



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)

05

INTERIM REPORT 2005

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

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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 (the “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 RMB126,253,000 and RMB254,458,000 for the three and six months ended 30 June 2005, representing decrease of approximately 17% and 7% when compared with the same period in 2004.

Unaudited profit attributable to shareholders was approximately RMB10,695,000 and RMB27,354,000 for the three and six months ended 30 June 2005 representing decrease of approximately 49% and 24% when compared with the same period in 2004.

Unaudited earnings per share was approximately RMB2.1 cents and RMB5.5 cents for the three and six months ended 30 June 2005.

UNAUDITED INTERIM RESULTS

The board of Directors of the Company (the "Board") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the "Group") for the three and six months ended 30 June 2005 together with the unaudited comparative figures for the corresponding periods in 2004 as follows:

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the three months and six months ended 30 June 2005

		Unaudited For the three months ended 30 June		Unaudited For the six months ended 30 June	
	Notes	2005 RMB'000	2004 RMB'000	2005 RMB'000	2004 RMB'000
Turnover	(3)&(4)	126,253	151,856	254,458	274,409
Cost of sales		(105,177)	(101,103)	(202,410)	(197,471)
Gross profit		21,076	50,753	52,048	76,938
Other revenue		3,965	2,518	4,032	2,597
Selling expenses		(661)	(2,313)	(2,124)	(2,721)
Administrative expenses		(8,347)	(14,597)	(11,906)	(17,207)
Profit from operations		16,033	36,361	42,050	59,607
Finance cost		(2,934)	(802)	(4,346)	(2,283)
Share of loss of associated companies		(28)	—	(56)	—
Profit from ordinary activities before taxation		13,071	35,559	37,648	57,324
Taxation	(5)	(3,129)	(10,943)	(11,573)	(18,476)
Profit for the period		9,942	24,616	26,075	38,848
Attributable to :					
Equity holders of the parent company		10,695	21,342	27,354	36,095
Minority interest		(753)	3,274	(1,279)	2,753
		9,942	24,616	26,075	38,848
Dividend	(6)	3,500	3,500	3,500	3,500
Earnings per share (cents)	(7)	2.1	4.2	5.5	7.2

CONDENSED CONSOLIDATED BALANCE SHEET

For the six months ended 30 June 2005

		(Unaudited)	(Audited)
		30 June 2005 RMB'000	31 December 2004 RMB'000
	<i>Note</i>		
Non-current assets			
Goodwill		2,851	3,177
Interests in associated companies		973	1,026
Fixed assets		172,074	148,152
Deferred tax assets		553	553
		176,451	152,908
Current assets			
Inventories		70,255	86,658
Bills receivable		-	542
Trade receivables	8	159,805	61,269
Other receivables, deposits and prepayments		73,509	64,590
Amounts due from a director and a shareholder		-	5
Bank balances and cash		87,089	82,118
Pledged bank deposits		4,423	4,423
		395,081	299,605
Current liabilities			
Bills payable		12,909	19,798
Trade payables	9	116,608	88,014
Other payables and accrued charges		26,867	21,003
Amounts due to directors and a shareholder		-	1,307
Receipts in advance		24,086	24,648
Taxation payable		11,371	3,890
Dividend payable		4,460	20
Short-term bank loans		131,284	72,000
Current portion of deferred revenue		697	697
Current portion of long-term liabilities		289	1,000
		328,571	232,377
Net current assets		66,510	67,228
Total assets less current liability		242,961	220,136

	(Unaudited)	(Audited)
	30 June 2005 RMB'000	31 December 2004 RMB'000
<i>Note</i>		
Non-current liabilities		
Deferred revenue	7,682	6,682
	235,279	213,454
Capital and reserves:		
Share capital	50,000	50,000
Other reserves	62,044	62,044
Retained earnings		
Proposed interim/final dividend	3,500	6,000
Others	111,011	87,157
Equity attributable to Shareholders of the Company	226,555	205,201
Minority interests	8,724	8,253
	235,279	213,454

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)*For the six months ended 30 June 2005*

	Attributable to equity holders of the parent company							Total
	Share capital	Capital reserve	Statutory surplus reserve	Statutory public welfare reserve	Retained earnings	Minority interests		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2004	50,000	40,449	8,697	3,914	55,454	158,514	5,739	164,253
Arising from acquisition of a subsidiary	-	-	-	-	-	-	9,882	9,882
Profit for the period	-	-	-	-	36,095	36,095	2,753	38,848
2003 final dividend	-	-	-	-	(6,000)	(6,000)	-	(6,000)
At 30 June 2004	<u>50,000</u>	<u>40,449</u>	<u>8,697</u>	<u>3,914</u>	<u>85,549</u>	<u>188,609</u>	<u>18,374</u>	<u>206,983</u>
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>114,511</u>	<u>226,555</u>	<u>8,724</u>	<u>235,279</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT*For the six months ended 30 June 2005*

	(Unaudited)	(Unaudited)
	Six months ended 30 June 2005 RMB'000	Six months ended 30 June 2004 RMB'000
Net cash (outflow)/inflow from operating activities	(23,543)	48,295
Net cash outflow from investing activities	(29,960)	(6,643)
Net cash inflow from financing activities	58,474	40,000
Increase in cash and cash equivalents	4,971	81,652
Cash and cash equivalents at the beginning of period	82,118	77,869
Cash and cash equivalents at the end of period	87,089	159,521
Analysis of balances of cash and cash equivalents:		
Bank balances and cash	87,089	159,521

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 2004 except for the new adoption of Hong Kong Financial Reporting Standards ("HKFRSs") and HKAS as applicable in note 2 below. Due to the new adoption of such HKFRSs and HKASs, certain comparative figures previously reported have been restated to comply with the new requirements.

These unaudited condensed consolidated interim financial statements have been reviewed by the audit committee of the Company and were approved by the Board on 12 August 2005.

2. IMPACT OF NEW/REVISED HKFRSS AND HKASS

The HKICPA has issued a number of new HKFRSs and HKASs and Interpretations, which are effective for the accounting periods commencing on or after 1 January 2005. The Group has, for the first time, adopted the following HKAS issued up to 30 June 2005 which are pertinent to its operations and relevant to these interim financial statements.

The adopted of HKAS 1 "Presentation of Financial Statements" has affected the presentation of minority interests, which are shown within equity. On the face of the consolidated income statement, minority interests are presented as an allocation of the total profit or loss for the period.

3. 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	
	2005 RMB'000	2004 RMB'000	2005 RMB'000	2004 RMB'000
Turnover				
Sales of controller systems for consumer electrical and electronic appliances	43,633	56,282	50,512	101,629
Manufacture of mobile phone controller systems and assembly of mobile phones	82,620	95,574	203,946	172,780
	126,253	151,856	254,458	274,409
Other revenues				
Bank interest income	179	184	246	253
Sales of scrap materials	-	2,126	3,612	2,116
Others	-	208	174	228
	179	2,518	4,032	2,597
Total revenues	126,432	154,374	258,490	277,006

4. SEGMENT INFORMATION

	Controller systems for consumer electrical and electronic appliances Unaudited Six months ended 30 June		Manufacture of mobile phone controller systems and assembly of mobile phones Unaudited Six months ended 30 June		Total Unaudited Six months ended 30 June	
	2005 RMB'000	2004 RMB'000	2005 RMB'000	2004 RMB'000	2005 RMB'000	2004 RMB'000
Turnover	50,512	101,629	203,946	172,780	254,458	274,409
Segment result	7,178	38,271	44,870	38,667	52,048	76,938
Unallocated revenues					4,032	2,597
Unallocated costs					(14,030)	(19,928)
Operating profit					42,050	59,607
Finance costs					(4,346)	(2,283)
Share of loss of associated companies					(56)	-
Profit before taxation					37,648	57,324
Taxation					(11,573)	(18,476)
Profit after taxation					26,075	38,848
Minority interests					1,279	(2,753)
Profit attributable to shareholders					27,354	36,095
Capital expenditure	10,968	1,120	18,783	4,776	29,751	5,896
Unallocated capital expenditure					209	748
					29,960	6,644
Depreciation	1,310	1,158	1,966	1,743	3,276	2,901
Unallocated depreciation					2,883	1,242
					6,159	4,143

	As at 30 June 2005 RMB'000	As at 31 December 2004 RMB'000	As at 30 June 2005 RMB'000	As at 31 December 2004 RMB'000	As at 30 June 2005 RMB'000	As at 31 December 2004 RMB'000
Segment assets	78,461	67,039	328,050	236,816	406,511	303,855
Unallocated assets					165,021	148,658
Total assets					571,532	452,513
Segment liabilities	91,775	58,701	137,600	83,202	229,375	141,903
Unallocated liabilities					106,878	97,156
Total liabilities					336,253	239,059

5. TAXATION

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	
	2005 RMB'000	2004 RMB'000	2005 RMB'000	2004 RMB'000
Current taxation:				
– PRC income tax	3,129	10,943	11,573	18,476
Taxation charges	3,129	10,943	11,573	18,476

- (a) No provision for Hong Kong profits tax has been made as the Group has no estimated assessable Hong Kong profits for the period (2004: 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.

6. DIVIDENDS

Subject to the approval of the shareholders of the Company at an extraordinary general meeting of the Company to be held on 14 October 2005, the Board recommended payment of interim dividend in an aggregate amount of RMB3,500,000 (RMB0.007 per ordinary share) for the six months ended 30 June 2005 (2004: RMB3,500,000) to shareholders whose names appear on the register of members of the Company as at the close of business on 14 September 2005. The proposed payment date of interim dividend will be on 15 November 2005.

7. 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 2005 of approximately RMB10,695,000 and RMB27,354,000 (2004: RMB21,342,000 and RMB36,095,000) and the weighted average number of 500,000,000 (2004: 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 (2004: Nil).

8. TRADE RECEIVABLES

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

	30 June 2005 RMB'000	31 December 2004 RMB'000
Current to 30 days	101,427	36,854
31 to 90 days	43,787	13,435
91 to 180 days	7,220	4,888
181 to 365 days	13,858	11,285
Over 365 days	145	1,439
	166,437	67,901
Less: Provision for doubtful debt	(6,632)	(6,632)
	159,805	61,269

The normal credit terms granted to customers are of 30-90 days.

9. TRADE PAYABLES

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

	30 June 2005 RMB'000	31 December 2004 RMB'000
Current to 30 days	80,386	85,202
31 to 90 days	33,459	1,058
91 to 180 days	2,420	112
181 to 365 days	292	1,605
Over 365 days	51	37
	116,608	88,014

10. COMMITMENTS**(a) Capital commitments for property, plant and equipment:**

	30 June 2005 RMB'000	31 December 2004 RMB'000
Authorized but not contracted for	–	75,180
Authorized and contracted for	69,380	–
	69,380	75,180

(b) Capital commitments for investments in subsidiaries:

	30 June 2005 RMB'000	31 December 2004 RMB'000
Authorized and contracted for	52,359	52,359
Authorized but not contracted for	3,250	3,250
	55,609	55,609

11. CONTINGENT LIABILITIES

As at 30 June 2005, the Group has no material contingent liabilities (31 December 2004: Nil).

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 continued to operate its mobile phone business and achieved remarkable results. As regards its research and development, the Group was granted a subsidy of RMB1,000,000 by the Ministry of Information Industry of the PRC for its research and development of the bluetooth vehicle-launched system. Facing intensifying market competition, the Group's consumer electrical appliance business has recorded shrinking profit. In view of the increasing demand of domestic customers for longer credit terms, the management adopted a more prudent approach in selecting quality customers so as to protect the interests of the Group and its shareholders. The overseas consumer electrical and electronic appliance market has become the major target market of the Group. In addition, recognizing the huge potential of large-screened LCD televisions in the PRC market, the management has commenced the development of module for such products and modified its existing production lines during the period under review.

Prospect

In order to further enhance the Company's production capacity for the provision of a wider array of products and the improvement of product quality so as to cater for the demands of different markets, the Company has acquired 72,000m² of land in Yuyao Economic Development Zone on which a new plant is now under construction and more modernized production lines and ancillary facilities will be purchased and installed.

Construction of Phase I of the new plant is expected to be completed in the middle of 2006, by which time the plant will commence operation. The management believes that the Company's leading market position and competitive edges will then be significantly enhanced.

Financial review

Results

The Group recorded a turnover of approximately RMB254,458,000 for the six months ended 30 June 2005, representing a decrease of approximately 7%, and profit attributable to shareholders was approximately RMB27,354,000, representing a decrease of approximately 24%, as compared to the corresponding period in 2004. 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 and more resources are used to develop the LCD TV business by the management. These factors altogether resulted in the decline of business in this respect.

Gross profit

For the six months ended 30 June 2005, the Group achieved an overall gross profit of approximately RMB52,048,000, representing a decrease of approximately 32% over the previous year. The gross profit margin ratio decreased from 28% to 20%. The decrease in gross profit margin was due to the change in the sales components while the business of the consumer products and electronic products is declining.

Financial Resources and liquidity

As at 30 June 2005, the Group has net current assets of approximately RMB66,510,000. Current assets amounted to approximately RMB395,081,000, of which approximate RMB87,089,000 were cash and bank deposits. The Group had non-current liabilities of RMB7,682,000 and its current liabilities amounted to approximately RMB328,571,000, mainly its trade payable, receipts in advance and short-term bank loans.

The Group's gearing ratio as at 30 June 2005 was 23.0% (As at 31 December 2004: 14.7%), 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 2004 and made no material acquisitions or disposals during the current period.

Foreign Currency Risk

During the six months ended 30 June 2005, as most of the Group's sales and purchases were denominated in Renminbi, the Board of Directors considers that the potential foreign exchange exposure of the Group is limited.

Employee and Remuneration Policies

As at 30 June 2005, total remuneration cost of the Group is approximately RMB8,435,000 (2004: approximately RMB7,417,000) and the Group had 1,064 employees (2004: 844 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.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

To attain our long-term business goal, the Group has set out implementation plans on pages 83 to 84 of the prospectus of the Company dated 30 October 2003. The following is a summary comparison of the actual business progress for the period from 1 January 2005 to 30 June 2005:

Business objective as set out in the prospectus

Actual business progress up to 30 June 2005

1. Expansion on production capability and volume

Continue with the batch production of controller systems for medium-sized TFT-LCD devices

Small batch production has been commenced

Continue with the batch production of controller systems for telecommunication devices such as mobile phones

Batch production has been commenced

Continue with the batch production of fuzzy automatic controller systems for car head lamps and car doors

This project has been postponed due to market changes

Business objective as set out in the prospectus**Actual business progress up to 30 June 2005****2. Strengthening of R&D capability and development of new products**

Continue with R&D on fuzzy frequency conversion controller systems for large and medium scale centralised air conditioning systems and prepare for testing and trial production and small batch production

Under research

Continue with R&D on controller systems for telecommunication devices

Under research and development

Continue with R&D on controller systems for large-sized TFT-LCD devices and prepare for testing and trial production and small batch production

Preparing for batch production

Acquire additional equipment, such as oscilloscopes

2 sets of equipment have been purchased

Increase the number of R&D personnel by approximately 3 staff

3 R&D staff were recruited

Business objective as set out in the prospectus

Actual business progress up to 30 June 2005

3. Sales and marketing

Make regular visits and meet with existing customers

Implemented as planned

Attend local and international exhibitions and trade shows

The Company has attended the Consumer Electronics Show (CES) in Las Vegas, Hong Kong Electronics Fair and Electronics Fair in Zhongqing

Advertise in trade magazines and other media

The Company has advertised and broadcasted interviews in major PRC mass media, such as Beijing TV Station, Hangzhou TV Station and placed outdoor advertisements in highways

Assess and consider setting up a branch company in the United States

The branch company has not been established due to market changes

Increase the number of sales personnel by approximately 3 staff

3 sales staff were recruited

4. Enhancement of management system and trainings for employees

Review and assess the progress of implementing effective internal monitoring system

The review and assessment plan has been implemented

Continue with normal practice and implementing plans on trainings for technical staff

Training programs has been launched

USE OF PROCEEDS OF THE SHARE OFFER

The net proceeds from the public listing had been applied in the following areas:

	Originally planned up to 30 June 2005	Actual amount used up to 30 June 2005
Expansion on production capability and volume	HK\$27.5 million	HK\$27.5 million
Strengthening of R&D capacity and development of new products	HK\$15.5 million	HK\$15.0 million
Sales and marketing (<i>Note 1</i>)	HK\$7.5 million	HK\$5.5 million
Enhancement of management system and trainings offered to employees	HK\$1.2 million	HK\$1.2 million

Note 1: Due to changes in the market, the proposed establishment of US branch is postponed. The amount was used to set up sales point in Anhui in order to explore the northern market

RIGHTS OF DIRECTORS, CHIEF EXECUTIVE AND SUPERVISORS TO ACQUIRE SHARES

During the six months ended 30 June 2005, 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 2005, 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 holds a direct interest of 42.0% in Shenzhen Ruilian.

- (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 2005, 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 2005 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 2005, 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 2005, 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.

CLOSURE OF REGISTER

The register of members of the Company will be closed from 15 September 2005 to 14 October 2005 (both days inclusive), during which no transfer of shares can be registered. In order to qualify for the interim dividend for the six months ended 30 June 2005 (please refer to note 5 to condensed consolidated interim financial statement for details), all instruments of transfer accompanied by the relevant share certificates must be lodged with the Company share registrar, Abacus Share Registrars Limited at 28/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong for registration by no later than 14 September 2005.

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.

SPONSOR'S INTERESTS

Pursuant to the sponsorship agreement dated 31 October 2003 between the Company and Guotai Junan Capital Limited ("Guotai Junan"), Guotai Junan has been appointed as the retained sponsor of the Company as required under the GEM Listing Rules at a fee from 14 November 2003 to 31 December 2005.

To the best knowledge of Guotai Junan, neither Guotai Junan nor its Directors, employees or associates (as referred to in Note 3 to Rule 6.35 of the GEM Listing Rules) had any interest in the securities of the Company or any other member of the Group or any rights to subscribe for or to nominate persons to subscribe for the securities of the Company or any other member of the Group as at 30 June 2005.

OPTIONS TO SUBSCRIBE FOR SHARES IN THE COMPANY

As at the date of this report, no option has been granted or agreed to be granted to any executive Directors or full-time employees of the Company or its subsidiary or any of their respective associates.

BOARD PRACTICES AND PROCEDURES

During the six months ended 30 June 2005, the Company has complied with the board practices and procedures as set out in Rules 5.34 to 5.45 of the GEM Listing Rules.

CORPORATE GOVERNANCE

The Board considers that the Company has complied with the Code on Corporate Governance Practices and Rules on the Corporate Governance Report which come into effect on 1 January 2005 as set out in Appendix 15 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 Society of 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 (丁剛毅先生), who is the Chairman of such committee, Mr. Tang Zhen Ming (唐振明先生) and Mr. Mok Wai Man, Derek (莫偉民先生).

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of this interim report for the six months ended 30 June 2005.

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

Ningbo, The PRC, 12 August 2005

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. Wang Pei Zhang

Non-executive Director

Mr. Li Ming

Independent non-executive Directors

Mr. Tang Zhen Ming
Mr. Ding Gang Yi
Mr. Mok Wai Man, Derek