June 2006 RMB'000	31 December 2005 RMB'000
Non-current assets			
Property, plant and equipment		208,867	217,305
Prepaid lease payments		37,841	38,223
Interests in associates		–	–
Deferred tax assets		3,320	3,320
		<u>250,028</u>	<u>258,848</u>
Current assets			
Inventories		81,460	82,930
Trade and bills receivables	(7)	125,285	158,197
Prepayments, deposits and other receivables		48,924	61,066
Prepaid lease payments		931	941
Amount due from a shareholder		7,798	7,798
Amounts due from minority shareholders		1,013	1,307
Amounts due from associates		3,339	3,904
Amounts due from directors		72	89
Amounts due from related companies		237	343
Tax recoverable		263	2,400
Pledged bank deposits		80,445	46,709
Bank balances and cash		77,706	66,868
		<u>427,473</u>	<u>432,552</u>
Current liabilities			
Trade and bills payables	(8)	152,644	217,338
Other payables and accruals		95,767	75,913
Amount due to a shareholder		4,330	4,330
Amounts due to minority shareholders		93	93
Amounts due to associates		–	420
Amounts due to directors		–	48
Dividend payable		4,460	4,460
Bank borrowings		199,510	170,760
Current portion of deferred revenue		1,657	1,657
		<u>458,461</u>	<u>475,019</u>

	(Unaudited)	(Audited)
	30 June 2006 RMB'000	31 December 2005 RMB'000
Note		
Net current liabilities	<u>(30,988)</u>	<u>(42,467)</u>
Total assets less current liabilities	219,040	216,381
Non-current liabilities		
Deferred revenue	<u>5,866</u>	<u>5,866</u>
	<u>213,174</u>	<u>210,515</u>
Capital and reserves		
Share capital	50,000	50,000
Reserves	<u>155,945</u>	<u>153,652</u>
Equity attributable to equity holders of the Company	205,945	203,652
Minority interests	<u>7,229</u>	<u>6,863</u>
	<u>213,174</u>	<u>210,515</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 June 2006

	Attributable to equity holders of the company								
	Share capital	Capital reserve	Statutory surplus reserve	Statutory public welfare reserve	Translation Reserve	Retained earnings	Total	Minority interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2005	50,000	40,449	14,893	6,702	-	93,157	205,201	8,253	213,454
Arising from acquisition of a subsidiary	-	-	-	-	-	-	-	1,750	1,750
Profit for the period	-	-	-	-	-	27,354	27,354	(1,279)	26,075
2004 final dividend	-	-	-	-	-	(6,000)	(6,000)	-	(6,000)
At 30 June 2005	<u>50,000</u>	<u>40,449</u>	<u>14,893</u>	<u>6,702</u>	<u>-</u>	<u>114,511</u>	<u>226,555</u>	<u>8,724</u>	<u>235,279</u>
At 1 January 2006	50,000	40,449	15,530	7,021	340	90,312	203,652	6,863	210,515
Establishment of subsidiaries	-	-	-	-	-	-	-	500	500
Profit for the period	-	-	-	-	-	2,293	2,293	(134)	2,159
At 30 June 2006	<u>50,000</u>	<u>40,449</u>	<u>15,530</u>	<u>7,021</u>	<u>340</u>	<u>92,605</u>	<u>205,945</u>	<u>7,229</u>	<u>213,714</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT*For the six months ended 30 June 2006*

	(Unaudited)	(Unaudited)
	Six months ended 30 June 2006 RMB'000	Six months ended 30 June 2005 RMB'000
Net cash (outflow)/inflow from operating activities	16,645	(23,543)
Net cash outflow from investing activities	(35,057)	(29,960)
Net cash inflow from financing activities	29,250	58,474
Increase in cash and cash equivalents	10,838	4,971
Cash and cash equivalents at the beginning of period	66,868	82,118
Cash and cash equivalents at the end of period	<u>77,706</u>	<u>87,089</u>
Analysis of balances of cash and cash equivalents: Bank balances and cash	<u>77,706</u>	<u>87,089</u>

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the applicable requirements of the Rules governing the Listing of Securities on the GEM of the Stock Exchange of Hong Kong Limited ("GEM Listing Rules"), the Hong Kong Accounting Standard ("HKAS") 34: Interim Financial Reporting Standards issued by Hong Kong Institute of Certified Public Accountants ("HKICPA"). The accounting policies and basis of preparation adopted in these interim financial statements are consistent with those adopted in the Company's Annual Report for the year ended 31 December 2005.

These unaudited condensed consolidated interim financial statements have been reviewed by the audit committee of the Company and were approved by the Board on 14 August 2006.

2. TURNOVER, REVENUE

The Group is principally engaged in the design, manufacture and sale of intelligent controller systems for various consumer electrical and electronic appliances and the assembly of mobile phones in the PRC. Turnover is stated net of value added tax.

	Unaudited For the three months ended 30 June		Unaudited For the six months ended 30 June	
	2006 RMB'000	2005 RMB'000	2006 RMB'000	2005 RMB'000
Turnover				
Sales of controller systems for consumer electrical and electronic appliances	313	43,633	607	50,512
Manufacture of mobile phone controller systems and assembly of mobile phones	78,782	82,620	164,658	203,946
	<u>79,095</u>	<u>126,253</u>	<u>165,265</u>	<u>254,458</u>
Other revenues				
Bank interest income	292	179	732	246
Sales of scrap materials	682	–	1,706	3,612
Others	638	–	1,535	174
	<u>1,612</u>	<u>179</u>	<u>3,973</u>	<u>4,032</u>
Total revenues	<u>80,707</u>	<u>126,432</u>	<u>169,238</u>	<u>258,490</u>

3. SEGMENT INFORMATION

	Controller systems for consumer electrical and electronic appliances Unaudited		Manufacture of mobile phone controller systems and assembly of mobile phones Unaudited		Total Unaudited	
	Six months ended 30 June	Six months ended 30 June	Six months ended 30 June	Six months ended 30 June	Six months ended 30 June	Six months ended 30 June
	2006 RMB'000	2005 RMB'000	2006 RMB'000	2005 RMB'000	2006 RMB'000	2005 RMB'000
Turnover	607	50,512	164,658	203,946	165,265	254,458
Segment result	(1,120)	7,178	26,714	44,870	25,594	52,048
Unallocated revenues					3,973	4,032
Unallocated costs					(20,554)	(14,030)
Operating profit					9,013	42,050
Finance costs					(4,312)	(4,346)
Share of loss of associated companies					-	(56)
Profit before taxation					4,701	37,648
Taxation					(2,542)	(11,573)
Profit after taxation					2,159	26,075
Minority interests					134	1,279
Profit attributable to shareholders					2,293	27,354
Capital expenditure	-	10,968	1,713	18,783	1,713	29,751
Unallocated capital expenditure					-	209
					1,713	29,960
Depreciation	974	1,310	3,273	1,966	4,247	3,276
Unallocated depreciation					3,458	2,883
					7,705	6,159

	As at 30 June 2006 RMB'000	As at 31 December 2005 RMB'000	As at 30 June 2006 RMB'000	As at 31 December 2005 RMB'000	As at 30 June 2006 RMB'000	As at 31 December 2005 RMB'000
Segment assets	41,305	104,789	403,978	390,274	445,283	495,063
Unallocated assets					232,218	196,337
Total assets					<u>677,501</u>	<u>691,400</u>
Segment liabilities	2,296	10,063	322,890	235,128	325,186	245,191
Unallocated liabilities					139,141	235,694
Total liabilities					<u>464,327</u>	<u>480,885</u>

4. INCOME TAX EXPENSES

The amount of taxation charged to the consolidated profit and loss account represents:

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2006 RMB'000	2005 RMB'000	2006 RMB'000	2005 RMB'000
Current taxation: – PRC income tax	688	3,129	2,542	11,573
Taxation charges	<u>688</u>	<u>3,129</u>	<u>2,542</u>	<u>11,573</u>

- (a) No provision for Hong Kong profits tax has been made as the Group has no estimated assessable Hong Kong profits for the period (2005: Nil).
- (b) The Group is subject to an income tax rate of 33% on their taxable profit in accordance with the income tax law in the PRC.

5. DIVIDEND

The Board does not recommend payment of interim dividend for the six months ended 30 June 2006 (six months ended 30 June 2006: RMB0.007 per ordinary share totalling RMB3,500,000).

6. EARNINGS PER SHARE

Basic earnings per share is calculated based on Group's profit attributable to shareholders for the three and six months ended 30 June 2006 of approximately RMB1,356,000 and RMB2,293,000 (2005: RMB10,695,000 and RMB27,354,000) and the number of 500,000,000 (2005: 500,000,000) ordinary shares in issue during the period.

Diluted earnings per share is not presented as the Company has no dilutive potential ordinary shares during the period (2005: Nil).

7. TRADE AND BILLS RECEIVABLES

The ageing analysis of the trade and bills receivables is analysed as follows:

	30 June 2006 RMB'000	31 December 2005 RMB'000
Current to 90 days	44,029	91,640
91 to 180 days	69,359	15,809
181 to 365 days	4,706	49,770
Over 365 days	7,191	978
	<u>125,285</u>	<u>158,197</u>

The normal credit terms granted to customers are of 60-90 days.

8. TRADE AND BILLS PAYABLES

The ageing analysis of the trade and bills payables is analysed as follows:

	30 June 2006 RMB'000	31 December 2005 RMB'000
Current to 90 days	124,749	139,842
91 to 180 days	10,585	43,372
181 to 365 days	2,563	6,417
Over 365 days	14,747	27,707
	<u>152,644</u>	<u>217,338</u>

9. COMMITMENTS

Capital commitments for property, plant and equipment:

	30 June 2006 RMB'000	31 December 2005 RMB'000
Contracted for but not provided	<u>47,794</u>	<u>49,544</u>

10. PLEDGE OF ASSETS

As at 30 June 2006, certain assets of the Group were pledged to secure credit facilities granted to the Group, as follows:

- (a) legal charges over certain of the Group's medium term leasehold land and buildings with an aggregate net book value of RMB23,000,000 (31 December 2005: RMB38,501,000);
- (b) pledge of certain bank deposits of the Group of RMB80,445,000 (31 December 2005: RMB46,709,000).

11. CONTINGENT LIABILITIES

At 30 June 2006, the Group had given guarantee to a bank to secure banking facilities of RMB26,000,000 (31 December 2005: RMB26,000,000) granted to an independent third party. The banking facilities were fully utilised by the third party at 30 June 2006.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

The Group is principally engaged in the design, manufacture and sale of intelligent controller systems for mobile phones, TV sets and various consumer electrical and electronic appliances and the assembly of mobile phones.

During the period under review, the Group concentrated continuously on the manufacturing and selling of the mobile phones. The Group seriously selected qualitative customers and resulted in the decrease in turnover. The gross profit margin also decreased due to keen market competition. The Group expects the issuance of licence for 3G network by PRC government and matching our R&D projects to improve our existing operating environments.

Prospect

The new plant of the Group will commence production at end of quarter three. In addition to strengthening the quality and functions of the products, the Group has reserved sufficient production capacity to attract co-operative partners and utilize the existing sales network. The new plant are now under interior decoration. The layout of the plant and production lines will depend on the development of the market. The management believe the competitive edges of Group will be enhanced following the completion of the new plant.

Financial review

Results

The Group recorded a turnover of approximately RMB165,265,000 for the six months ended 30 June 2006, representing a decrease of approximately 35.1%, and profit attributable to shareholders was approximately RMB2,293,000, representing a decrease of approximately 91.6%, as compared to the corresponding period in 2005. The main reasons for the decrease in turnover are the current policy of the management regarding the selection of customers of consumer electrical and electronic appliances with good reputation.

Gross profit

For the six months ended 30 June 2006, the Group achieved an overall gross profit of approximately RMB25,594,000, representing a decrease of approximately 50.8% over the previous period. The gross profit margin ratio decreased from 20.45% to 15.5%. The decrease in gross profit margin was due to the change in the sales components and difficulties in increase in selling price as a result of keen competition. The cost of production maintaining at high level also contributed to the decrease in the profit margin.

Financial Resources and liquidity

As at 30 June 2006, the Group has net current liabilities of approximately RMB30,988,000. Current assets amounted to approximately RMB427 million, of which approximate RMB158 million were cash and bank deposits. The Group had non-current liabilities of RMB5,866,000 and its current liabilities amounted to approximately RMB458 million, mainly its trade payable, receipts in advance and short-term bank loans.

The Group's gearing ratio as at 30 June 2006 was 29.4% (As at 31 December 2005: 24.7%), which is expressed as a percentage of the total bank borrowings over the total assets.

Other

The Group has not held any significant investment for the six months ended 30 June 2006 and made no material acquisitions or disposals during the current period.

Foreign exchange risk

For six months ended 30 June 2006, Group's income and expenses were denominated in RMB while certain procurement transactions were settled in US dollars. The Group regulated its outstanding foreign exchange balance by conducting sales settled in US dollars to reduce its foreign exchange exposure. Since the existing bank loans are repayable in RMB, there was no material foreign exchange risk. The Group will review and monitor foreign exchange risk from time to time and may enter into forward swap contracts to hedge such risks where appropriate.

Employee and Remuneration Policies

As at 30 June 2006, total remuneration cost of the Group is approximately RMB12,265,000 (2005: approximately RMB8,435,000) and the Group had 1,190 employees (2005: 1,064 employees). Remuneration is determined by reference to market terms and performance, qualifications and experience of individual employee. Discretionary bonuses based on individual performance will be paid to employees as recognition of and reward for their contributions. Other benefits include contributions to retirement scheme.

RIGHTS OF DIRECTORS, CHIEF EXECUTIVE AND SUPERVISORS TO ACQUIRE SHARES

During the six months ended 30 June 2006, none of the Directors, chief executive (if any) (the "Chief Executive") or supervisors of the Company (the "Supervisors") or their spouse or children under the age of 18 was granted any right to acquire shares of the Company or any of its associated corporation (as referred below), or had exercised any such right.

DISCLOSURE OF INTERESTS AND SHORT POSITIONS

So far as known to the Directors, at 30 June 2006, the interests and short positions of each Directors, Chief Executive and Supervisors in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")), as recorded in the register maintained by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealings by directors of listed issue as referred to in Rule 5.46 of the Rules Governing the Listing of Securities on the GEM (the "GEM Listing Rules"), were as follows:

(a) Long positions in shares

Name of Director/ Chief Executive/ Supervisor	Number of Domestic Shares of RMB0.10 each (the "Domestic Shares") held	Nature of interest	Approximate percentage of shareholding in same class of securities	Approximate percentage of shareholding in the registered capital
Mr. Wang Ya Qun	129,500,000 Domestic Shares (note 2)	Beneficial owner	35.0%	25.9%
Mr. Li Ming	129,500,000 Domestic Shares (note 2)	Interest of controlled corporation (note 1)	35.0% (note 1)	25.9%
Mr. Chen Zheng Tu	92,500,000 Domestic Shares (note 2)	Beneficial owner	25.0%	18.5%

Notes:

- (1) Mr. Li Ming is not registered as a shareholder of the Company. His indirect shareholding interest in 129,500,000 Domestic Shares is held through Shenzhen Ruilian Investment Co., Ltd. ("Shenzhen Ruilian"), which holds a 90.0% direct interest in China Ruilian Holding Corp. ("China Ruilian"), a registered shareholder of the Company.

Both Shenzhen Ruilian and China Ruilian are established and based in the PRC. Mr. Li Ming and Mr. Liu Xiao Chun holds a direct interest of 42.0% and 26.0% in Shenzhen Ruilian respectively.

- (2) Domestic Shares of a nominal value of RMB0.10 each, in the registered share capital of the Company, which are subscribed for or credited as paid up in Renminbi.

Except as disclosed above, at no time during the six months ended 30 June 2006, the Directors, Chief Executive and Supervisors (including their spouse and children under 18 years of age) had any interest in, or had been granted, or exercised, any rights to subscribe for shares of the Company or its associated corporations (within the meaning of SFO) which were required to notify the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which were required pursuant to section 352 of the SFO to be entered in the registrar maintained by the Company, or which were required to be notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules relating to securities transactions by Directors.

Apart from the above, at no time during the six months ended 30 June 2006 was the Company and its subsidiaries a party to any arrangement to enable the Directors, Chief Executive and Supervisors to hold any interests or short positions in the shares or underlying shares in, or debentures of, the Company or its associated corporations.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARES OF THE COMPANY

Long positions in shares

So far as known to the Directors, the register of substantial shareholders maintained under section 336 of the SFO shows that as at 30 June 2006, the Company had been notified of the following substantial shareholders' interests, being 5% or more of the Company's issued share capital which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of SFO. These interests are in addition to those disclosed above in respect of the Directors, Chief Executive and Supervisors.

Name of Shareholder	Number of shares held	Nature of interest	Approximate percentage of shareholding in same class of securities	Approximate percentage of shareholding in the registered capital
China Ruilian	129,500,000 Domestic Shares	Beneficial owner	35%	25.9%
Shenzhen Ruilian	129,500,000 Domestic Shares	Interest of controlled corporation	35%	25.9%
Martin Currie China Hedge Fund Limited	21,345,000 H Shares (note 1)	Investment manager	16.4%	4.3%
UBS AG	21,345,000 H Shares (note 1)	Person having a security interest in shares	16.4%	4.3%
Dai Huan	8,200,000 H Shares (note 1)	Beneficial owner	6.3%	1.6%

Note:

- (1) "H Share(s)" overseas listed foreign invested share(s) of a nominal value of RMB0.10 each in the registered share capital of the Company, which are listed on the GEM and subscribed for and traded in Hong Kong dollars.

Save as disclosed above, as at 30 June 2006, the Directors are not aware of any person, not being a Director, Chief Executive or Supervisor, have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO and are required to be entered in the register maintained by the Company pursuant to section 336 of the SFO.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the period under review, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities.

COMPETING INTERESTS

None of the Directors, Supervisors and the management shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) had any interest in any business that directly or indirectly competes with the business of the Group or has any other conflicts of interest.

PURCHASE, REDEMPTION OR SALE OF THE COMPANY'S LISTED SECURITIES

During the period under review, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities.

CORPORATE GOVERNANCE

For the six months ended 30 June 2006, except for remuneration committee not yet setting up, the Company complied with the code provisions set out in Appendix 15 of the Code on Corporate Governance Practices of the GEM Listing Rules.

AUDIT COMMITTEE

The Company has established an audit committee since 1 June 2003 with written terms of reference based on the guidelines recommended by the Hong Kong Institute of Certified Public Accountants and the requirements as set out in Rules 5.28 and 5.30 of the GEM Listing Rule. The audit committee comprises three independent non-executive Directors of the Company, namely Mr. Ding Gang Yi, who is the Chairman of such committee, Mr. Tang Zhen Ming and Mr. Ku Kin Shing.

The Audit Committee has reviewed with the senior management of the Company the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of this interim financial statement for the six months ended 30 June 2006.

By order of the board
Ningbo Yidong Electronic Company Limited
Wang Ya Qun
Chairman

Ningbo, The PRC, 14 August 2006

As at the date of this report, the Board comprises the following directors:

Executive Directors

Mr. Wang Ya Qun
Mr. Liu Xiao Chun
Mr. Chen Zheng Tu
Mr. Chen Da Jun

Non-executive Director

Mr. Li Ming

Independent non-executive Directors

Mr. Tang Zhen Ming
Mr. Ding Gang Yi
Mr. Wang Ning
Mr. Ku Kin Shing