

MANAGEMENT DISCUSSION & ANALYSIS

管理層討論及分析

INDUSTRY ENVIRONMENT

2004 was a turbulent year for the household appliances market. Adjustment in the global household appliances industry accelerated due to more intense competition. The overall operating environment is worsened. The PRC's strengthening of macroeconomic control measures by the PRC government, cut-downs of tax rebate on exports and drastic increase in the cost of major raw materials (including steel and plastic) contributed to the unprecedented severe competition in cost control, higher centralization of the industry, greater pressure on business operation and higher risk. Under the dual pressures of high inventory level and price increase of upstream raw materials, the "Matthew effect" appeared among manufacturers: either win or lose; survived or be eliminated.

Regarding the air-conditioner business, price competition in 2004 was smoothened. However, competition concentrated on core technology, capital, brand, quality, distribution channel and service. All these factors will gradually force out some of the companies manufacturing secondline or thirdline brand products. The degree of focus on main stream products is increasing. On the other hand, pressure on upstream operation is rising due to the spiralling cost of raw materials (including steel, plastic and copper) while there is no sign of alleviation recently. The production cost within the industry is still on the rise.

Regarding the refrigerator market, two dominating forces, market supply and demand on one hand, and capital on the other, were struggling for influence throughout the year 2004. The market was in the stage of re-mapping. On the supply and demand front, the overall refrigerator industry is facing the challenge of oversupply. Meanwhile, under the atmosphere of continuous cost increase of raw material (including steel and plastic), both locally and abroad, the production cost of refrigerators increases, profit margin is narrowing and the operating environment is becoming more difficult.

In 2004, the export volume of the PRC household appliances continued to maintain its rapid growth momentum. The total export volume of air-conditioners reached 25,720,000 units, representing a growth rate of 52.9% compared with last year. The total export volume of refrigerators amounted to 13,000,000 units, representing a growth rate of approximately 50% over last year. Production in the PRC accounted for 20% of the

行業環境

二零零四年是家電市場風雲變換的一年，全球家電產業競爭格局加速調整，整體經營進一步惡化。國家加強對宏觀經濟的調控，出口退稅率下調，鋼材、塑料等家電關鍵原材料價格大幅上升，貫穿整個價值鏈的成本競爭空前激烈，行業集中度進一步提高，企業經營壓力和風險越來越大。在庫存和上游原材料漲價的雙重壓力下，廠商之間的競爭出現「馬太效應」—強者更強，弱者出局。

空調市場方面，二零零四年價格大戰的局面將有所緩和，但市場優勝劣汰的競爭更為激烈，基於核心技術、資金、品牌、品質、渠道、服務等綜合性的競爭使部分二三線品牌企業逐漸淘汰退出，品牌的集中度越來越高。另一方面，行業上游壓力逐漸加大，主要原材料如鋼、塑料和銅等，價格大幅度上升，且近期沒有緩解的跡象，全行業成本仍然一路攀升。

冰箱市場方面，二零零四年整個行業在市場與資本兩個領域的大博弈，一場新的圈地運動正在開始，整個市場格局正在被改寫。在市場供求方面，整個冰箱行業面臨過剩經濟的挑戰，同時行業受國內外鋼材、塑料等製造材料價格連續走高的大背景影響，冰箱的製造成本在上漲，利潤空間越來越小，行業的經營環境日趨嚴峻。

二零零四年，中國家電的出口保持高速增長，空調總出口量達2,572萬台，較去年同期增長52.9%；冰箱總出口量約達1,300萬台；較去年同期增長50%左右。中國家電產量在全球總量中已佔兩成份額，已成為全球家電製造中心和採購基地。但是隨著國外反傾銷以及頒發的各

MANAGEMENT DISCUSSION & ANALYSIS

管理層討論及分析

global production volume of household appliances and the mainland has become the world's manufacturing centre and procurement base of household appliances. However, with the enforcement of anti-dumping policy and the implementation of various international standards, exporting companies in China will face higher risk on both price and credit exposure. Export is no longer the fast track for China household appliance manufacturers to escape from the fierce competition in the mainland market.

In view of the development trend of the industry, market competition will become more and more intense in both the refrigerator or the air-conditioner business. With the higher centralization within the industry, the market, as a result would be dominated by several leading companies. Energy saving and health consciousness will become the theme of development for refrigerators and air-conditioners in the future. Undoubtedly, household appliance manufacturers will face greater pressure on production cost owing to the two "Orders" announced by the European Union, the enforcement of the new Energy Conservation Product Certification, the continuous threat of energy crisis and the rise of material costs.

FINANCIAL REVIEW

Working Capital and Financial Resources

As at 31st December 2004, the bank borrowings of the Group amounted to approximately HK\$606,474,000, including short-term bank loans of approximately HK\$564,169,000 while bank balances and cash amounted to approximately HK\$130,089,000. The Group's trade and notes receivable balance was approximately HK\$230,594,000.

Since all of the Group's sales and purchases are mainly denominated in United States Dollar, Renminbi and Hong Kong Dollar, there is no material risk with respect to currency fluctuation.

Capital Structure

As at 31st December 2004, the shareholders' net deficit of the Group was approximately HK\$202,014,000. As at 31st December 2004, the debt to equity ratio, calculation based on total of short-term and long-term loans against consolidated shareholders' equity, was about -3.

種標準的實施，在國內出口企業將會面臨更大的價格和信用風險，出口不再是家電製造商出逃國內激烈市場競爭的一條捷徑。

從行業的發展趨勢來看，無論是電冰箱還是空調行業，市場競爭將日趨激烈，行業集中度進一步提高，最終將會形成幾家巨頭企業共同分割行業的局面。節能及健康將成為未來冰箱和空調產品的共同發展主題，歐盟兩個「指令」和新能耗標識強制實施，同時能源危機繼續，材料價格高揚，家電製造商在未來的成本壓力無疑將被加重。

財務回顧

營運資金及財政資源

於二零零四年十二月三十一日，本集團之銀行貸款約為港幣606,474,000元，當中包括約港幣564,169,000元之短期銀行貸款。銀行結餘及現金則約為港幣130,089,000元。本集團之貿易應收賬款及應收票據結餘約為港幣230,594,000元。

由於本集團之銷售及採購的主要貨幣為美元、人民幣及港元，因此本集團於匯率波動方面並無重大風險。

資本結構

於二零零四年十二月三十一日，本集團之股東虧絀淨額約為港幣202,014,000元。於二零零四年十二月三十一日，將短期貸款及長期貸款總額除以股東權益後，借貸比率約為-3。

MANAGEMENT DISCUSSION & ANALYSIS

管理層討論及分析

Banking Facilities and Pledge of Assets

As at 31st December 2004, the Group had banking facilities of approximately HK\$770,198,000 (2003: HK\$843,210,000) for overdrafts, bank borrowings and trade financing. As at 31st December 2004, HK\$703,360,000 was utilized (2003: HK\$690,958,000). Property, plant and equipment with net book value of approximately HK\$258,672,000 (2003: HK\$245,975,000) was pledged as security for the Group's short-term bank loans.

EMPLOYEES' REMUNERATION POLICY

As at 31st December 2004, the Group employed approximately 4,000 full time staff in Hong Kong and the PRC. The Group follows research report on remuneration which was prepared by professional consultants in the PRC to determine employee remuneration based on employee performance, experience and industry practice. The Company has adopted a share options scheme and provided free housing to part of its staff in the PRC. Please refer to the section headed "Share Options" of the Report of the Directors for details of the share option scheme.

BUSINESS PERFORMANCE

In 2004, we encountered various negative factors internally and externally. Externally, the overall operating trend was growing more difficult; competition became more rigorous and the cost of raw materials increased persistently. As for internal factors, limitation of capital, unhealthy corporate mechanism, inefficient organizational structures, low management standard and shortage of high calibre staff restricted the Group's development. Under the complex and merciless operating environment both internally and externally, Hualing underwent severe challenges in 2004. Supported by the dedication of our staff, we had experienced an extraordinarily difficult year. The sales revenue of the Group amounted to approximately HK\$1,891 million, representing a growth rate of 20% over prior year. Despite the steady increase recorded in sales revenue as compared with that of last year, the Group suffered from higher loss in 2004 than that of last year.

銀行融資及資產抵押

於二零零四年十二月三十一日，本集團有關透支、銀行貸款及貿易融資之銀行信用額度約為港幣 770,198,000 元（二零零三年：港幣 843,210,000 元）。於二零零四年十二月三十一日，已動用港幣 703,360,000 元（二零零三年：690,958,000 港幣）。短期銀行貸款乃由本集團賬面淨值約港幣 258,672,000 元（二零零三年：港幣 245,975,000 元）之若干物業、廠房及設備等資產作抵押。

僱員及薪酬政策

於二零零四年十二月三十一日，本集團於香港及國內共聘用約 4,000 名全職僱員。本集團依循中國專業顧問就薪酬編製之研究報告，按僱員之表現、經驗及業內慣例釐定僱員薪酬。本集團已採立購股權計劃及為國內若干員工提供免費宿舍。有關購股權計劃之詳情請參閱董事會報告「購股權」一節。

業務表現

二零零四年我們遇到了來自內外部的諸多不利因素，從外部來看整個行業經營形勢越來越嚴峻，行業競爭日趨激烈，原材料價格持續上漲，從內部來看資金瓶頸、企業機制不合理、組織機構臃腫、管理水平、人才匱乏等問題嚴重影響本集團發展。二零零四年在複雜而殘酷的內外部環境下，華凌經受了嚴峻的考驗，在全體員工的努力之下，艱難地度過了不平凡的一年。全年本集團實現銷售收入約港幣 18.91 億元，同比增長 20%。雖然從銷售情況來看，比上年有穩定上升，但二零零四年本集團虧損額度比上年進一步加大。

MANAGEMENT DISCUSSION & ANALYSIS

管理層討論及分析

Air-conditioner Business

The air-conditioner business of the Group was not satisfactory in 2004. A wider gap appeared between the Group's overall business performance and the average in the industry. The annual sale revenue of household air-conditioners amounted to approximately HK\$1,158 million representing an increase of 15% over last year. Sales volume amounted to approximately 830,000 units, representing an increase of 20%, but still less than the industry average.

Overseas Export Market

The air-conditioner export volume of this year grew at high speed. The overall growth rate of the industry was around 50%. The air-conditioner export volume of the Group was 410,800 units, representing an increase of 24% over the corresponding period last year. The export sales revenue amounted to approximately HK\$461 million representing an increase of 10% over prior year. Despite the rise as compared with last year's figure, there is still a distance for the Group to catch up with the industry standard and the 2004 sales target.

The PRC Market

In 2004, with competition in the PRC market intensified, the pressure of reshuffling in the industry was stronger. Less competitive companies which manufacture secondline to thirdline brand or inferior brand products were forced out of the market. Despite of the difficult external operating atmosphere, the Group's sales volume in the PRC market amounted to 419,200 units, representing an increase of 17% from last year. Sales revenue reached approximately HK\$697 million with an increment of 19%.

Refrigerator Business

The Group's sales volume of refrigerators reached 1,153,000 units, representing an increase of 47% over last year. Sales revenue amounted to approximately HK\$733 million with an increase of 29%, as compared to that of last year.

空調業務

二零零四年本集團空調業務不理想，整體業務表現跟行業水平比較差距較大，空調全年銷售收入約達港幣11.58億元，同比上升15%；銷售量約83萬套，同比增長20%，但仍少於業內平均增長率。

海外出口市場

本年度空調出口市場繼續高速增長，行業整體增長水平達50%左右。本集團之空調出口量為41.08萬套，同比增長24%。出口銷售實現銷售收入約港幣4.61億元，同比增長10%。雖比去年有了一定的增長，但與行業水平及二零零四年經營目標比較還有一段差距。

國內市場

二零零四年國內空調行業競爭進一步加劇，行業洗牌力度加大，大量不具有競爭力的二三線品牌及雜牌企業紛紛被淘汰出局。儘管惡劣的外部競爭環境下，本集團空調國內銷售量達41.92萬套，同比上升17%。銷售額約為港幣6.97億元，上升19%。

冰箱業務

二零零四年本集團冰箱累計銷售量約115.3萬台，與去年同期相比上升47%；銷售額約港幣7.33億元，比去年同期上升約29%。

MANAGEMENT DISCUSSION & ANALYSIS

管理層討論及分析

Overseas Export Market

The Group's export volume of refrigerators in 2004 was 793,000 units, representing an increase of 85% over the corresponding period last year. Revenue from export sales increased by approximately 69% to HK\$432 million.

The PRC Market

The Group's sales volume of refrigerators in the PRC was 360,000 units, representing an increase of 1% over the corresponding period last year. But sales revenue from the PRC market dropped by 4% to approximately HK\$301 million.

OVERALL OPERATING PERFORMANCE

The competition of the household appliance market intensified in the year 2004 with falling price and surging raw material costs. Meanwhile, the Group has been constrained by insufficient capital and various problems of its own. The Group managed to get through those difficulties under great pain. After Midea Group Co., Ltd. ("Midea Group") acquired a stake of the Group in November 2004, the overall operating performance of the Group improved gradually. Leveraging on the strong back-up from Midea Group and the dedication of the entire staff, the Group has focused on solving the problem of capital constraint and re-adjustment of corporate structure. The Group has achieved satisfactory results in various aspects, namely the establishment of cash flow channels, the resumption of corporate goodwill and brand image, the streamlining of organization and personnel, tightening of cost control, the integration, rectification and optimization of sales system, technological research and development, the quality management and the management of internal operation, which have put the Group back on the right track of development and established a new image for Hualing.

1. Broaden cash flow channel both internally and externally

While raising capital from the Midea Group, the Group is actively broadening channels of financing and strengthening communications with banks: preliminarily, the Group obtained the trust from banks and pushed up its work in handling the overstock problem and the recovery of trade receivables.

海外出口市場

二零零四年本集團冰箱海外出口為79.3萬台，同比增長85%；出口銷售收入為4.32億港元，較去年上升約69%。

國內市場

二零零四年本集團冰箱國內市場銷售量為36萬台，較去年上升1%；但是，國內營業額約達3.01億港元，較去年下跌約4%。

整體營運表現

二零零四年，國內家電市場競爭加劇，價格下滑，材料價格不斷上漲，企業經營壓力和風險越來越大。同時本集團內部在十一月份以前一直受資金緊張及過去本集團自身存在諸多問題的發展限制，本集團一直在陣痛中困難度過。於二零零四年十一月，美的集團有限公司（「美的集團」）進駐以後，本集團整體營運情況逐漸好轉，憑藉著美的集團強大的後盾力量支撐以及全體員工共同努力，重點著手解決企業的資金及企業機制調整問題，在現金流渠道建設、企業信譽及品牌形象的恢復和建設，組織和人員精簡、剛性的成本控制管理，營銷體系的整合、整頓、優化，技術研發，質量管理，內部營運管理等方面，均取得了良好的效果，使本集團逐漸走上發展的正軌，樹立起新華凌新形象。

1. 內外雙管齊下，拓寬現金流渠道

本集團在引進美的集團資金的同時，堅持內外雙管齊下原則，採取主動積極的融資措施，加強與銀行溝通，初步取得銀行方面的信任，加大力度處理積壓資產和應收帳款回收工作。

MANAGEMENT DISCUSSION & ANALYSIS

管理層討論及分析

2. Resumption of corporate goodwill and brand image

The Group has actively improved its relationships with various parties upstream and downstream and tackled the long-pending issues with its suppliers. Meanwhile, the Group has set up a new market structure and channels and entered the mainstream sales market of household appliances, increasing the confidence of its upstream and downstream business partners in the Group, thus further enhanced its corporate goodwill and brand image.

3. Streamlining of organization and personnel

In view of the overstaffed organization structure as well as the imbalanced personnel structure, a rationalization plan was fully implemented since last November and the Group further simplified its structure, streamlined its personnel and better organized its staff. A restructuring plan of reducing 500 staff was implemented and the Group has introduced and recruited more young cadres. The Group has gone through a stable and smooth transition while at the same time, strengthened the training of staff which boosted the labor quality, building a good foundation for future development.

4. Tightening of cost control with vigour

Facing the drastic increase in the price of key raw materials of household appliances and extremely high operating cost of old Hualing, the Group conducted an overall review on Hualing's cost structure which resulted in a substantial decrease in administrative expenses and enforced the cut-down of non-operating expenditure. Through the introduction of the comprehensive bidding system on procurement and taking advantage of the resourceful supply chain of Midea Group, the procurement cost was trimmed down significantly.

2. 企業信譽及品牌形象的恢復和建設

本集團積極疏通上下游的關係，積極處理與供應商之間遺留的問題，同時，積極佈局了新的市場結構和渠道結構，全面切入家電銷售主流渠道，使上下游合作夥伴對華凌的信心普遍增強，企業信譽及品牌也得到進一步提升。

3. 大力推進組織和人員精簡工作

針對老華凌過去組織機構臃腫及人才隊伍結構不合理的問題，從十一月份開始全面實施組織緊縮和調整，進一步扁平組織結構，合理進行人員精簡，加強人才隊伍建設。接近500人的人員緊縮計劃已基本實施完畢，大膽引進和任用年輕幹部，企業平穩、順利地進行人事過渡，與此同時加強員工培訓，員工素質有了較大提高，為集團將來的發展奠定了良好基礎。

4. 實施剛性的成本控制管理

面對家電主要原材料價格大幅度上升以及老華凌過去營運費用過高的現實，本集團全面檢討華凌成本結構，大幅度削減行政支出，強制性壓縮非經營性支出。通過全面引入採購招標競價機制及美的集團供應鏈資源優勢，大幅度下降採購成本。

MANAGEMENT DISCUSSION & ANALYSIS

管理層討論及分析

5. The integration, rectification and optimization of sales system

Overall integration and regulation of its sales system, organizationally, a new and highly effective sales network platform was launched which separated the air-conditioner and refrigerator business and vertical management was adopted. 25 first class air-conditioning product management centers at provincial level and 14 first class refrigerating product management centers at provincial level were established throughout the country. Meanwhile, the integration of international air-conditioner business department and refrigerator export department and the establishment of overseas sales companies provided an effective organizational framework for the rapid increase of export sales. In business terms, the mode of sales was transitted from "salesperson" to "sales team", enhancement of channel network establishment, facilitation of sales team establishment, preliminary establishment of the flow in sales structure, increased effort in market promotion and reshaping the Hualing brand all helped to enhance the corporate image and boost its market influence.

6. The enhancement of technological research and development

The Group highly focused on and invested more resources in the research and development of products. Considering the market demand, over 200 R&D projects of new product development were completed: 111 new air conditioning products with 44 models in the Digital series, 33 models in 3 Water-heat series, 24 models in 12 Wind series and 10 models in Extra pressure & Extra Drag series. The new product development target of refrigerator this year focuses on medium-to-high end products which feature low energy consumption and multi-functional. Compared with last year, the volume of domestic product development increased by 109.7%. 11 brand new product development projects were completed this year and have commenced commercial production. Besides, diversified design and ancillary design projects of 103 new product models were completed this year.

5. 整合、整頓、優化營銷體系

全面整頓和梳理營銷體系，組織上，搭建起一個全新高效的銷售網絡平臺，將冰箱與空調業務線分離，實行垂直管理，全國設立25個省一級空調產品管理中心和14個省一級冰箱產品管理中心。同時整合空調國際業務部和冰箱的出口部，成立海外營銷公司，為出口規模的迅速增長提供有效的組織保障。業務上，從過去「個人營銷」轉向「體系營銷」，加強渠道網絡建設，加強營銷人才隊伍的建設，初步建立營銷制度流程，同時加大市場推廣力度，重塑華凌品牌，提升企業形象和市場影響力。

6. 加強技術研發

本集團注重產品研發工作，加大資源投入，根據市場需求，年度內本集團共完成了新產品達200多個開發方案。空調開發111個新產品，其中數碼系列完成44個型號，水熱系列3款33個型號，風系列12款24個型號，多壓多拖完成10款。本年度冰箱新產品開發重點以低能耗和多功能的中高檔產品為主。與去年相比，國內產品開發數量上增加了109.7%。全年完成了11個全新產品開發工作並投入批量生產，此外，完成了出口產品103個型號新產品差異化設計和配套設計工作。

MANAGEMENT DISCUSSION & ANALYSIS

管理層討論及分析

7. Strengthening of quality management

In 2004, the Group strengthened the quality management by enforcing ISO9001-2000 certification standards so as to protect the reputation of the quality of Hualing products. Refrigerator one-time pass rate reached 98.33% and rate of superior quality products accounted for approximately 99.7%. Quality of air-conditioning products slightly lowered when compared with that of the previous year, mainly affected by the quality of raw materials. Subsequently, the Group established a special rectifying team to tackle the issue. Improvement was shown gradually and the quality target set at the beginning of the year was basically fulfilled.

8. Establishment of sales system and enhancement of internal management standard

The Group has strived for improvement in both "effectiveness" and "efficiency". Since last November, re-adjustment was carried out on the organizational structure. On Group level, a financial management department was set up which targeted at raising effectiveness; and a sales management department was set up which targeted at raising efficiency. With the introduction of the advanced management mode from Midea Group, a full set of management model was established gradually with an all-rounded and systematic work process well in place, the enhancement in internal management standard and progressive standardization of corporate management have led to an initial improvement of efficiency of the Group's overall business.

7. 強化質量管理

二零零四年，本集團強化質量管理，嚴格執行ISO9001-2000的產品質量標準要求，確保華凌產品質量良好的口碑。冰箱一次性性能合格率達98.33%，產品優等品率約達99.7%。空調產品質量比去年略有下降，主要受供應物料質量影響，後期本集團成立專項整改小組跟進，逐漸有所好轉，基本達到年初制定的目標。

8. 建立營運管理體系，提高內部管理水平

本集團堅持以「效益」和「效率」提升為目標，在十一月份從組織上進行調整，在本集團層面成立以提升效益為中心的財務管理部和以提升效率為中心的營運管理部。同時引進美的集團先進的管理模式，逐步建立起一套完整的管理模式，建立和健全制度流程，提高內部管理水平，逐步規範企業管理，本集團整體營運效率有了初步的提升。

MANAGEMENT DISCUSSION & ANALYSIS

管理層討論及分析

FUTURE DEVELOPMENT

In the next few years, the pace of global shifting among industries will be accelerated. The PRC economy will persistently show rapid growth which add impetus for the growth of different industries. The scope of development for different industries will be broadened. However, with the rigorous competition within the household appliance industry, the industry's value chain has come under great pressure; the operating condition of enterprises becomes difficult and profit margin will be narrowed. The Group is faced with greater pressure and challenges. In the light of opportunities as well as challenges, the development of the Group in the next few years will be towards "restructuring, rectification, adjustment and development" - maintaining its dedication and specialization in air-conditioner and refrigerator business, bringing in full play Midea Group's corporate culture, resumption of our vigor and vitality, introduction of Midea Group's highly effective operation and management model and sharing Midea's strong resources platform, strengthening internal management and enhancing the Group's competitiveness. The Group aims at resuming profitability in a short period of time and becoming one of the top eight players in PRC's refrigerating industry in the short run.

Specialization in Main Business

Hualing's business will be focused on air-conditioners and refrigerators; its non-principal business will be scaled down or closed in the very near future and the Group will dedicate and specialize in the main business of air-conditioners and refrigerators. The development of mini-refrigerator business will be the business focus which will gradually achieve the economies of scale. Hualing's air-conditioning business will enjoy synergical support from the supply chain of Midea, which allows the Group to share Midea's procurement resources, cut down production cost and increase product competitiveness. Hualing's products will lie on the medium-to-high end range with a "balanced" domestic and overseas marketing policy. Development of the overseas market will be a long-term strategic mission for the Group and greater effort will be devoted in export business.

未來發展

未來幾年，全球產業轉移步伐加快，國內經濟將保持持續快速增長，有力拉動了工作各行各業的增長，行業發展空間較大。但是行業競爭日趨激烈，行業價值鏈空間受到全方位的擠壓，企業經營條件艱難，利潤空間越來越小，本集團面臨著巨大的壓力和挑戰。面對機遇和挑戰，未來幾年內華凌總體發展方向是：堅持「重組、整頓、調整、發展」的總體方針，全力以赴做好、做精空調、冰箱主營業務；全面輸入美的集團的企業文化，恢復企業的生機和活力，引入美的集團卓有成效的經營管理模式和共享美的強大的資源平臺，加強內部管理，提高企業競爭力；力爭短期間內扭虧為盈，並於不久將來成為中國製冷行業前八強。

專營主業

華凌主營業務將以空調和冰箱為主，迅速緊縮或關閉非主營業務，全力以赴做好、精做空調、冰箱主營業務。重點發展小冰箱業務，逐漸形成規模優勢。華凌空調發揮協同效應，供應鏈向美的靠攏，共享美的採購資源，減低產品成本，提高產品競爭力。產品堅決走中高端路線，市場堅持「內外銷均衡發展」的方針，把海外市場發展作為長期戰略任務來實施，加大出口工作力度。

MANAGEMENT DISCUSSION & ANALYSIS

管理層討論及分析

Implementation of High Quality Strategy

The Group will implement the high quality strategy and its products will be positioned as medium-to-high end products for the manufacture of “fine works” by following the “quality-oriented” principle, strengthening production management and quality management and fighting for lower cost without giving way in quality. The Group will adhere to the market-driven policy, facilitate product development and persistently increase its productivity. Diversification in air-conditioner products with high energy efficiency, multi-functions, healthy measures and new appearances will project Hualing’s image of high quality. The Group will start upgrading and innovating its refrigerator products, adding value to its refrigerators by shifting the production from smaller to larger capacity and from vertical-cooling design to air-cooling design.

Management Reform and Change of Business Model

To strengthen operating control, “planning” and “efficiency” will lead to improvement in management ability and service standard. Under the principle of “strict enforcement under strategic guidance, with coordinative planning and service support”, rational allocation of resources will increase operating efficiency and maximize the Group’s overall value. A proper financial management system will be focused in “effectiveness” making use of its cash flow and establish an account settlement system for domestic contracts, to carry out overall financial budgeting, increase the sources of income while lowering expenditure and costs.

實施高品質戰略

本集團將實施高品質戰略，產品定位於中高端路線，打造華凌「精品」，遵從「品質領導一切」的原則，狠抓生產管理和質量管理，努力降低質量成本。堅持以市場為導向，加快產品開發，不斷提升產品力。空調產品在高能效、多功能、健康性和新外觀等方面努力實現差異化，展現華凌高品質的形象。冰箱產品將著手規劃升級換代工作，由目前的小容積、直冷式向大容積、風冷式轉移，提高產品附加值。

管理變革及模式轉型

加強營運管理，以「計劃」和「效率」為龍頭，提升管治能力和服務水平。以「戰略牽引、執行有力、統籌協調、服務支持」為原則，合理配置資源，提升營運效率，實現本集團整體價值最大化。完善財務體系管理，以「效益」為中心，以資金流為載體，建立內部市場契約結算機制，全面推進預算管理，大力開源節流，努力降低成本。

MANAGEMENT DISCUSSION & ANALYSIS

管理層討論及分析

Optimization of Organization and Building up of Strong Human Resources Base

Rationalization of organizational structure and optimization of human resources leads to a simplified, highly efficient and dynamic organization model and enhances management in human resources. Full implementation of Midea Group's corporate culture helps the building of teamwork and its own business culture and resumption of corporate vigor and vitality. The Group will seriously adopt the human-oriented personnel principle, bravely promote and appoint young cadres and focus in training professional and integrated talented staff. Therefore, a business team with high quality of work, good professional ethics sharing, effective communicating ability and eagerness to learn will be trained up within a year.

Unfolding the New Hualing Era

With the full support from Midea Group, through sharing and consolidation of resources and introduction of advanced operation and management principle and method, Hualing has broken through the cage of old thinking and concepts. Innovation and reform will release the Group from the current difficulties in the nearest future: a new born enterprise and inauguration of the new Hualing Era.

優化組織和人力資源建設

完善組織架構調整，優化人才結構，建立精簡、高效、有活力的管理運作模式加強人力資本管理。全面輸入美的集團企業文化，促進團隊建設和企業文化建設，全面恢復企業的生機和活力。本集團將認真落實以人為本的用人理念，大膽提拔和任用年輕幹部，重點培養專業型和複合型人才，爭取用一年時間培養出一支業務素質高、職業操守好，重溝通、善學習的企業經營團隊。

開啟華凌新時代

在美的集團各方面的大力支持下，通過資源整合和共享，引入先進的經營管理理念和方法，華凌大膽突破舊的思維和觀念，勇於創新和改革，企業將會在不遠的將來擺脫困境，實現企業的新生，開啟華凌新時代。