



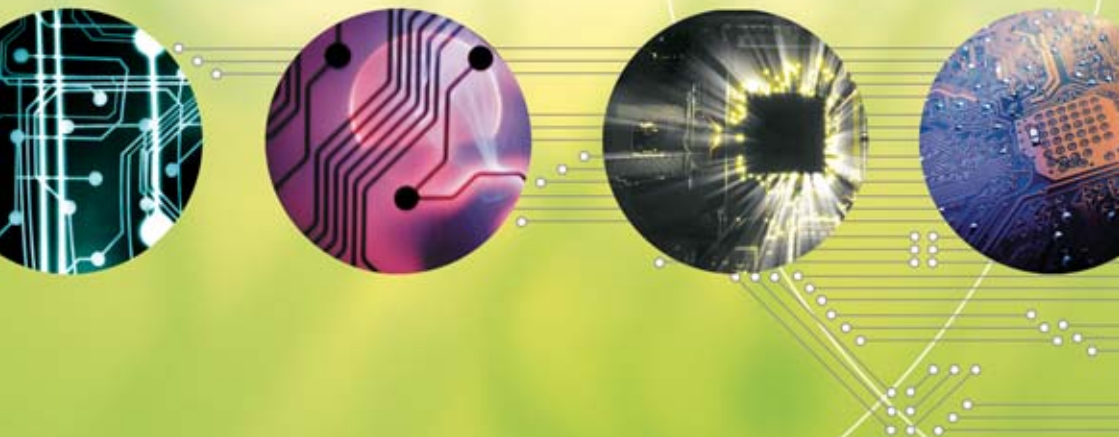
宁波屹东电子股份有限公司

NINGBO YIDONG ELECTRONIC COMPANY LIMITED*

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

stock code: 8249

Interim Report 2007



* For identification purpose only

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.

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The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

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 RMB93,917,000 and RMB261,944,000 for the three and six months ended 30 June 2007, representing increase of approximately 18.7% and 58.5% when compared with the corresponding period in 2006. (2006: RMB79,095,000 and RMB165,265,000 respectively)

Unaudited profit attributable to equity shareholders of the Company was approximately RMB9,760,000 and RMB3,646,000 for the three and six months ended 30 June 2007 representing increase of approximately 65.6% and 5.3% when compared with the corresponding period in 2006. (2006: RMB1,356,000 and RMB2,293,000 respectively)

Unaudited earnings per share was approximately RMB1.95 cents and RMB0.73 cents for the three and six months ended 30 June 2007. (2006: 0.27 cents and loss 1.22 cents)

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT*For the three months and six months ended 30 June 2007*

	Notes	Unaudited For the three months ended 30 June		Unaudited For the six months ended 30 June	
		2007 RMB'000	2006 RMB'000	2007 RMB'000	2006 RMB'000
Revenue	(2)&(3)	93,917	79,095	261,944	165,265
Cost of sales		(70,958)	(66,279)	(226,599)	(139,671)
Gross profit		22,959	12,816	35,345	25,594
Other revenue		2,521	1,612	1,561	3,973
Selling and distribution costs		(1,313)	(566)	(2,626)	(1,454)
Administrative cost		(10,225)	(9,366)	(21,265)	(19,100)
Profit from operations		13,942	4,496	13,015	9,013
Finance cost		(4,361)	(2,019)	(9,067)	(4,312)
Profit from taxation		9,581	2,477	3,948	4,701
Income tax expenses	(4)	(131)	(688)	(280)	(2,542)
Profit for the period		9,450	1,789	3,668	2,159
Attributable to :					
Equity holder of the company		9,760	1,356	3,646	2,293
Minority interest		(310)	433	22	(134)
		9,450	1,789	3,668	2,159
Earnings per share (cents)	(6)	1.95	0.27	0.73	0.46

CONDENSED CONSOLIDATED BALANCE SHEET*As at 30 June 2007*

		(Unaudited) 30 June 2007 RMB'000	(Audited) 31 December 2006 RMB'000
	Notes		
Non-current assets			
Property, plant and equipment		245,905	242,877
Prepaid lease payments		37,282	37,282
Interest in associates		1,350	-
Deferred tax assets		8,543	8,542
Construction deposits		1,588	1,588
		294,668	290,289
Current assets			
Inventories		142,163	116,824
Loan receivable		2,482	2,480
Trade and bills receivables	(7)	102,495	99,332
Prepayments, deposits and other receivables		105,599	43,041
Prepaid lease payments		941	941
Amount due from a shareholder		-	7,819
Amounts due from minority shareholders		721	1,072
Amount due from Directors		-	1,512
Amounts due from related companies		820	378
Tax recoverable		10,699	8,098
Held-for-trading investments		494	505
Pledged bank deposits		61,511	101,479
Bank balances and cash		221,731	121,458
		649,656	504,939
Current liabilities			
Trade and bills payables	(8)	295,750	229,160
Other payables & accruals		126,585	75,372
Amounts due to minority shareholders		280	280
Amounts due from related companies		447	-
Tax payable		221	-
Dividend payable		4,440	4,440
Short-term bank loans		317,143	291,570
Deferred revenue		1,657	1,657
		746,523	602,479

CONDENSED CONSOLIDATED BALANCE SHEET *(continued)**As at 30 June 2007*

	Notes	(Unaudited) 30 June 2007 RMB'000	(Audited) 31 December 2006 RMB'000
Net current liabilities		(96,867)	(97,540)
Total assets less current liabilities		197,801	192,749
Non-current liabilities			
Deferred revenue		5,209	5,209
		192,592	187,540
Capital and reserves			
Share capital		50,000	50,000
Reserve		140,068	134,140
Equity attributable to equity holders of the Company		190,068	184,140
Minority interests		2,524	3,400
		192,592	187,540

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)*For the six months ended 30 June 2007*

	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 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	50,000	40,449	15,530	7,021	340	92,605	205,945	7,229	213,714
At 1 January 2007	50,000	40,449	24,772	-	1,915	67,004	184,140	3,400	187,540
Disposal of subsidiaries	-	-	-	-	-	-	-	(898)	(898)
Profit for the period	-	-	-	-	2,282	3,646	5,928	22	5,950
At 30 June 2007	50,000	40,449	24,772	-	4,197	70,650	190,068	2,524	192,592

CONDENSED CONSOLIDATED CASH FLOW STATEMENT*For the six months ended 30 June 2007*

	(Unaudited) Six months ended 30 June 2007 RMB'000	(Unaudited) Six months ended 30 June 2006 RMB'000
Net cash inflow from operating activities	5,052	16,645
Net cash (outflow) from investing activities	(4,379)	(35,057)
Net cash inflow from financing activities	59,621	29,250
Increase in cash and cash equivalents	60,294	10,838
Cash and cash equivalents at the beginning of period	223,442	66,868
Cash and cash equivalents at the end of period	283,736	77,706
Analysis of balances of cash and cash equivalents:		
Bank balances and cash	283,736	77,706

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT

1. Basis of preparation

The unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards "HKFRS" and Hong Kong Accounting Standards "HKAS" (collectively "HKFRSs"), HKAS 34: Interim Financial Reporting Standards issued by Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong, the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules").

The accounting policies and basis of preparation adopted in unaudited consolidated interim results for the six months ended 30 June 2007 are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2006.

The condensed consolidated interim results for the six months ended 30 June 2007 are unaudited and have been reviewed by the audit committee of the Company.

2. Turnover

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	
	2007 RMB'000	2006 RMB'000	2007 RMB'000	2006 RMB'000
Turnover				
Sales of controller systems for consumer electrical and electronic appliances	–	313	17,977	607
Manufacture of mobile phone controller systems and assembly of mobile phones	93,917	78,782	243,967	164,658
	93,917	79,095	261,944	165,265
Other revenues				
Bank interest income	57	292	112	732
Sales of scrap materials	2,463	682	1,501	1,706
Others	1	638	(52)	1,535
	2,521	1,612	1,561	3,973
Total revenues	96,438	80,707	263,505	169,238

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT *(continued)*

3. 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	
	2007	2006	2007	2006	2007	2006
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Turnover	5,145	607	256,799	164,658	261,944	165,265
Segment result	356	(1,120)	34,989	26,714	35,345	25,594
Unallocated revenues					1,561	3,973
Unallocated costs					(23,890)	(20,554)
Operating profit					13,016	9,013
Finance costs					(9,067)	(4,312)
Profit before taxation					3,949	4,701
Taxation					(280)	(2,542)
Profit after taxation					3,669	2,159
Minority interests					(22)	134
Profit attributable to shareholders					3,647	2,293
Capital expenditure	-	-	2,308	1,713	2,308	1,713
Unallocated capital expenditure					-	-
					2,308	1,713
Depreciation	655	974	2,201	3,273	2,856	4,247
Unallocated depreciation					2,326	3,458
					5,182	7,705

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT *(continued)*

3. Segment information *(continued)*

	As at 30 June 2007 RMB'000	As at 31 December 2006 RMB'000	As at 30 June 2007 RMB'000	As at 31 December 2006 RMB'000	As at 30 June 2007 RMB'000	As at 31 December 2006 RMB'000
Segment assets	58,759	41,305	574,686	403,978	633,445	445,283
Unallocated assets					310,879	232,218
Total assets					944,324	677,501
Segment liabilities	2,982	2,296	419,353	322,890	422,335	325,186
Unallocated liabilities					329,397	139,141
Total liabilities					751,732	464,327

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	
	2007 RMB'000	2006 RMB'000	2007 RMB'000	2006 RMB'000
Current taxation:				
– PRC income tax	131	688	280	2,542
Taxation charges	131	688	280	2,542

(a) No provision for Hong Kong profits tax has been made as the Group has no estimated assessable Hong Kong profits for the period (2006: 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 2007 (six months ended 30 June 2006: nil).

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 2007 of approximately RMB9,760,000 and RMB3,646,000 (2006: RMB1,356,000 and RMB2,293,000) and the number of 500,000,000 (2006: 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 (2006: Nil).

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT *(continued)*

7. Trade and bills receivables

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

	31 December 2007 RMB'000	31 December 2006 RMB'000
Current to 90 days	46,862	45,515
91 to 180 days	3,171	2,864
181 to 365 days	12,628	12,298
Over 365 days	39,834	38,645
	<u>102,495</u>	<u>99,332</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:

	31 December 2007 RMB'000	31 December 2006 RMB'000
Current to 90 days	166,570	207,967
91 to 180 days	7,813	1,767
181 to 365 days	3,431	6,202
Over 365 days	117,936	13,204
	<u>295,750</u>	<u>229,160</u>

9. Commitments

Capital commitments for property, plant and equipment:

	31 December 2007 RMB'000	31 December 2006 RMB'000
– Contracted for but not provided	–	39,296
– Authorised but not contracted for	–	178
	<u>–</u>	<u>39,474</u>

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT *(continued)*

10. Pledge of assets

As at 30 June 2007, 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 RMB34,920,000 (31 December 2006: RMB34,920,000).
- (b) legal charges over certain of the Group's buildings with an aggregate net book value of RMB37,362,000 (31 December 2006: RMB21,174,000).
- (c) pledge of certain bank deposits of the Group of RMB61,511,000 (31 December 2006: RMB101,479,000).
- (d) pledge of held for-trading investments of the Group of RMB494,000 (31 December 2006: RMB505,000).

11. Contingent liabilities

At 30 June 2007, the Group had given guarantee to a bank to secure banking facilities of RMB26,000,000 (31 December 2006: RMB26,000,000) granted to an independent third party. The banking facilities were fully utilised by the third party at 30 June 2007.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

The Group is principally engaged in the design, manufacture and sales 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 expanded the manufacturing and selling of mobile phones, achieved turnaround in its performance, and was able to sustain some profits in the sectors. The Group had sold the shares of its production of consumer electrical and electronic appliances to its chief executives, and the factory now became associated company of the Group.

Prospect

The new plant of the Group was planned to commence production in September 2007. Consequently, the Group was able to secure sufficient production capacity to attract co-operative partners, and serve the existing sales network. Depending on the market, the production lines and plant layout will cater for the Group's need in responding to the future development and the competition.

Surely, the quality and functions of the products will be strengthened through the plant investment and, the Group was in advantage position in responding to growing economies, and in diversifying its products through own establishment.

Financial review

Results

The Group recorded a turnover of approximately RMB261,944,000 for the six months ended 30 June 2007, representing an increase of approximately 58.5% (2006: RMB165,265,000), and profit attributable to shareholders was approximately RMB3,646,000, representing an increase of approximately 59% (2006: RMB2,293,000). The main reasons for the increase in turnover were due to sales increase of mobile phones. The Group was quite confident about its development in mobile phones, and expected about favorable growth through dedicating with the business.

Gross profit

For the six months ended 30 June 2007, the Group achieved an overall gross profit of approximately RMB35,345,000, representing an increase of approximately 38.1% over the corresponding period in previous year (2006: RMB25,594,000). The gross profit margin ratio increased from 9.8% to 13.5%, and the increase in gross profit margin was due to stabilization of the Group's mobile phone business. The production cost was maintained at reasonable level, contributing to gradual increase in the profit margin.

Financial Resources and liquidity

As at 30 June 2007, the Group had net current liabilities of approximately RMB96,867,000 (2006: RMB30,988,000), which was deteriorated over corresponding period. In view of improving sales and profitability, the liquidity position should be reverted.

Current assets amounted to approximately RMB649,656,000, of which approximate RMB283,736,000 were cash and bank deposits (2006: RMB427,000,000 and RMB158,000,000 respectively), reflecting the expanded operation and improvement in current asset quality. On the other hand, the Group had current liabilities of RMB746,523,000 and non-current liabilities of RMB5,209,000, mainly its trade payables, receipts in advance and short-term bank loans. (2006: RMB458,000,000 and RMB5,866,000 respectively)

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Financial review *(continued)*

Financial Resources and liquidity (continued)

The Group's gearing ratio as at 30 June 2007 was 33.6% (2006: 29.4%), which is expressed as a percentage of the total bank borrowings over the total assets. The Group's risks in bank borrowings were increased during the period.

Other

The Group had not held any significant investment for the six months ended 30 June 2007 and made no material acquisitions or disposals during the current period.

Foreign exchange risk

For the six months ended 30 June 2007, the 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 2007, total remuneration cost of the Group is approximately RMB9,040,000 (2006: approximately RMB12,265,000) and the Group had 871 employees (2006: 1,190 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 2007, 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 2007, 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 2007, 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 2007 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 2007, 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	35.0%	25.9%
Shenzhen Ruilian	129,500,000 Domestic Shares	Interest of controlled corporation	35.0%	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 2007, 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 2007, 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 2007.

By order of the board

Ningbo Yidong Electronic Company Limited

Wang Ya Qun

Chairman

Ningbo, The PRC, 14 August 2007

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

Executive Directors

Mr. Wang Ya Qun

Mr. Liu Xiao Chun

Mr. Gong Zheng Jun

Mr. Chen Zheng Tu

Non-executive Director

Mr. Li Ming

Independent non-executive Directors

Mr. Tang Zhen Ming

Mr. Ding Gang Yi

Mr. Ku Kin Shing