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 with limited liability)

(Stock code: 8249)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2010

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

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. 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.

This announcement, for which the directors (the "Directors") of Ningbo Yidong Electronic Company Limited 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 Ningbo Yidong Electronic Company Limited. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this document misleading; and (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

* *for identification purpose only*

The Board of Directors (the "Board") of Ningbo Yidong Electronic Company Limited (the "Company") presents the audited consolidated statement of comprehensive income of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2010 and the audited consolidated statement of financial position of the Group as at 31 December 2010, together with the audited comparative figures for the corresponding previous period as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2010

	Notes	**2010** *RMB'000*	2009 *RMB'000*
Turnover	4	**14,422**	25,618
Cost of sales		**(17,299)**	(66,786)
Gross loss		**(2,877)**	(41,168)
Other income	4	**10,175**	10,309
Selling and distribution expenses		**(1,381)**	(682)
Administrative expenses		**(38,889)**	(34,257)
Finance costs		**(9,091)**	(10,076)
Loss on disposal of property, plant and equipment and prepaid lease payments		**(78,064)**	—
Gain on disposal of a subsidiary		**703**	—
Gain on invalidation of subsidiaries		**—**	8,115
Provision for claims		**(4,192)**	(3,800)
Loss before taxation		**(123,616)**	(71,559)
Income tax (expense) credit	6	**(4)**	430
Loss for the year		**(123,620)**	(71,129)
Other comprehensive income			
Exchange differences arising on translation of foreign operations		**322**	483
Total comprehensive loss for the year, net of tax		**(123,298)**	(70,646)
Loss for the year attributable to:			
Owners of the Company		**(123,610)**	(70,525)
Non-controlling interests		**(10)**	(604)
		(123,620)	(71,129)
Total comprehensive loss attributable to:			
Owners of the Company		**(123,288)**	(70,042)
Non-controlling interests		**(10)**	(604)
		(123,298)	(70,646)
Dividend	7	**—**	—
Loss per share	8		
Basic (cents per share)		**(24.72)**	(14.10)
Diluted (cents per share)		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2010

	Notes	2010 RMB'000	2009 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**9,959**	244,857
Investment properties		**1,268**	1,325
Prepaid lease payments		**5,083**	11,714
		16,310	257,896
CURRENT ASSETS			
Inventories		**6,327**	2,674
Trade receivables	9	**3,158**	1,800
Prepayments, deposits and other receivables		**71,263**	8,068
Paid in advances		**3,726**	4,973
Prepaid lease payments		**242**	242
Assets held for sales		**1,288**	—
Amounts due from directors		**17**	3,082
Amounts due from related companies		**16**	—
Pledged bank deposits		—	10,270
Bank balances and cash		**253**	1,865
		86,290	32,974
CURRENT LIABILITIES			
Trade and bills payables	10	**49,978**	47,046
Other payables and accruals		**49,723**	59,034
Receipt in advances		**6,845**	8,071
Amount due to a corporate shareholder		**211,262**	188,989
Amount due to a minority shareholder of a subsidiary		—	1,591
Amounts due to directors		**6,169**	7,800
Amounts due to related companies		**16,919**	12,016
Dividends payables		**4,440**	4,440
Provision for claims		**6,518**	36,899
Bank borrowings		**84,259**	129,199
Deferred revenue		—	6,000
		436,113	501,085
NET CURRENT LIABILITIES		**(349,823)**	(468,111)
NET LIABILITIES		**(333,513)**	(210,215)
CAPITAL AND RESERVES			
Share capital		**50,000**	50,000
Reserves		**(383,513)**	(260,225)
Equity attributable to owners of the Company		**(333,513)**	(210,225)
Non-controlling interests		—	10
		(333,513)	(210,215)

NOTES:

1. GENERAL INFORMATION

Ningbo Yidong Electronic Company Limited (the "Company") is a joint stock limited liability company established in the People's Republic of China (the "PRC") and its shares are listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate information" section to the Annual Report.

The consolidated financial statements are presented in Renminbi ("RMB"). Other than those subsidiaries established in Hong Kong which functional currency is Hong Kong Dollars ("HKD"), the functional currency of the Company and it subsidiaries (collectively referred to as the "Group") is RMB.

The principal activities of the Group are the design, manufacture and sale of intelligent controller systems for consumer electrical and electronic appliances and the assembly of mobile phones in the PRC.

2. BASIS OF PREPARATION

As at 31 December 2010, the Group reported net current liabilities and net liabilities of approximately RMB349,823,000 and RMB333,513,000 respectively. The condition indicates the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liability in the normal course of business. Nevertheless, the directors of the Company are of the opinion that the Group will have sufficient working capital to meet its financial obligations as and when they fall due for the next twelve months from 31 December 2010 that:

(i) the directors of the Company anticipates that the Group will generate positive cash flows from its future operations and successfully obtain new working capital from a corporate shareholder that confirmed to provide continuous financial support to the Group;

(ii) as at 31 December 2010, the Company had two bank borrowings totaling approximately RMB84,259,000 in which their maturity dates had been expired without settlement. Up to the date of this announcement, the Company had settled of the bank borrowings approximately RMB65,989,000 and still had totaling approximately RMB18,270,000 defaulted bank borrowings not yet settled. The Company had obtained a consent letter from one of the bank with defaulted borrowings of approximately RMB14,750,000 for not taking any legal actions towards the Company for claiming the defaulted balances and any related penalties and costs up to the date 30 April 2011. The directors of the Company is under negotiation with the bankers for the rearrangement of the captioned defaulted bank borrowings and considered that the contingent liabilities arising from the consequences of default of bank borrowings are immaterial;

(iii) the Company had disposed the properties and prepaid lease payments with a carrying value of approximately RMB226,503,000 together with the related direct costs and tax for the transaction of approximately RMB5,166,000 for a total consideration of approximately RMB153,605,000 during the year. Approximately RMB145,438,000 of the sales proceeds has been received up to the date of this announcement. The remaining balances of approximately RMB8,167,000, including (1) of approximately RMB4,728,000 which have been agreed to be directly paid by the purchaser to the Company's constructors on behalf of the Company; and (2) of approximately RMB3,439,000 which used to pay for further development costs on the properties by the purchaser on behalf of the Company as the purchaser consider the costs should be borne by the Company. However, the Company not agreed with the purchaser's point of view and up to the date of this announcement, the Company is still under cost finalization between the purchaser and those suppliers. The remaining balances of the consideration of approximately RMB3,439,000 had been fully impaired. The directors of the Company considered that potential further additional construction cost incurred arising from the disposal of properties and prepaid lease payments is immaterial; and

(iv) to raise funds by way of issuing additional equity and/or debt securities and to negotiate with certain bankers to obtain additional banking facilities, if necessary.

Accordingly, the directors of the Company are of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis. Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to the consolidated financial statements to write down the value of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised standards, amendments and interpretations ("New and Revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
Hong Kong Accounting Standard ("HKAS") 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 39 (Amendments)	Eligible Hedged Items
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards
HKFRS 1 (Amendments)	Additional Exemptions from First-time Adopters
HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HK — Interpretation ("Int") 5	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
HK(IFRIC) — Int 17	Distributions of Non-Cash Assets to Owners

Except as described below, the adoption of the New and Revised HKFRSs had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

HKFRS 3 (Revised 2008) Business Combinations and HKAS 27 (Revised) Consolidated and Separate Financial Statements

The Group applies HKFRS 3 (Revised) Business Combinations prospectively to business combinations for which the acquisition date is on or after 1 January 2010. The requirements in HKAS 27 (Revised) Consolidated and Separate Financial Statements in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1 January 2010.

As there was no transaction during the current year in which HKFRS 3 (Revised) and HKAS 27 (Revised) are applicable, the application of HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to other HKFRSs had no effect on the consolidated financial statements of the Group for the current or prior accounting periods.

Result of the Group in future periods, may be affected by future transactions for which HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to the other HKFRSs are applicable.

Hong Kong Interpretation 5 Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

Hong Kong Interpretation 5 Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ("HK Int 5") clarifies that term loans that include a clause that gives the lender the unconditional right to call the loans at any time ("repayment on demand clause") should be classified by the borrower as current liabilities. The Group has applied HK Int 5 for the first time in the current year. Hong Kong Interpretation 5 requires retrospective application.

In order to comply with the requirements set out in HK Int 5, the Group has changed its accounting policy on classification of term loans with a repayment on demand clause. In the past, the classification of such term loans were determined based on the agreed scheduled repayment dates set out in the loan agreements. Under HK Int 5, term loans with a repayment on demand clause are classified as current liabilities.

The Group has not early applied the following new or revised standards, amendments or interpretations that have been issued but are not yet effective:

HKFRSs (Amendments)	Improvements to HKFRSs 2010 except for the amendments to HKFRS3 (Revised in 2008), HKFRS7, HKAS1 and HKAS 28[1]
HKFRS 1 (Amendments)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[3]
HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[5]
HKFRS 7 (Amendments)	Disclosures-Transfers of Financial Assets[5]
HKFRS 9	Financial Instruments[7]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[6]
HKAS 24 (Revised)	Related Party Disclosures[4]
HKAS 32 (Amendments)	Classification of Rights Issues[2]
HK(IFRIC) — Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement[4]
HK(IFRIC) — Int 19	Extinguishing Financial Liabilities with Equity Instruments[3]

1 Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate.
2 Effective for annual periods beginning on or after 1 February 2010.
3 Effective for annual periods beginning on or after 1 July 2010.
4 Effective for annual periods beginning on or after 1 January 2011.
5 Effective for annual periods beginning on or after 1 July 2011.
6 Effective for annual periods beginning on or after 1 January 2012.
7 Effective for annual periods beginning on or after 1 January 2013.

HKFRS 9 Financial Instruments (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 Financial Instruments (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after1 January 2013, with earlier application permitted.

HKAS 24 Related Party Disclosures (as revised in 2009) clarifies and simplifies the definition of related parties. It also provides for a partial exemption of related party disclosure to government-related entities for transactions with the same government or entities that are controlled, jointly controlled or significantly influenced by the same government.

The Group is in the process of making an assessment of the potential impact of these new/revised HKFRSs and the directors so far concluded that the application of these new/revised HKFRSs will have no material impact on the Group's consolidated financial statements.

4. TURNOVER AND OTHER INCOME

Turnover represents the net amounts received and receivable for goods sold by the Group to outside customers, net of discounts and sales related taxes.

An analysis of the Group's turnover and other income for the year are as follows:

	2010	2009
	RMB'000	*RMB'000*
Turnover		
Sales of controller systems for consumer electrical and electronic appliances and income from sales of small electrical appliances	**4,740**	3,506
Sales of controller systems for mobile phones and income from sales and assembly of mobile phones	**9,682**	22,112
	14,422	25,618
Other income		
Bank interest income	**234**	632
Sales of scrap materials	**—**	727
Subsidy income	**—**	57
Government grants received recognised as income	**6,000**	128
Reversal of provision for claims	**—**	1,120
Revenue from technical services	**—**	1,960
Gain on disposal of property, plant and equipment	**—**	249
Exchange gain	**—**	92
Reversal of impairment loss recognised in respect of trade receivables	**519**	1,182
Reversal of impairment loss recognised in respect of other receivables	**2,357**	3,023
Sundry income	**1,065**	1,139
	10,175	10,309

5. SEGMENT INFORMATION

The chief operating decision-maker have been identified as the executive directors of the Company. The executive directors review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports. The executive directors consider the business from a product perspective. Specially, the Group's reportable segments under HKFRS 8 are as follows:

a. Sales of controller systems for consumer electrical and electronic appliances and income from sales of small electrical appliances — wholesalers.

b. Sales of controller systems for mobile phones and income from sales and assembly of mobile phones — wholesalers.

The following is an analysis of the the Group's turnover and results by reportable segment:

For the year ended 31 December

	Wholesalers — Sales of controller systems for consumer electrical and electronic appliances and income from sales of small electrical appliances		Wholesalers — Sales of controller systems for mobile phones and income from sales and assembly of mobile phones		Elimination		Consolidated	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	**RMB'000**	*RMB'000*	***RMB'000***	*RMB'000*
Turnover								
— External sales	**4,740**	3,506	**9,682**	22,112	**—**	—	**14,422**	25,618
— Inter segment sales	**—**	—	**96**	1,613	**(96)**	(1,613)	**—**	—
Total	**4,740**	3,506	**9,778**	23,725	**(96)**	(1,613)	**14,422**	25,618
Segment results	**(6,241)**	(23,450)	**(34,130)**	(43,490)	**—**	—	**(40,371)**	(66,940)
Bank interest income							**234**	632
Unallocated revenue							**7,201**	1,139
Unallocated expenses							**(36)**	(629)
Finance costs							**(9,091)**	(10,076)
Loss on disposal of property, plant and equipment and prepaid lease payments							**(78,064)**	—
Gain on disposal of a subsidiary							**703**	—
Gain on invalidation of subsidiaries							**—**	8,115
Provision for claims							**(4,192)**	(3,800)
Loss before taxation							**(123,616)**	(71,559)
Income tax (expense) credit							**(4)**	430
Loss for the year							**(123,620)**	(71,129)

The accounting policies of the reportable segments are the same as the Group's accounting policies represent in the results earned by each segment without allocation of central administration costs including interest income, sundry income, finance costs, loss on disposal of property, plant and equipment and prepaid lease payments, gain on disposal of a subsidiary, gain on invalidation of subsidiaries, and provision for claims. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

Inter segment sales are charged at prevailing market rates.

The following is an analysis of the Group's assets and liabilities by reportable segment:

Segment assets and liabilities

At 31 December

	Wholesalers — Sales of controller systems for consumer electrical and electronic appliances and income from sales of small electrical appliances		**Wholesalers — Sales of controller systems for mobile phones and income from sales and assembly of mobile phones**		**Consolidated**	
	2010	2009	**2010**	2009	**2010**	2009
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Segment assets	**34,988**	39,980	**66,324**	250,428	**101,312**	290,408
Unallocated corporate assets					**1,288**	462
Total assets					**102,600**	290,870
Segment liabilities	**142,638**	62,855	**286,957**	401,258	**429,595**	464,113
Provision for claims					**6,518**	36,899
Unallocated corporate liabilities					**—**	73
Total liabilities					**436,113**	501,085

For the purpose of monitoring segment performances and allocating resources between segments:

— all assets are allocated to reportable segments other than assets held for sales. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments; and

— all liabilities are allocated to reportable segments other than provision for claims. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

Other segment information

For the year ended 31 December

	Wholesalers — Sales of controller systems for consumer electrical and electronic appliances and income from sales of small electrical appliances		Wholesalers — Sales of controller systems for mobile phones and income from sales and assembly of mobile phones		Unallocated		Consolidated	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Amounts included in the measure of segment profit or loss or segment assets:								
Capital expenditure	**958**	2,179	**1,956**	12,693	**234**	190	**3,148**	15,062
Depreciation of property, plant and equipment	**1,471**	658	**4,731**	5,610	**—**	—	**6,202**	6,268
Amortization of prepaid lease payments	**79**	1	**160**	2	**—**	—	**239**	3
Depreciation of investment properties	**19**	—	**38**	1	**—**	—	**57**	1
Impairment loss recognised in respect of inventories	**243**	4,843	**495**	30,545	**—**	—	**738**	35,388
Impairment loss recognised in respect of trade receivables	**158**	174	**324**	2,397	**—**	—	**482**	2,571
Impairment loss recognised in respect of other receivables	**2,816**	1,311	**5,753**	8,342	**—**	—	**8,569**	9,653
Impairment loss recognised in respect of amounts due from related companies	**—**	—	**—**	—	**—**	3,746	**—**	3,746
Impairment loss recognised in respect of amount due from a shareholder	**—**	—	**—**	—	**—**	931	**—**	931
Impairment loss recognised in respect of property, plant and equipment	—	—	**11,213**	—	—	—	**11,213**	—
Write-off of other receivables	**—**	22	**—**	183	**—**	—	**—**	205
Provision for claims	**—**	—	**—**	—	**4,192**	3,800	**4,192**	3,800
Reversal of impairment loss recognised in respect of trade receivables	**(171)**	(162)	**(348)**	(1,020)	**—**	—	**(519)**	(1,182)
Reversal of impairment loss recognised in respect of other receivables	**(775)**	(414)	**(1,582)**	(2,609)	**—**	—	**(2,357)**	(3,023)
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss								
Bank interest income	**(77)**	(87)	**(157)**	(545)	**—**	—	**(234)**	(632)
Interest expense	**2,990**	1,361	**6,101**	8,715	**—**	—	**9,091**	10,076

Information about major customers

Turnover from customers of the corresponding years contributing over 10% of the total turnover of the Group are as follows:

	2010	2009
	RMB'000	*RMB'000*
Customer A[1]	**N/A[3]**	11,583
Customer B[2]	**3,768**	N/A[3]

[1] Turnover from electronic appliances.
[2] Turnover from mobile phones.
[3] The corresponding revenue does not contribute over 10% of the total sale of the Group in the respective year.

Geographical information

The Group's operations are located in two principal geographical areas: the PRC (excluding Hong Kong) and Hong Kong. The following table presents turnover for the Group's geographical information for the years ended 31 December 2010 and 2009:

	2010	2009
	RMB'000	*RMB'000*
The PRC, excluding Hong Kong	**14,422**	20,133
Hong Kong	**—**	5,485
	14,422	25,618

An analysis of the carrying amount of segment assets, and additions to property, plant and equipment, by geographical area in which the assets are located has not been presented as they are substantially located in the PRC.

6. INCOME TAX (EXPENSE) CREDIT

	2010	2009
	RMB'000	*RMB'000*
Current tax		
— Hong Kong profits tax	**—**	368
— PRC Enterprise Income Tax	**(4)**	62
	(4)	430

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the Company and the PRC subsidiaries is 25% from 1 January 2008 onwards.

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years. No Hong Kong profits tax has been provided for the year ended 31 December 2010 as the Group did not generate any assessable profit arising in Hong Kong for the year ended 31 December 2010.

The income tax expense for the year can be reconciled to the loss before taxation per the consolidated statement of comprehensive income as follows:

	2010	2009
	RMB'000	*RMB'000*
Loss before taxation	**(123,616)**	(71,559)
Tax at applicable domestic tax rate	**(30,875)**	(17,380)
Tax effect of expenses not deducible for tax purpose	**26,914**	3,047
Tax effect of income not taxable for tax purpose	**(897)**	(2,033)
Tax effect of tax losses not recognised	**4,862**	5,110
Tax effect of deductible temporary differences not recognised	**—**	11,256
Over-provision in prior year	**—**	(430)
Income tax expense (credit) for the year	**4**	(430)

At the end of the reporting period, the Group had unused tax losses of approximately RMB190,537,000 (2009: RMB96,929,000) available to offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. Pursuant to the relevant laws and regulations in the PRC, the unused tax losses incurred by the PRC subsidiaries can be carried forward for a period of five years. Other tax losses may be carried forward indefinitely.

At the end of the reporting period, the Group has deductible temporary differences of approximately RMB31,209,000 (2009: RMB39,415,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilized.

7. DIVIDEND

No dividend was paid or proposed for the year ended 31 December 2010, nor has any dividend been proposed since the end of the reporting period (2009: Nil).

8. LOSS PER SHARE

The calculation of the basic loss per share for the year ended 31 December 2010 attributable to owners of the Company is based on the consolidated loss attributable to owners of the Company of approximately RMB123,610,000 (2009: RMB70,525,000) and the weighted average number of 500,000,000 shares (2009: 500,000,000 shares) in issue during the year.

No diluted loss per share have been presented for the two years ended 31 December 2010 and 2009 as there was no diluted potential ordinary share outstanding for both years.

9. TRADE RECEIVABLES

	2010	2009
	RMB'000	*RMB'000*
Trade receivables	**35,427**	34,157
Less: Accumulated impairment losses	**(32,269)**	(32,357)
	3,158	1,800

Impairment loss on trade receivables is recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly.

At the end of each reporting period, the Group's trade receivables were individually determined to impaired. The individually impaired receivables are recognised based on the credit history of its customers, such as financial difficulties or default in payments, and current market conditions. Consequently, specific provision for impairment was recognised. The Group does not hold any collateral over these balances.

The directors of the Company consider that the fair values of trade receivables are not materially different from their carrying amounts because these amounts have short maturity periods on their inception.

The Group allows an average credit period of 90 days to its trade customers. The aged analysis of trade receivables presented based on the invoice date at the reporting date, net of impairment losses recognised was as follows:

	2010	2009
	RMB'000	*RMB'000*
0 – 90 days	**3,156**	135
91 – 180 days	**2**	182
181 – 365 days	**—**	677
Over 365 days	**—**	806
	3,158	1,800

The movements in accumulated impairment losses of trade receivables were as follows:

	2010	2009
	RMB'000	*RMB'000*
At 1 January	**32,357**	30,974
Impairment loss recognised during the year	**482**	2,571
Reversal during the year	**(519)**	(1,182)
Written off during the year	**(51)**	—
Exchange realignment	**—**	(6)
At 31 December	**(32,269)**	32,357

As at 31 December 2010, included in the impairment loss are individually impaired trade receivable in the Group with an aggregate balance of approximately RMB32,269,000 (2009: RMB32,357,000) which are long outstanding and have been placed in severe financial difficulties and the management assessed that the recovery of the amounts is doubtful. The Group does not hold any collateral over these balances.

The ageing analysis of trade receivables which were past due but not impaired are as follows:

	2010	2009
	RMB'000	*RMB'000*
Within 90 days past due	**2**	182
91 to 180 days past due	**—**	677
Over 180 days past due	**—**	806
	2	1,665

Trade receivables that were neither past due nor impaired related to a wide range of customers for whom there was no recent history of default.

Trade receivables that were past due but not impaired related to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable, The Group does not hold any collateral over these balances.

Included in trade receivables are the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

	2010	2009
	'000	*'000*
USD	**—**	188

10. TRADE AND BILLS PAYABLES

	2010	2009
	RMB'000	*RMB'000*
Trade payables	**49,978**	46,776
Bills payables	**—**	270
	49,978	47,046

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period.

	2010	2009
	RMB'000	*RMB'000*
0 – 90 days	**282**	610
91 – 180 days	**46**	774
181 – 365 days	**156**	1,129
Over 365 days	**49,494**	44,263
	49,978	46,776

The average credit period on purchases of goods is 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

Included in the trade payables are the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

	2010	2009
	'000	*'000*
USD	**—**	45

Included in the bills payables with an aggregate carrying amount of approximately RMB270,000 in respect of 31 December 2009 were secured by the pledged bank deposits of the Group.

For the year ended 31 December 2009, the Company utilised its bills facilities and issued certain bills to its subsidiaries or third parties. The subsidiaries of the Company passed the bills to other third parties and the third parties discounted the bills and banked in the amount into the bank accounts of the Group. The total value of bills issued amounting to approximately RMB60,850,000. The bank acceptance drafts issued in this respect were recorded through the current amount of subsidiaries and other payables to the third parties. In consequence, the Group bear the discounted bill interest which as advances to the third parties for discounting the bills.

11. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company							
	Share capital	**Capital reserve**	**Statutory surplus reserve**	**Translation reserve**	**Accumulated losses**	**Sub-total**	**Non-controlling interests**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		(Note a)	(Note b)					
At 1 January 2009	50,000	40,449	24,998	3,515	(259,145)	(140,183)	614	(139,569)
Loss for the year	—	—	—	—	(70,525)	(70,525)	(604)	(71,129)
Other comprehensive income for the year	—	—	—	483	—	483	—	483
Total comprehensive income (loss) for the year	—	—	—	483	(70,525)	(70,042)	(604)	(70,646)
At 31 December 2009 and 1 January 2010	50,000	40,449	24,998	3,998	(329,670)	(210,225)	10	(210,215)
Loss for the year	—	—	—	—	(123,610)	(123,610)	(10)	(123,620)
Other comprehensive income for the year	—	—	—	322	—	322	—	322
Total comprehensive income (loss) for the year	—	—	—	322	(123,610)	(123,288)	(10)	(123,298)
At 31 December 2010	50,000	40,449	24,998	4,320	(453,280)	(333,513)	—	(333,513)

Notes:

(a) Capital reserve

Capital reserve includes the share premium arising from the issuance of H-shares after deduction of the respective share issuance costs of the Company.

(b) Statutory surplus reserve

The Articles of Association of the Company and its subsidiaries established in the People's Republic of China (the "PRC") require the appropriation of 10% of their profit after income tax determined under the PRC accounting standards each year to the statutory surplus reserve until the balance reaches 50% of the registered share capital. According to the provision of the Company's Articles of Association, under normal circumstances, the statutory surplus reserve shall only be used for making up losses, capitalisation into share capital and expansion of the Company's production and operation. For the capitalisation of statutory surplus reserve into share capital, the remaining amount of such reserve shall not be less than 25% of the registered share capital.

INDEPENDENT AUDITOR'S REPORT

The following paragraphs extracted from the Independent Auditor's Report on the Group's consolidated financial statements for the year ended 31 December 2010:

"BASIS FOR DISCLAIMER OF OPINION

Material fundamental uncertainty relating to the going concern basis

In forming our opinion, we have considered the adequacy of the disclosures made in Note 2 to the consolidated financial statements concerning the adoption of the going concern basis, being the basis on which the consolidated financial statements have been prepared.

As explained in Note 2 to the consolidated financial statements, which indicates that the Group incurred a consolidated loss attributable to owners of the Company of approximately RMB123,610,000 for the year ended 31 December 2010 and had a consolidated net current liabilities and net liabilities of approximately RMB349,823,000 and RMB333,513,000 respectively as at 31 December 2010. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the successful outcome of the rearrangement for defaulted bank borrowings with its existing bankers, the cost finalization arising from disposal of properties and prepaid lease payments, the positive cash flows expected to be generated from the Group's future operations and successfully obtain new working capital in order to meet the Group's future working capital and financial requirements.

We consider that appropriate disclosures have been made in such consolidated financial statements concerning the relevant material uncertainty, but the inherent uncertainties surrounding the circumstances, under which the Group might successfully continue to adopt the going concern basis are so extreme, we have disclaimed our opinion on material uncertainty relating to the going concern basis.

The consolidated financial statements do not include any adjustment that would be necessary if the Group failed to operate as a going concern. Had the going concern basis not been used, adjustments would have to be made to reduce the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively.

DISCLAIMER OF OPINION: DISCLAIMER OF VIEW GIVEN BY CONSOLIDATED FINANCIAL STATEMENTS

Because of the significance of the matters described in the basis for disclaimer of opinion paragraph, we do not express an opinion on the consolidated financial statements as to whether they give a true and fair view of the state of affairs of the Group as at 31 December 2010 and of the loss and cash flows of the Group for the year then ended in accordance with Hong Kong Financial Reporting Standards and as to whether the consolidated financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance."

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 25 April 2011 to Wednesday, 25 May 2011 (both days inclusive), during the period no transfer of shares will be registered. The holders of Domestic shares and H-shares whose names appear on the register of members of the Company at 4:00 p.m. on Thursday, 21 April 2011 are entitled to attend and vote at the annual general meeting to be held at 3:00 p.m. on Wednesday, 25 May 2011. In order to qualify for attendance at the annual general meeting, instruments of transfer accompanied by share certificates and other appropriate documents must be lodged with the Company's H-share registrar, Tricor Abacus Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not later than 4:00 p.m. on 21 April 2011.

BUSINESS AND OPERATIONS REVIEW

Turnover

For the year ended 31 December 2010, the Group recorded revenue of approximately RMB14,422,000 (2009: RMB25,618,000), representing a decrease of approximately 43.7% over the previous year. The decrease in the Group's revenue is due to decrease in sales of both mobile phones and controller systems during the year.

The Group's activities are divided into 2 reportable segments — namely (i) sales of controller systems for consumer electrical and electronic appliances and income from sales of small electrical appliances, and (ii) sales of controller systems for mobile phones and income from sales and assembly of mobile phones. Accordingly, analysis by reportable segments is provided in note 5.

The Group's activities are also divided into 2 geographical segments — namely the PRC (excluding Hong Kong) and Hong Kong. Accordingly, analysis of geographical information is provided in note 5.

Gross loss margin is 19.9% (2009: 160.7%) and there is a reduction of gross loss margin during this year. The Group continues to procure cost control to mitigate the impact of price competition caused by intense competition in the mobile phone industry.

Other revenues for the year ended 31 December 2010 mainly include government grants received recognised as income and reversal of impairment loss recognised in respect of trade and other receivables. Selling and distribution expenses recorded an increase by 102.5%, while administrative expenses recorded an increased of 13.5% over the previous year. For the year ended 31 December 2010, finance costs amounted to approximately RMB9,091,000 (2009: RMB10,076,000), which represented a decrease of 9.8% over the previous year.

For the year ended 31 December 2010, loss attributable to owners of the Company amounted to RMB123,610,000 (2009: RMB70,525,000). Emergence of loss attributable to owners of the Company was principally due to the loss on disposed of property, plant and equipment and prepaid lease payments incurred during the year ended 31 December 2010.

SIGNIFICANT INVESTMENT HELD AND ACQUISITION

Save as disclosed in this announcement, the Group did not have any significant investment and acquisition during the year ended 31 December 2010.

FINANCIAL REVIEW

Current assets and liabilities

As at 31 December 2010, the Group had current assets of approximately RMB86,290,000 (2009: RMB32,974,000), representing an increase of 161.7% compared with last year. The increase was mainly attributable to the incremental prepayments, deposits and other receivables during the year. As at 31 December 2010, the Group had current liabilities of approximately RMB436,113,000 (2009: RMB501,085,000), which represented a decrease of 13.0%.

Finance and banking facilities

As at 31 December 2010, the Group had bank balances and cash of approximately RMB253,000 (2009: RMB1,865,000), pledged bank deposits of Nil (2009: approximately RMB10,270,000), short-term bank borrowings of approximately RMB84,259,000 (2009: RMB129,199,000), and net borrowings of RMB84,006,000 (2009: RMB117,064,000) respectively. The borrowings were secured by certain property, plant and equipments, investment properties and prepaid lease payments of the Group. The Group will seek to replace the existing short-term bank facilities by long-term bank borrowings and secure bank borrowings with lower costs of borrowings, so as to improve the Group's financial position and reduce financial costs.

Gearing ratio

The Group's gearing ratio as at 31 December 2010 was 82.1% (2009: 44.4%), which is expressed as a percentage of the total bank borrowings over the total assets.

Contingent liabilities

Contingent liabilities of the Group during the year are set out in notes 38 to the consolidated financial statements.

Capital structure and financial resources

As at 31 December 2010, the Group had net liabilities of approximately RMB333,513,000 (2009: RMB210,215,000). The Group's operations and investments are financed principally by its internal resources, bank borrowings and shareholders' equity.

Foreign exchange risk

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 borrowings 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.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2010, the Group had 165 employees (2009: 248 employees). Remuneration is determined by reference to market terms and the performance, qualifications and experience of individual employee. Bonuses based on individual performance will be paid to employees in recognition and reward of their contribution. Other benefits include contributions to retirement scheme.

STAFF QUARTERS

Workers and staff of the Group are provided with accommodation at Yuyao City. The Directors confirm that, apart from the above accommodation, there was no other housing benefit provided by the Group to its staff.

RELATIONSHIP WITH EMPLOYEES

The Group has not experienced any significant labour disputes or strikes which have led to the disruption of its normal business operations. The Directors consider that the Group maintains good relationship with its employees.

PROSPECTS

The Group has, in 2010, evolved the Company's business direction from the previous mode of foundry-only with law adding value to the mode of self-research and development, production and sale with high adding value. By doing so, the future potential profitability growth of the enterprise was substantially enhanced.

CORPORATE GOVERNANCE PRACTICES

During the year ended 31 December 2010, the Company had complied with the Code on Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules (the "Code") in all material aspects except that no remuneration committee had been set up as required by rule B1.1 of the Code.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association of the Company and no restriction against such rights under the laws of the People's Republic of China (the "PRC"), which will oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

COMPETING INTERESTS

None of the Directors, 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, SALE OR REDEMPTION OF LISTED SECURITIES

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

SHARE OPTIONS

As at the date of this announcement, no option has been granted or agreed to be granted by the Company to any of its Directors, Supervisors or employees of the Company or its subsidiaries.

AUDIT COMMITTEE

The principal duties of the Audit Committee are to oversee the financial reporting and internal control system of the Group. The Audit Committee comprises three independent non-executive directors, Mr. Pang Jun (Chairman of the committee), Mr. Law Hon Hing Henry and Professor Fang Min. Mr. Law is a committee member with professional accounting qualification. The audit committee held 4 meetings during the year ended 31 December 2010. The annual results of the Company for the year ended 31 December 2010 have been reviewed by the audit committee of the Company.

By Order of the Board
Ningbo Yidong Electronic Company Limited
Liu Xiao Chun
Chairman

Ningbo, the PRC, 28 March 2011

As of the date hereof, the executive directors are Mr. Liu Xiao Chun, Mr. Gong Zheng Jun and Mr. Chen Zheng Tu, while the non-executive directors are Mr. Zheng Yi Song, Mr. Liu Feng and Mr. Wang Wei Shi. The independent non-executive directors are Mr. Pang Jun, Professor Fang Min and Mr. Law Hon Hing Henry.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting and on the website of the Company at http://www.yidongelec.com.