

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

1 GENERAL INFORMATION

Hualing Holdings Limited (“the Company”) and its subsidiaries (together “the Group”) manufacture, distribute and sell household electrical appliances, which include air-conditioners, refrigerators and mini-refrigerators. The Group have manufacturing plants in the People’s Republic of China (“PRC”) and sell mainly in countries within the PRC, Europe, America, Asia Pacific and Africa.

The Company is a limited liability company incorporated in Hong Kong. The address of its registered office is Suite 3904, 39/F, Tower 6, The Gateway, Harbour City, 9 Canton Road, Tsim Sha Tsui, Hong Kong.

The Company has listed its shares on The Stock Exchange of Hong Kong Limited.

These consolidated financial statements have been approved for issue by the Board of Directors on 18 April 2006.

2 PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation – going concern basis

The consolidated financial statements of Hualing Holdings Limited have been prepared in accordance with Hong Kong Financial Reporting Standards (HKFRS). The consolidated financial statements have been prepared under the historical cost convention except that, as disclosed in the accounting policies below, investment properties are carried at fair value.

1 基本資料

華凌集團有限公司(「本公司」)及其附屬公司(統稱「本集團」)生產、分銷及銷售家庭電器，包括空調機、冰箱及小型冰箱。本集團於中華人民共和國(「中國」)設有生產廠房，產品主要於中國、歐洲、美洲、亞太及非洲等國家及地區銷售。

本公司為於香港註冊成立之有限公司。其註冊辦事處地址為香港九龍尖沙咀廣東道9號海港城港威大廈第6座39樓3904室。

本公司股份於香港聯合交易所有限公司上市。

該等綜合財務報表已於二零零六年四月十八日獲董事會批准刊發。

2 主要會計政策

編製該等綜合財務報表所採用之主要會計政策載列如下。除另有註明外，該等會計政策於所有呈列之年度中均已貫徹應用。

2.1 編製基準－持續經營之基準

本公司之綜合財務報表乃根據香港財務報告準則所編製。該等綜合財務報表乃按歷史成本法編製，惟下文會計政策所披露之投資物業按公平價值列賬者除外。

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2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation – going concern basis (Continued)

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

The Group incurred a loss attributable to the equity holders of the Company of HK\$283,540,000 for the year ended 31 December 2005. In addition, the Group had net current liabilities and net liabilities of HK\$710,269,000 and HK\$261,616,000, respectively, as at 31 December 2005. Nevertheless, the Directors have adopted the going concern basis in the preparation of these financial statements based on the following assumptions:

- (a) The successful implementation of new business strategies of the Group to terminate the production of certain unprofitable models and to dispose of certain off-strategy investments for generating cash flows to the Group's operations. Accordingly, the Group turned around from making gross loss of HK\$60,810,000 in 2004 to gross profit of HK\$154,874,000 in 2005.

2 主要會計政策(續)

2.1 編製基準－持續經營之 基準(續)

編製該等符合香港財務報告準則之財務報表需要採用若干關鍵會計估計，亦要求管理層於應用本公司之會計政策過程中行使其判斷。涉及較高程度之判斷及較為複雜之範疇，或假設及估計對綜合財務報表屬重要之範疇，乃於附註4披露。

截至二零零五年十二月三十一日止年度，本集團錄得本公司股權持有人應佔虧損約港幣283,540,000元。另外，本集團於二零零五年十二月三十一日之淨流動負債及淨負債分別約港幣710,269,000元及港幣261,616,000元。然而，該等財務報表乃董事採納持續經營之基準，並基於下列各項假設後編製而成：

- (a) 本集團成功實施終止部分無盈利機型之生產及出售部分非核心策略投資之經營以使本集團營運產生現金流量。本集團由二零零四年錄得毛虧損約港幣60,810,000元，扭轉為二零零五年毛利約港幣154,874,000元。

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2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation – going concern basis (Continued)

(b) The Group will succeed in negotiating with its bankers to roll over the outstanding bank loans and/or to extend their repayment terms to meet its future working capital and financial requirements. As disclosed in Note 17 to the financial statements, certain bank loans, with which the Group largely finances its day-to-day working capital requirements, are due for repayment in 2006. Subsequent to the balance sheet date, bank loans of approximately HK\$83,606,000 have been rolled over and will be due for repayments in 2006 and 2007 and none of the banks has withdrawn their facilities extended to the Group. Nevertheless, the Group is also actively exploring the availability of alternative sources of financing should its negotiations with its current bankers not be fully successful.

(c) The Group will be able to obtain ongoing support from its established suppliers to extend the credits to the Group.

(d) The continued support of its shareholders including its major shareholders, Midea Group Co., Ltd. (the “Midea Group”), to assist the Group in obtaining adequate additional banking facilities and in extending credit from established and new suppliers or to inject funding into the Group.

Further, in July 2005, the Company issued 2,382,054,612 shares at HK\$0.1 each in a rights issue to existing shareholders and received net proceeds of approximately HK\$233 million, after underwriting commission, professional fees and other expenses, which were used to provide working capital for the Group’s operations.

2 主要會計政策 (續)

2.1 編製基準 – 持續經營之 基準 (續)

(b) 本集團將與銀行就已到期之銀行貸款續簽及／或延長還款期限問題成功磋商，以滿足本集團未來營運資金及財務需求。誠如財務報表附註17所披露，用以維持本集團日常營運資金之若干銀行貸款即將於二零零六年內到期償還。於資產負債表日後約港幣83,606,000元之銀行貸款續簽及將在二零零六年及二零零七年到期償還，並且無任何銀行撤回已授予本集團之信貸額度。倘若本集團與現有之銀行之磋商不盡成功，本集團將積極拓展其他融資渠道。

(c) 本集團將能夠獲得已有供應商之持續支持，以繼續延長提供予本集團到期應付款項之信貸。

(d) 本集團得到其股東包括主要股東美的集團有限公司(「美的集團」)之持續支援，協助本集團取得足夠之額外銀行信貸額度並延長已有及新簽供應商提供之信貸或向本集團注入資金。

再者，於二零零五年七月，本公司已於供股中向現有股東發行2,382,054,612股每股面值港幣0.1元之股份，且於扣除包銷佣金、專業費用及其他費用後收取所得款項淨額約港幣233,000,000元作為本集團之營運資金。

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2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation – going concern basis (Continued)

In the opinion of the directors, in light of the measures taken to date and on the basis of the above-mentioned major assumptions, the Group will have sufficient working capital to finance its operation and to maintain its operating existence in the foreseeable future. Accordingly, the directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

Should the Group be unable to continue as a going concern, adjustments would have to be made in the financial statements to reduce the value of the assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively. The consequential effects of these potential adjustments may have significant effect on the loss of the Group for the year and the net liabilities of the Company and the Group as at 31 December 2005.

2 主要會計政策(續)

2.1 編製基準－持續經營之 基準(續)

董事認為，基於管理層已採取之措施及上述之主要假設，本集團將可獲取足夠之營運資金以支持本集團於可預見之未來之經營需要。因此，董事確認該等財務報表按持續經營之基準編制為恰當。

倘若本集團不能持續經營，則該等財務報表須作出調整，包括將資產之價值減至其可收回價值、就任何可能出現之進一步負債計提準備、及分別將非流動資產重新分類為流動資產，將非流動負債重新分類為流動負債。上述潛在調整可能對本集團本年度之虧損以及本公司及本集團於二零零五年十二月三十一日之淨負債產生重大影響。

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2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.2 Basis of preparation – the adoption of new/ revised HKFRS

In 2005, the Group adopted the new/revised standards and interpretations of HKFRS below, which are relevant to its operation. The 2004 comparatives have been amended as required, in accordance with the relevant requirements.

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 28	Investments in Associates
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 33	Earnings per Share
HKAS 36	Impairment of Assets
HKAS 38	Intangible Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKAS 40	Investment Property
HKAS-Int 21	Income Taxes – Recovery of Revalued Non-Depreciated Assets
HKFRS 2	Share-based payments
HKFRS 3	Business Combination

2 主要會計政策(續)

2.2 編製基準 – 採納新訂／經 修訂香港財務報告準則之 影響

於二零零五年，本集團已採納下列與其經營有關之新訂／經修訂香港財務報告準則及詮釋。二零零四年之比較數字已根據相關規定予以修訂。

香港會計準則第1號	財務報表之呈列
香港會計準則第2號	存貨
香港會計準則第7號	現金流量表
香港會計準則第8號	會計政策、會計估計之變動及錯誤
香港會計準則第10號	結算日後事項
香港會計準則第16號	物業、廠房及設備
香港會計準則第17號	租賃
香港會計準則第21號	外幣匯率變動之影響
香港會計準則第23號	貸款成本
香港會計準則第24號	關聯方披露
香港會計準則第27號	綜合及獨立財務報表
香港會計準則第28號	於聯營公司之投資
香港會計準則第32號	金融工具：披露及呈列
香港會計準則第33號	每股盈利
香港會計準則第36號	資產減值
香港會計準則第38號	無形資產
香港會計準則第39號	金融工具：確認及計量
香港會計準則第40號	投資物業
香港會計準則詮釋第21號	所得稅—收回經重估之非折舊資產
香港財務報告準則第2號	以股份支付之支出
香港財務報告準則第3號	業務合併

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2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.2 Basis of preparation – the adoption of new/ revised HKFRS (Continued)

The adoption of new/revised HKASs 1, 2, 7, 8, 10, 16, 21, 23, 24, 27, 28, 32, 33 and 39 did not result in substantial changes to the Group's accounting policies. In summary:

- HKAS 1 has affected the presentation of minority interests share of net after-tax results of associates and other disclosures.
- HKASs 2, 7, 8, 10, 16, 23, 27, 28, 32, 33 and 39 had no material effect on the Group's policies.
- HKAS 21 had no material effect on the Group's policy. The functional currency of each of the consolidated entities has been re-evaluated based on the guidance to the revised standard. The Group has considered the functional currency is Renminbi ("RMB") while the presentation currency for the Group is Hong Kong dollars.
- HKAS 24 has affected the identification of related parties and some other related-party disclosures.

2 主要會計政策(續)

2.2 編製基準 – 採納新訂／經 修訂香港財務報告準則之 影響(續)

採納新訂／經修訂香港會計準則第1、2、7、8、10、16、21、23、24、27、28、32、33及39號並未導致本集團之會計政策出現重大變動。概括而言：

- 香港會計準則第1號影響少數股東權益、應佔聯營公司稅後業績淨額及其他披露之呈列形式。
- 香港會計準則第2、7、8、10、16、23、27、28、32、33及39號對本集團之政策並無重大影響。
- 香港會計準則第21號對本集團之政策並無重大影響。各綜合實體之功能貨幣已根據經修訂準則之指引予以重新評估。本集團認為功能貨幣乃為人民幣，而本集團之呈列貨幣則為港幣。
- 香港會計準則第24號對識別關聯方及若干其他關聯方披露造成影響。

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2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.2 Basis of preparation – the adoption of new/ revised HKFRS (Continued)

The adoption of revised HKAS 17 has resulted in a change in the accounting policy relating to the reclassification of leasehold land and land use rights from property, plant and equipment to operating leases. The up-front prepayments made for the leasehold land and land use rights are expensed in the income statement on a straight-line basis over the period of the lease or where there is impairment, the impairment is expensed in the income statement. In prior years, the leasehold land was accounted for at fair value or cost less accumulated depreciation and accumulated impairment.

The adoption of revised HKAS 40 has resulted in a change in the accounting policy of which the changes in fair values are recorded in the income statement as part of other income. In prior years, the increases in fair value were credited to the investment properties revaluation reserve. Decreases in fair value were first set off against increases on earlier valuations on a portfolio basis and thereafter expensed in the income statement.

The adoption of revised HKAS-Int 21 has resulted in a change in the accounting policy relating to the measurement of deferred tax liabilities arising from the revaluation of investment properties. Such deferred tax liabilities are measured on the basis of tax consequences that would follow from recovery of the carrying amount of that asset through use. In prior years, the carrying amount of that asset was expected to be recovered through sale.

2 主要會計政策(續)

2.2 編製基準 – 採納新訂／經 修訂香港財務報告準則之 影響(續)

採納經修訂之香港會計準則第17號導致有關租賃土地及土地使用權由物業、廠房及設備重新歸類為經營租賃之會計政策之變動。就租賃土地及土地使用權於租期開始時支付之預付款項，於租約期按直線法於收益表列為開支；倘出現減值，則減值部份於收益表內列為開支。於過往年度，租賃土地按公平價值或成本減累積折舊及累計減值入賬。

採納經修訂之香港會計準則第40號導致會計政策有所變動，令公平價值之變動作為其他收入之一部份計入收益表內。於過往年度，公平價值之增加乃計入投資物業重估儲備。公平價值之減少則先按組合基準與先前之重估增值抵銷，再於收益表內列為開支。

採納經修訂香港會計準則詮釋第21號導致計量重估投資物業所產生之遞延稅項負債之會計政策出現變動。該等遞延稅項負債之計量基準為透過使用該資產而收回其賬面值後所產生之稅務後果。於過往年度，該資產之賬面值預計可透過銷售予以收回。

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2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.2 Basis of preparation – the adoption of new/ revised HKFRS (Continued)

The adoption of HKFRS 2 has resulted in a change in the accounting policy for share-based payments. Until 31 December 2004, the provision of share options to employees did not result in an expense in the income statement. Effective on 1 January 2005, the Group expenses the cost of share options in the income statement. As all of the outstanding share options were granted before 7 November 2002 and had fully vested on 1 January 2005, the adoption of HKFRS 2 has no impact on the outstanding share options as at 1 January 2005 (Note 2.16).

The adoption of HKFRS 3, HKAS 36 and HKAS 38 results in a change in the accounting policy for goodwill. Until 31 December 2004, goodwill was:

- amortised on a straight line basis over a period of 10 years; and
- assessed for an indication of impairment at each balance sheet date.

2 主要會計政策(續)

2.2 編製基準 – 採納新訂／經 修訂香港財務報告準則之 影響(續)

採納香港財務報告準則第2號導致有關以股份支付之支出之會計政策有所轉變。直至二零零四年十二月三十一日為止，向僱員提供購股權不會在收益表上產生支出項目。自二零零五年一月一日起，本集團於收益表內將購股權之成本列為支出。由於所有尚未行使購股權均於二零零二年十一月七日前授出，並已於二零零五年一月一日悉數歸屬，因此採納香港財務報告準則第2號對於二零零五年一月一日之尚未行使購股權並無影響(附註2.16)。

採納香港財務報告準則第3號、香港會計準則第36號及香港會計準則第38號導致有關商譽之會計政策有所轉變。直至二零零四年十二月三十一日，商譽為：

- 於10年期內按直線法攤銷；及
- 於每個結算日評估減值出現之跡象。

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2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.2 Basis of preparation – the adoption of new/ revised HKFRS (Continued)

In accordance with the provisions of HKFRS 3 (Note 2.8):

- the Group ceased amortisation of goodwill from 1 January 2005;
- accumulated amortisation as at 31 December 2004 has been eliminated with a corresponding decrease in the cost of goodwill; and
- from the year ended 31 December 2005 onwards, goodwill is tested annually for impairment, as well as when there is indication of impairment.

The Group has reassessed the useful lives of its intangible assets in accordance with the provisions of HKAS 38. No adjustment resulted from this reassessment.

All changes in the accounting policies have been made in accordance with the transition provisions in the respective standards, wherever applicable. All standards adopted by the Group require retrospective application other than:

- HKAS 16 – the initial measurement of an item of property, plant and equipment acquired in an exchange of assets transaction is accounted at fair value prospectively only to future transactions;

2 主要會計政策(續)

2.2 編製基準 – 採納新訂／經 修訂香港財務報告準則之 影響(續)

根據香港財務報告準則第3號條文之規定(附註2.8)：

- 本集團自二零零五年一月一日起，停止作出商譽攤銷；
- 於二零零四年十二月三十一日之累計攤銷已予對銷，並於商譽成本中作出相應扣減；及
- 於截至二零零五年十二月三十一日止年度開始，商譽於每年及於出現減值跡象時進行減值測試。

本集團已根據香港會計準則第38號條文對其無形資產之可用年期進行重新評估。該項重新評估並無導致任何調整。

會計政策之所有變動已根據相關準則之過渡性條文作出(倘適用)。本集團採納之所有準則均要求追溯應用，惟下列者除外：

- 香港會計準則第16號 – 於互換資產交易中取得之某項物業、廠房及設備之首次計量按公平價值列賬(只採納於往後進行之交易)；

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2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.2 Basis of preparation – the adoption of new/ revised HKFRS (Continued)

- HKAS 39 – does not permit to recognize, derecognize and measure financial assets and liabilities in accordance with this standard on a retrospective basis. The Group applied the previous SSAP 24 “Accounting for investments in securities” to investments in securities and also to hedge relationships for the 2004 comparative information. The adjustments required for the accounting differences between SSAP 24 and HKAS 39 are determined and recognized at 1 January 2005;
- HKAS 40 – since the Group has adopted the fair value model, there is no requirement for the Group to restate the comparative information, any adjustment should be made to the retained earnings as at 1 January 2005, including the reclassification of any amount held in revaluation surplus for investment property;
- HKFRS 2 – only retrospective application for all equity instruments granted after 7 November 2002 and not vested at 1 January 2005; and
- HKFRS 3 – prospectively after 1 January 2005.

2 主要會計政策(續)

2.2 編製基準 – 採納新訂／經 修訂香港財務報告準則之 影響(續)

- 香港會計準則第39號 – 不容許根據本準則按追溯基準確認、不予確認及計量金融資產及負債。本集團就二零零四年度比較資料中之證券投資及對沖關係採用過往會計實務準則第24號「證券投資入賬」。就會計實務準則第24號與香港會計準則第39號兩者間之會計差異而須作出之調整乃於二零零五年一月一日釐定及確認；
- 香港會計準則第40號 – 由於本集團已採納公平價值模式，因此無須重列比較資料，任何調整須列入二零零五年一月一日之保留溢利，包括對投資物業重估儲備內之任何金額重新分類；
- 香港財務報告準則第2號 – 僅追溯應用所有於二零零二年十一月七日後授出而未於二零零五年一月一日歸屬之股本工具；及
- 香港財務報告準則第3號 – 於二零零五年一月一日後適用。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.2 Basis of preparation – the adoption of new/ revised HKFRS (Continued)

The adoption of revised HKAS 17 resulted in:

		As at 31 December 於十二月三十一日	
		2005 HK\$'000 港幣千元	2004 HK\$'000 港幣千元
Decrease in property, plant and equipment	物業、廠房及設備之減少	34,899	43,987
Increase in leasehold land and land use rights	租賃土地及土地使用權之增加	34,899	43,987

The Group has not early adopted the following new standards or interpretations which are relevant to the operations of the Group and are effective for accounting periods commencing on or after 1 January 2006. It is expected that the adoption of such standards or interpretations will not result in substantial changes to the Group's accounting policies:

HKFRS 7	Financial Instruments: Disclosures
HKFRS-Int 4	Determining whether an Arrangement contains a Lease

2 主要會計政策 (續)

2.2 編製基準 – 採納新訂／經 修訂香港財務報告準則之 影響 (續)

採納經修訂之香港會計準則第17號導致：

		As at 31 December 於十二月三十一日	
		2005 HK\$'000 港幣千元	2004 HK\$'000 港幣千元
Decrease in property, plant and equipment	物業、廠房及設備之減少	34,899	43,987
Increase in leasehold land and land use rights	租賃土地及土地使用權之增加	34,899	43,987

本集團並無提前採納以下與本集團經營相關並於二零零六年一月一日或之後開始之會計期間生效之新準則或詮釋。採納該等準則或詮釋預期將不會導致本集團之會計政策出現重大轉變：

香港財務報告準則 第7號	金融工具：披露
香港財務報告準則 詮釋第4號	釐定一項安排是 包括租賃

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.3 Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 31 December.

(a) Subsidiaries

Subsidiaries are those entities in which the Company, directly or indirectly, controls the composition of the board of directors, controls more than half the voting power or holds more than half of the issued share capital.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interests. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement.

2 主要會計政策(續)

2.3 綜合賬目

綜合財務報表包括本公司及各附屬公司截至十二月三十一日止之財務報表

(a) 附屬公司

附屬公司指本公司直接或間接控制其董事會之組成、擁有超過半數投票權或持有過半數發行之實體。

附屬公司乃於本集團獲轉交控制權當日起全數合併於賬目內；並於終止控制日起不再合併有關賬目。

本集團採用購買法將本集團收購之附屬公司入賬，收購成本是按收購當日所轉讓資產之公平價值、已發行權益性工具及於交易日產生或承擔的負債加上收購直接產生的成本計量。於業務合併中收購的可識別資產與負債及或然負債初始按於收購日的公平價值計算，與任何少數股東權益無關。收購成本超出本集團應佔所收購可識別資產淨值的公平價值的數額列作商譽。倘收購成本低於所收購附屬公司資產淨值的公平價值，則差額直接於收益表確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.3 Consolidation (Continued)

(a) Subsidiaries (Continued)

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted by the Company on the basis of dividend received and receivable.

(b) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates' post-acquisition profits or losses is recognized in the income statement, and its share of post-acquisition movements in reserves is recognized in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

2 主要會計政策 (續)

2.3 綜合賬目 (續)

(a) 附屬公司 (續)

所有集團內公司間的交易、集團公司交易的結餘及未變現盈利予以對銷。未變現虧損亦予以對銷但會作為所轉讓資產之減值指標。附屬公司的會計政策已按需要作出改變，以確保與本集團採納的政策一致。

在本公司的資產負債表內，附屬公司投資乃按成本扣除減值虧損準備列賬。本公司將附屬公司的業績按已收及應收股息為基準入賬。

(b) 聯營公司

聯營公司乃本集團對其具重大影響力惟非控制之所有實體，一般附帶介乎20%至50%投票權之持股量。於聯營公司之投資乃以權益法列賬，並初始按成本值確認，本集團於聯營公司之投資包括於收購時所確認之商譽(扣除任何累積減值虧損)。

本集團所佔其聯營公司於收購後之利潤或虧損乃於收益表內確認，及其所佔收購後之儲備變動乃於儲備內確認。於收購後之累計變動則會於投資賬上值上作出調整。當本集團所佔聯營公司虧損相當於或多於其於聯營公司之權益時(包括任何其他無抵押應收賬款)，本集團不會確認日後虧損，除非其已代表聯營公司達成承擔或作出付款則作別論。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.3 Consolidation (Continued)

(b) Associates (Continued)

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet the investments in associated companies are stated at cost less provision for impairment losses. The results of associated companies are accounted for by the Company on the basis of dividend received and receivable.

2.4 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

2 主要會計政策 (續)

2.3 綜合賬目 (續)

(b) 聯營公司 (續)

本集團與其聯營公司間之交易之未變現收益乃按本集團於聯營公司之權益比例予以對銷。除非交易提供所轉讓資產減值的憑證，否則未變現虧損亦予以對銷。聯營公司的會計政策已按需要作出改變，以確保與本集團採納的政策一致。

於本公司的資產負債表內，聯營公司投資乃按成本扣除減值虧損準備列賬。本公司將聯營公司的業績按已收及應收股息為基準入賬。

2.4 分部報告

業務分部指從事提供產品或服務之一組資產及業務，而該組資產及業務的風險及回報有別於其他業務分部。地區分部乃在某一特定經濟環境下從事提供產品或服務，而該分部的風險及回報與在其他經濟環境經營的分部有別。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Hong Kong Dollars, which is different from the Group's functional currency of RMB. The Group has used Hong Kong Dollars as presentation currency, in view of the shares of the Company listed on the Hong Kong Stock Exchange.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, except when deferred in equity as qualifying cash flow hedges or qualifying net investment hedges.

2.5 外幣換算

(a) 功能貨幣和呈列貨幣

集團旗下公司的財務報表所列項目均採用有關公司營業所在的主要經濟環境的通用貨幣（「功能貨幣」）為計算單位。綜合財務報表以港幣（與本集團之功能貨幣人民幣有所不同）列賬。鑑於本公司股份在香港聯合交易所上市，本集團採用港幣為呈列貨幣。

(b) 交易及結餘

外幣交易按交易當日之當時匯率換算為功能貨幣。此等交易結算及按結算日匯率換算外幣計值的貨幣資產及負債而產生之匯兌收益及虧損於損益表確認，惟作為合資格現金流量對沖或淨投資對沖項目者，則在權益內遞延入賬。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.5 Foreign currency translation (Continued)

(b) Transactions and balances (Continued)

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available for sale are included in the fair value reserve in equity.

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- (iii) all resulting exchange differences are recognized as a separate component of equity.

2 主要會計政策(續)

2.5 外幣換算(續)

(b) 交易及結餘(續)

非貨幣金融資產及負債之換算損益均列入公平價值損益一部份，至於非貨幣金融資產及負債之換算差異，如按公平價值於損益表入賬之權益工具，則計入損益表內公平價值損益一部份。至於非貨幣金融資產之換算差異，如歸類為可供出售股權項目，則計入權益內之公平價值儲備。

(c) 集團公司

集團所有實體之功能貨幣如與本公司呈列貨幣不一致(其中並無任何公司持有通脹嚴重的經濟體系的貨幣)，其業績和財務狀況均按以下方法兌換為呈列貨幣：

- (i) 每項資產負債表內的資產及負債均按照該資產負債表結算日的匯率換算；
- (ii) 每項收益表的收入和支出均按照平均匯率換算，但若此平均匯率未能合理地反映各交易日之匯率所帶來的累積影響，則按照交易日之匯率折算此等收入和支出；及
- (iii) 所有產生之滙兌差異均確認於權益內的一個分項。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.5 Foreign currency translation (Continued)

(c) Group companies (Continued)

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, exchange differences that were recorded in equity are recognized in the income statement as part of the gain or loss on sale.

2.6 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are expensed in the income statement during the financial period in which they are incurred.

2 主要會計政策 (續)

2.5 外幣換算 (續)

(c) 集團公司 (續)

在編製綜合賬時，換算海外公司投資淨額和換算被指定為此等投資之對沖工具的借貸及其他貨幣工具而產生的匯兌差異，均列入股東權益。當出售海外業務時，此等匯兌差異將於收益表內確認為出售收益或虧損的一部分。

2.6 物業、廠房及設備

物業、廠房及設備按歷史成本減折舊和減值虧損列賬。歷史成本包括收購該項目直接產生的開支。成本亦可包括自權益轉撥以外幣購置物業、廠房及設備時的合資格現金流量對沖項目所產生之收益／虧損。

其後成本只有在與該項目有關的未來經濟利益有可能流入本集團，而該項成本能可靠計量時，才能包括在資產的賬面值或確認為獨立資產（按適用）。所有其他維修及保養均需於產生的財政期間內於收益表支銷。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.6 Property, plant and equipment (Continued)

Increases in the carrying amount arising on revaluation of buildings are credited to other reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged against other reserves directly in equity; all other decreases are expensed in the income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset expensed in the income statement and depreciation based on the asset's original cost is transferred from other reserves to retained earnings.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate cost or revalued amounts to their residual values over their estimated useful lives, as follows:

	Estimated useful lives
Buildings	10 years to 30 years
Plant and machinery	10 years to 20 years
Furniture, fixture and electronic equipment	5 years to 10 years
Motor vehicles	5 years to 10 years
Computer equipment	5 years
Moulds and other equipment	2 years to 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.9).

2 主要會計政策(續)

2.6 物業、廠房及設備(續)

重估物業時產生的賬面值增加額撥入股東權益的其他儲備內。對銷同一資產以往增值的減少，直接在權益的公平價值儲備對銷；所有其他減少在收益表支銷。每年根據資產重估賬面值計算的折舊與根據資產原成本計算的折舊兩者的差額，自其他儲備中轉撥入保留溢利。

物業、廠房及設備的折舊採用以下的估計可使用年期將成本或重估值按直線法分攤至剩餘價值計算：

	估計使用年期
物業	10年至30年
廠房及機器	10年至20年
傢具、固定設備及 電子設備	5年至10年
汽車	5年至10年
電腦設備	5年
模具及其他設備	2年至10年

資產的剩餘價值及可使用年期在每個結算日進行檢討及在適當時進行調整。

若資產的賬面值高於其估計可收回價值，其賬面值即時撇減至可收回價值(附註2.9)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.7 *Investment properties*

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the Group, is classified as investment property.

Investment property comprises land held under operating leases and buildings held under finance leases.

Land held under operating leases are classified and accounted for as investment property when the rest of the definition of investment property is met. The operating lease is accounted for as if it were a finance lease.

Investment property is measured initially at its cost, including related transaction costs.

After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are performed in accordance with the guidance issued by the International Valuation Standards Committee. These valuations are reviewed annually by external valuers. Investment property that is being redeveloped for continuing use as investment property, or for which the market has become less active, continues to be measured at fair value.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions.

2 主要會計政策(續)

2.7 投資物業

持作長期租金收益或資本增值或兩者兼備，而並非由本集團任何成員公司佔用的物業，均列作投資物業。

投資物業包括以經營租賃持有的土地及以融資租賃持有的樓宇。

根據經營租賃持有的土地如能符合投資物業之其餘定義，均列作並入賬為投資物業。經營租賃則當作融資租賃入賬。

投資物業初步以成本(包括相關交易成本)計量。

經初步確認後，投資物業按公平價值入賬。公平價值乃以活躍市價為基礎，於必要時就特定資產之性質、地點或狀況之任何差異作出調整。倘無法獲得此等資料，本集團可採用其他估值方法，例如活躍度較低市場的近期價格或現金流量折現規劃。此等估值乃按國際估值標準委員會頒佈的指引進行。此等估值每年由外部估值師進行審閱。現正進行重建以便繼續用作投資物業或交投活躍程度稍遜之投資物業繼續按公平價值計量。

投資物業之公平價值反映(其中包括)現有租約所提供之租金收入及按當前市況對未來租約所作出之租金收入假設。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.7 *Investment properties (Continued)*

The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Some of those outflows are recognized as a liability, including finance lease liabilities in respect of land classified as investment property; others, including contingent rent payments, are not recognized in the financial statements.

Subsequent expenditure is included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the income statement during the financial period in which they are incurred.

Changes in fair values are recognized in the income statement.

2 主要會計政策(續)

2.7 投資物業(續)

公平價值亦反映(按類似基準)有關物業之任何預期現金流出。該等現金流出部份確認為負債(包括就已分類為投資物業之土地所承擔之融資租約負債)，其餘部份(包括或然租金)則不在財務報表中確認。

日後出現之支出只在該項目所附帶之未來經濟利益將流向本集團及該項目之成本能可靠計量之情況下始包括在有關資產之賬面值。其他一切維修保養費用均需於產生有關費用之財政期間內於收益表支銷。

公平價值變動在收益表中確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.8 Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries and jointly controlled entities is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Separately recognized goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

2 主要會計政策(續)

2.8 無形資產

商譽

商譽指收購成本超過收購日本集團應佔所收購的附屬公司／聯營公司之可識辨淨資產公平價值的數額。收購附屬公司及共同控制實體所產生之商譽計入無形資產，而收購聯營公司所得的商譽包括在聯營公司投資。分開確認的商譽每年就減值進行測試，並按成本減累計減值虧損列賬。商譽的減值損失並不會撥回。出售某個實體的盈虧包括被出售實體有關的商譽的賬面值。

就減值測試而言，商譽會分配至現金產生單位。被分配的現金產生單位或現金產生單位組別乃受益於商業合併時產生的商譽之單位或單位組別。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.9 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortization, which are at least tested annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.10 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2 主要會計政策(續)

2.9 非金融資產之減值

就因可使用年期不確定而不攤銷之資產，每年會至少進行一次減值測試，且當任何事件發生或環境變化預示其賬面價值可能無法收回時，亦會進行減值測試。對進行攤銷之資產，當任何事件發生或環境變化預示其賬面價值無法收回時，會審核該等資產之減值情況。當資產賬面值超過可收回金額，則有關差額確認為減值虧損，而可收回金額指資產公平價值減銷售成本與使用價值兩者之較高者。在評估減值時，資產會按其可分別辨認之現金流量之最低水平(現金產生單位)分類。出現減值的非金融資產(商譽除外)須於各報告日期就潛在減值回撥進行檢討。

2.10 存貨

存貨按成本或可變現淨值兩者較低者列帳，成本按先進先出法計算。產成品和半制成品成本包括設計成本、原材料，直接人工，其他直接成本和相關製造費用(以正常產能下計算)，但不包括借貸費用。可變現淨值按估計的正常銷售價格減適用可變銷售費用計算。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.11 Trade and other receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as trade and other receivables in the balance sheet.

Trade and other receivables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognized in the income statement within selling and marketing costs.

2 主要會計政策(續)

2.11 應收貿易賬款及其他應收賬款

貸款及應收款項為附帶固定或可釐定付款之非衍生性質金融資產，且在活躍市場並無報價，乃於本集團向債權人直接提供款項、貨物或服務而無意買賣應收款項時產生。貸款及應收款項列為流動資產，惟於結算日後超過12個月到期者則歸類為非流動資產。貸款及應收款項分類為貿易應收賬款及其他應收款項於資產負債表中列賬。

應收貿易賬款及其他應收款項初時以公平價值確認，其後以實際利率法按已攤銷成本扣除減值準備列賬。當出現客觀證據顯示，根據應收賬款之原有條款本集團將不能收回所有到期款項，將就應收貿易賬款及其他應收款項计提減值準備。

當債權人發生嚴重財務困難，或債權人可能進入破產或財務重組，以及拖欠還款可被視為應收貿易賬款減值之主要指標，撥備金額乃資產之賬面值與估計未來現金流量之現值兩者之差額，再按實際利率折現。撥備金額乃於收益表內確認為銷售及市場推廣成本。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.12 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

2.13 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.14 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability, including fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2 主要會計政策(續)

2.12 現金及現金等價物

現金及現金等價物包括手頭現金、銀行活期存款、原定到期日為三個月或以下之其他短期高流通量投資及銀行透支。銀行透支列示於資產負債表內流動負債項下之借貸。

2.13 股本

普通股份分類為權益。

與發行新股或購股權直接有關的遞增成本，列入權益作為所得款項扣除稅項的減值。

2.14 借款

借款初始以公平價值減去所產生之交易成本確認。交易成本為收購、發行或出售一項金融資產或金融負債的直接遞增成本，包括支付予代理人、顧問、經紀及經銷商之費用及佣金，以及支付予監管機構及證券交易所之徵費，加上轉讓稅項及關稅。借款其後以攤銷成本列賬。所得款項(減去交易成本)與贖回價值之差額，乃以實際利率法於借款期間在收益表予以確認。

借款歸類為流動負債，除非本集團有權無條件將債項延長至結算日後最少十二個月清償則作別論。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.15 Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax, if it is not accounted for, arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2.16 Employee benefits

(a) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the balance sheet date.

2 主要會計政策(續)

2.15 遞延所得稅

遞延所得稅採用負債法就資產和負債的稅基與其在綜合財務報表的賬面值產生的暫時差異全數撥備。然而，若遞延所得稅來自在交易(不包括企業合併)中對資產或負債的初步確認而在交易時不影響會計損益或應課稅盈虧，則不作記賬。遞延稅項採用在結算日前已頒佈或實質頒佈，並在有關之遞延所得稅資產實現或遞延所得稅負債結算時預期將會適用之稅率(及法例)而釐定。

遞延所得稅資產是就可能有未來應課稅盈利而就此可使用暫時差異而確認。

遞延稅項乃就附屬公司及聯營公司投資產生之暫時差異而撥備，但假若本集團可以控制暫時差異之撥回時間，而暫時差異在可預見將來有可能不會撥回則除外。

2.16 僱員福利

(a) 僱員應享假期

僱員在年假和長期服務休假之權利在僱員應享有時確認。本集團為截至結算日止僱員已提供之服務而產生之年假及長期服務休假之估計負債作出撥備。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.16 Employee benefits (Continued)

(b) Retirement benefits obligation

The Group has arranged for its Hong Kong employees to join the Mandatory Provident Fund Scheme (the "MPF Scheme"), a defined contribution scheme managed by an independent trustee. The Group's subsidiaries incorporated in the PRC make contributions to a state-sponsored defined contribution scheme for the Group's local staff on a monthly basis pursuant to laws of the PRC and relevant regulations issued by local social security authorities.

The Group's contributions to the defined contribution retirement schemes are expensed as incurred.

(c) Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, with a corresponding adjustment to equity.

2 主要會計政策(續)

2.16 僱員福利(續)

(b) 退休金責任

本集團已安排本集團之香港僱員參加一項由獨立受托人管理的既定供款計劃，強制性公積金計劃(「強積金計劃」)。按照中國法規及當地社會保障機構頒佈之有關法規，本集團設於中國大陸之附屬公司為本集團當地僱員向政府資助之既定供款計劃按月供款。

本集團向既定供款計劃之供款於供款發生時支銷。

(c) 以股份支付之酬金

本集團推行一項按權益結算、以股份支付酬金的計劃。為換取購股權的授出而獲得的僱員服務按其公平價值確認為開支。於歸屬期內列作開支的總金額乃參照已授出的購股權之公平價值釐定，不包括任何非市場歸屬條件(例如盈利能力及銷售增長目標)的影響。非市場歸屬條件包括在有關預期可予行使之購股權數目。於每個結算日，各實體均會修改其估計預期可予行使之購股權之數目，修改原來估計數字，如有影響，則於收益表內確認，以及在餘下歸屬期間對股本作相應調整。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.16 Employee benefits (Continued)

(c) Share-based compensation (Continued)

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

2.17 Provisions

Provisions for warranty are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2 主要會計政策(續)

2.16 僱員福利(續)

(c) 以股份支付之酬金(續)

當購股權獲行使時，已收取所得款項(扣除任何直接應佔交易成本)均列入股本(面值)及股份溢價中。

2.17 撥備

當本集團因已發生的事件須承擔現有之法律性或推定性的現有責任，而解除責任時有可能消耗資源，並在責任金額能夠可靠地作出估算的情況下，需確立產品保養撥備。未來經營虧損亦未確認撥備。

如有多項類似責任，其需要在償付中流出資源的可能性是根據責任的類別整體考慮。即使同一責任類別所包含的任何一個項目相關的資源流出的可能性極低，仍須確認撥備。

撥備以預期用以償付責任的開支，按反映當時市場對金錢時間價值的評估及該責任的特有風險的稅前率計算的現值計量。因時間流失而產生之撥備增加則確認為利息開支。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.18 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminated sales within the Group. Revenue is recognised as follows:

(a) *Sales of goods*

Sales of goods are recognized when a group entity has delivered products to the customer, the customer has accepted the products and collectibility of the related receivables is reasonably assured.

(b) *Interest income*

Interest income is recognized on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognized using the original effective interest rate.

(c) *Operating lease rental income*

Operating lease rental income is recognised on a straight-line basis over the terms of the lease.

2 主要會計政策(續)

2.18 收益確認

收益包括本集團在一般業務過程中出售貨品及服務的公平價值。收益按扣除增值稅、銷售退回、回扣和折扣，以及抵銷集團內部銷售後的淨值列示。收益確認如下：

(a) *貨品銷售*

貨品銷售在本集團實體已將貨品交付予顧客，顧客接收產品後，以及有關應收款的收回可合理確保時確認。

(b) *利息收入*

利息收入採用實際利息法按時間比例基準進行確認。倘一項應收款項出現減值，本集團會將賬面值減至按工具之原定實際利率估計之未來折現現金流量而設定之可收回款額，並繼續解除貼現作為利息收入。減值貸款之利息收入使用原先實際利率確認。

(c) *經營租約租金收入*

經營租約租金收入按直線法以租約年期確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.19 Operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are expensed in the income statement on a straight-line basis over the period of the lease.

2.20 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

2.21 Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in the income statement over the period necessary to match them with the costs that they are intended to compensate.

2 主要會計政策(續)

2.19 經營租賃

如租賃資產擁有權的重大部分風險和回報由出租人保留，分類為經營租賃。根據經營租賃支付的款項在扣除自出租人收取之任何獎勵金後，於租賃期內以直線法在收益表內支銷。

2.20 股息分派

向本公司股東分派的股息在股息獲本公司股東批准的期間於本集團的財務報表內列為負債。

2.21 政府補助

當能夠合理地保證政府補貼將可收取，而與本集團將會符合所有附帶條件時，將政府提供的補助按其公平值確認入賬。

與成本有關之政府補貼遞延入賬，並按擬補貼之成本配合所需期間在收益表中確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Foreign exchange risk

The Group exposes to foreign exchange risks as certain portion of business activities are denominated in foreign currencies, primarily with respect to the US dollar. The Group has negotiated sales contracts to manage the risk arising from certain recognized liabilities. The directors are of the opinion that the Group's expose to foreign exchange risk is manageable.

(ii) Price risk

The Company is not exposed to equity securities price risk and commodity price risk.

(b) Credit risk

The Group has no significant concentrations of credit risk. It has policies in place to ensure that sales of products are made to customers with an appropriate credit history. Trade receivables are spread among a number of customers and cash is deposited with registered financial institutions in the PRC.

3 財務風險管理

3.1 財務風險因素

本集團業務承受各種財務風險：市場風險（包括外匯風險、公平價值利率風險及價格風險）、信貸風險、流動資金風險及現金流量利率風險。集團整體之風險管理是關注不可預測之金融市場和尋求降低潛在之負面因素對集團財務表現所帶來的風險。

(a) 市場風險

(i) 外匯風險

由於本集團若干部份之經營活動以外幣為單位，致使本集團面對外匯（主要是美元）風險。本集團在議訂銷售合約時，致力控制若干已知負債所產生之風險。董事認為，本集團面對之外匯風險屬在可控制範圍內。

(ii) 價格風險

本公司並無面臨股本證券價格風險及商品價格風險。

(b) 信貸風險

本集團並無高度集中之信貸風險。本集團有政策確保向信貸記錄良好的客戶銷售產品，應收賬款分散於多個客戶，而現金則存放於在中國註冊之金融機構。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(c) *Liquidity risk*

Most of the bank financing of the Group is in the form of short-term bank loans. As a result, the Group had net current liabilities of approximately HK\$710,269,000 as at 31 December 2005. The Group has not experienced any difficulty in renewing the borrowings when they fell due. As a result, the Directors are of the opinion that liquidity risk is not material as at 31 December 2005.

(d) *Cash flow and fair value interest rate risk*

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises mainly from short-term borrowings bearing fixed interest rates. The directors are of the opinion this risk is not material as at 31 December 2005.

3.2 Fair value estimation

The nominal value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

3 財務風險管理 (續)

3.1 財務風險因素 (續)

(c) *流動資金風險*

本集團銀行融資大部份為短期銀行貸款。因此，本集團於二零零五年十二月三十一日之淨流動負債約港幣710,269,000元。本集團在重續到期借款方面並無遇過任何困難。因此，董事認為，於二零零五年十二月三十一日之流動資金風險並不重大。

(d) *現金流量及公平價值利率風險*

由於本集團並無重大計息資產，因此本集團之收入及經營現金流量大部份與市場利率變動無關。

本集團之利率風險主要來自定息短期貸款。董事認為，於二零零五年十二月三十一日本項風險並不重大。

3.2 公平價值預測

假設應收貿易賬款及應付貿易賬款的面值減去減值撥備之數額與公平價值相若。於披露金融負債的公平價值時，乃根據金融負債按類似金融工具適用於本集團的當時市場利率折現未來合約現金流量作出估計。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Provision for warranty

The Company generally offers one to three years warranties for its products sold. Management estimates the related provision for future warranty claims based on historical warranty claim information, as well as recent trends that might suggest that past cost information may differ from future claims.

Factors that could impact the estimated claim information include the success of the Company's productivity and quality initiatives, as well as parts and labour costs.

(b) Estimated impairment of non-current assets

The Group tests annually whether the non-current assets have suffered any impairment, in accordance with the accounting policy stated in Note 2.9. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

4 重要會計估計及判斷

估計及判斷之評估會不斷進行，並且依據過往經驗及其他因素作為基礎，其中包括按現況對未來事件的合理預期。

4.1 重要會計估計及假設

本集團對未來作出估計及假設。所得之會計估計顧名思義很少有相等於實際結果。以下所述為有相當風險的估計及假設，可以引致須於下個財政年度對資產及負債之賬面值作重大調整。

(a) 產品保養撥備

本公司一般為其所售產品提供一至三年的產品保養。管理層估計未來產品保養撥備乃基於過往產品保養賠款資料以及最近期趨勢，過去成本資料可能與未來賠款不同。

可能影響估計賠款資料之因素包括本公司生產力及質量措施之成功以及零件及人工成本。

(b) 非流動資產之估計減值

本集團按照附註2.9所列之會計政策每年測試非流動資產是否有任何減值。現金產生單位之可收回金額乃根據使用價值計算而釐定，該等計算需要使用估計。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

4.1 Critical accounting estimates and assumptions (Continued)

(c) *Estimate of fair value of investment properties*

The best evidence of fair value is current prices in an active market for similar lease and other contracts. In the absence of such information, the Group determines the amount within a range of reasonable fair value estimates. In making its judgment, the Group considers information from a variety of sources including:

- (i) current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences.
- (ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and
- (iii) discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts, and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

If information on current or recent prices of investment properties is not available, the fair values of investment properties are determined using discounted cash flow valuation techniques. The Group uses assumptions that are mainly based on market conditions existing at each balance sheet date.

4 重要會計估計及判斷 (續)

4.1 重要會計估計及假設 (續)

(c) *投資物業公平價值之估計*

公平價值之最佳憑證為同類租約及其他合約於活躍市場所提供之最新價格。倘缺乏此方面資料，本集團按合理公平價值估計幅度釐定有關金額。在作出判斷時，本集團考慮多方面資料，其中包括：

- (i) 不同性質、狀況或地點之(或受不同租約或其他合約規限)物業當時在活躍市場上之最新價格(須就各項差異作出調整)；
- (ii) 活躍程度稍遜之市場所提供類似物業最近期價格(須按自有關價格成交當日以來經濟狀況出現之任何變化作出調整)；及
- (iii) 根據未來現金流量所作可靠估計而預測之折讓現金流量，此項預測源自任何現有租約與其他合約之條款及(指在可能情況下)外在因素(如地點及狀況相同之類似物業最新市場租值)，並採用足以反映當時無法肯定有關現金流量金額及時間之折讓率計算。

倘無法取得有關投資物業最新或最近期價格之資料，則採用折讓現金流量估值法釐定投資物業公平價值。本集團所用假設主要以各結算日之市況為依據。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

4.1 Critical accounting estimates and assumptions (Continued)

(c) *Estimate of fair value of investment properties (Continued)*

The principal assumptions underlying management's estimation of fair value are those related to: the receipt of contractual rentals; expected future market rentals; void periods; maintenance requirements; and appropriate discount rates. These valuations are regularly compared to actual market yield data, and actual transactions by the Group and those reported by the market.

The expected future market rentals are determined on the basis of current market rentals for similar properties in the same location and condition.

5 SEGMENT INFORMATION

5.1 Primary reporting format – business segments

As at 31 December 2005, the Group is organised into three main business segments:

- Refrigerator business – manufacture and distribution of a broad range of refrigerators
- Air-conditioner business – manufacture and distribution of a broad range of air-conditioners
- Mini-refrigerator business – manufacture and distribution of a broad range of mini-refrigerators

4 重要會計估計及判斷 (續)

4.1 重要會計估計及假設 (續)

(c) 投資物業公平價值之估計 (續)

支持管理層所作公平價值估計之主要假設涉及：約定租金收入；預計未來市場租值；空置期；維修保養規定；及適當之折讓率。此等估值定期與實際市場回報數據及本集團進行實際交易及市場提供之交易記錄作比較。

預計未來市場租值乃根據地點及狀況相同之類似物業之最新市場租值釐定。

5 分部資料

5.1 主要分部報告形式—業務分部

於二零零五年十二月三十一日，本集團經營三項主要業務分部：

- 冰箱業務 – 製造及分銷廣泛類別之冰箱
- 空調業務 – 製造及分銷廣泛類別之空調
- 小型冰箱業務 – 製造及分銷廣泛類別之小型冰箱

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

5 SEGMENT INFORMATION (Continued)

5.1 Primary reporting format – business segments (Continued)

Other businesses of the Group mainly comprise holding of investment properties and renting of car parks and properties, neither of which are of a sufficient size to be reported separately.

5 分部資料 (續)

5.1 主要分部報告形式—業務分部 (續)

本集團其他業務主要為持有投資物業及出租車位及物業，兩者的規模皆不足以作獨立分部報告。

		Refrigerator business	Air- conditioner business	Mini- refrigerator business	Other businesses	Group
		冰箱業務	空調業務	小型冰箱 業務	其他業務	集團
		2005	2005	2005	2005	2005
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
Turnover	營業額	414,509	880,569	664,843	-	1,959,921
Segment results	分部業績	(38,468)	(198,284)	(4,589)	1,696	(239,645)
Unallocated costs	未分配成本					(1,511)
Operating loss	經營虧損					(241,156)
Finance costs	融資成本	(12,495)	(19,138)	(4,304)	(1)	(35,938)
Finance cost unallocated	未分配融資成本					(5)
Loss on disposal of associates	處置聯營公司虧損	(947)	-	-	(11,248)	(12,195)
Loss before taxation	稅前虧損					(289,294)
Taxation	稅項	-	-	(507)	(60)	(567)
Loss for the year	本年度虧損					(289,861)
Segment assets	分部資產	429,772	958,363	420,410	2,636	1,811,181
Unallocated assets	未分配資產					67,214
Total assets	總資產					1,878,395
Segment liabilities	分部負債	488,873	1,289,624	306,419	5,930	2,090,846
Unallocated liabilities	未分配負債					5,829
Total liabilities	總負債					2,096,675
Capital expenditures	資本性支出	14,018	7,843	46,290	259	68,410
Depreciation	折舊	20,012	29,321	9,744	187	59,264
Other non-cash expenses/ (income)	其他非現金性 支出/(收入)					
- Provision for inventory obsolescence	- 存貨殘次準備	3,395	26,324	1,985	-	31,704
- Provision for doubtful trade and other receivables	- 貿易及其他應收 款呆賬準備	1,216	4,196	1,261	27	6,700
- Impairment charge on property, plant and equipment	- 物業、廠房及 設備之減值準備	7,061	5,678	3,101	-	15,840
- Surplus on revaluation of investment properties	- 投資物業 重估盈餘	-	-	-	(6,242)	(6,242)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

5 SEGMENT INFORMATION (Continued)

5.1 Primary reporting format – business segments (Continued)

		Refrigerator business	Air- conditioner business	Mini- refrigerator business	Other businesses	Group
		冰箱業務 2004 HK\$'000 港幣千元	空調業務 2004 HK\$'000 港幣千元	小型冰箱 業務 2004 HK\$'000 港幣千元	其他業務 2004 HK\$'000 港幣千元	集團 2004 HK\$'000 港幣千元
Turnover	營業額	309,460	1,158,219	423,804	–	1,891,483
Segment results	分部業績	(207,561)	(327,629)	16,003	9,524*	(509,663)
Unallocated costs	未分配成本					(71,131)
Operating loss	經營虧損					(580,794)
Finance costs	融資成本	(15,386)	(17,095)	(1,492)	(52)	(34,025)
Finance cost unallocated	未分配融資成本					(5)
Share of loss of associates	應佔聯營公司虧損					(1,405)
Loss before taxation	稅前虧損					(616,229)
Taxation	稅項	(852)	(4,288)	(971)	(370)	(6,481)
Loss for the year	本年度虧損					(622,710)
Segment assets	分部資產	302,191	733,114	371,212	10,589	1,417,106
Interests in associated companies	於聯營公司之權益					27,658
Unallocated assets	未分配資產					63,999
Total assets	總資產					1,508,763
Segment liabilities	分部負債	454,325	931,181	248,971	5,208	1,639,685
Unallocated liabilities	未分配負債					17,929
Total liabilities	總負債					1,657,614
Capital expenditures	資本性支出	20,786	13,295	8,315	281	42,677
Depreciation	折舊	21,812	36,825	10,380	361	69,378
Amortisation of intangible assets other than goodwill	除商譽外之無形資產攤銷	–	–	–	270	270
Amortisation of goodwill	商譽之攤銷					680
Other non-cash expenses/ (income)	其他非現金性支出/(收入)					
– Provision for inventory obsolescence	– 存貨殘次準備	34,261	55,036	968	–	90,265
– Provision/(write-back of provision) for doubtful trade and other receivables	– 貿易及其他應收款呆賬準備/(撥回)	14,291	26,473	269	(413)	40,620
– Impairment charge on property, plant and equipment	– 物業、廠房及設備之減值準備	92,185	21,089	–	–	113,274
– Deficit on revaluation of investment properties	– 投資物業重估減值	–	–	–	70,264	70,264

* The segment result of other business was mainly arisen from gain on disposal of taxi licenses.

5 分部資料 (續)

5.1 主要分部報告形式—業務分部 (續)

* 其他業務之分部業績主要源自出售出租車牌照之收益。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

5 SEGMENT INFORMATION (Continued)

5.2 Secondary reporting format – geographical segments

The Group's three business segments are operated in five main geographical areas:

The PRC	– manufacture and sale of household electrical appliances
Europe	– sale of household electrical appliances
Other Asia-Pacific countries	– sale of household electrical appliances
America	– sale of household electrical appliances
Africa	– sale of household electrical appliances

There are no sales between the geographical segments. Analysis of financial information by geographical segment is as follows:

(a) Analysis of sales of refrigerators into domestic sales in the PRC and export sales outside the PRC by region is as follows:

		2005 HK\$'000 港幣千元	2004 HK\$'000 港幣千元
Domestic sales	國內銷售	306,722	223,093
Export sales	出口銷售		
Europe	歐洲	62,738	57,002
Asia-Pacific	亞太	41,150	26,291
America	美洲	915	1,880
Africa	非洲	2,984	1,194
Total export sales	出口銷售總額	107,787	86,367
Total	合計	414,509	309,460

5 分部資料 (續)

5.2 從屬分部報告形式—地區分部

本集團三項業務分部在以下五個主要地區經營：

中國	– 家用電器製造及分銷
歐洲	– 家用電器分銷
其他亞太地區	– 家用電器分銷
美洲	– 家用電器分銷
非洲	– 家用電器分銷

地區分部之間並無買賣活動。對地區分部之財務資料分析如下：

(a) 按地區劃分的在中國國內和對國外出口的冰箱銷售分析如下：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

5 SEGMENT INFORMATION (Continued)

5.2 Secondary reporting format – geographical segments (Continued)

(b) Analysis of sales of air-conditioners into domestic sales in the PRC and export sales outside the PRC by region is as follows:

		2005 HK\$'000 港幣千元	2004 HK\$'000 港幣千元
Domestic sales	國內銷售	582,761	696,975
Export sales	出口銷售		
Europe	歐洲	72,930	258,448
Asia-Pacific	亞太	176,401	121,084
America	美洲	36,557	77,247
Africa	非洲	11,920	4,465
Total export sales	出口銷售總額	297,808	461,244
Total	合計	880,569	1,158,219

5 分部資料 (續)

5.2 從屬分部報告形式—地區分部 (續)

(b) 按地區劃分的在中國國內和對國外出口的空調銷售分析如下：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

5 SEGMENT INFORMATION (Continued)

5.2 Secondary reporting format – geographical segments (Continued)

(c) Analysis of sales of mini-refrigerators into domestic sales in the PRC and export sales outside the PRC by region is as follows:

		2005 HK\$'000 港幣千元	2004 HK\$'000 港幣千元
Domestic sales	國內銷售	96,576	78,033
Export sales	出口銷售		
Europe	歐洲	103,033	131,800
America	美洲	197,274	113,106
Asia-Pacific	亞太	255,666	68,331
Africa	非洲	12,294	32,534
Total export sales	出口銷售總額	568,267	345,771
Total	合計	664,843	423,804

No geographical segment analysis on total assets and capital expenditure is prepared as over 90% of the Group's total assets and capital expenditures were located/incurred in the PRC.

5 分部資料 (續)

5.2 從屬分部報告形式—地區分部 (續)

(c) 按地區劃分的在中國國內和對國外出口的小型冰箱銷售分析如下：

由於本集團百分之九十以上之資產總額及資本支出皆位於／發生在中國，因此，並無呈列資產總額及資本支出之地區分部資料分析。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

6 PROPERTY, PLANT AND EQUIPMENT

6 物業，廠房及設備

(a) Group

(a) 本集團

		Construction- in-progress	Buildings	Plant and machinery	Furniture, fixtures and electronic equipment 傢俬、 裝置及 電子設備	Motor vehicles	Computer equipment	Moulds and other equipment	Total
		在建工程 HK\$'000 港幣千元	樓宇 HK\$'000 港幣千元	廠房及 機器 HK\$'000 港幣千元	傢俬、 裝置及 電子設備 HK\$'000 港幣千元	汽車 HK\$'000 港幣千元	電腦設備 HK\$'000 港幣千元	模具及 其他設備 HK\$'000 港幣千元	總額 HK\$'000 港幣千元
At 1 January 2004	於二零零四年 一月一日止年度								
Cost	成本	1,803	216,078	533,506	72,144	17,489	15,904	182,066	1,038,990
Accumulated depreciation	累積折舊	-	(67,965)	(277,904)	(39,665)	(12,063)	(6,142)	(118,734)	(522,473)
Net book amount	賬面淨值	1,803	148,113	255,602	32,479	5,426	9,762	63,332	516,517
Year ended 31 December 2004	截至二零零四年 十二月三十一日 止年度								
Opening net book amount	期初賬面淨值	1,803	148,113	255,602	32,479	5,426	9,762	63,332	516,517
Additions	添置	19,100	782	7,157	3,044	837	433	10,636	41,989
Transfers	轉撥	(10,203)	(4,988)	7,512	2,243	(55)	-	5,491	-
Disposals of subsidiaries	處置附屬公司	-	-	-	(133)	(7)	-	-	(140)
Other disposals	其他處置	-	(8,123)	(5,883)	(142)	(516)	-	(32)	(14,696)
Depreciation	折舊	-	(14,397)	(26,837)	(5,525)	(1,281)	(2,678)	(17,552)	(68,270)
Impairment charge	減值開支	-	(24,330)	(47,896)	(2,978)	(130)	-	(37,940)	(113,274)
Foreign exchange adjustments	匯兌調整	66	600	470	41	9	18	107	1,311
Closing net book amount	期終賬面淨值	10,766	97,657	190,125	29,029	4,283	7,535	24,042	363,437
At 31 December 2004	於二零零四年 十二月三十一日								
Cost	成本	10,766	195,793	537,531	76,337	16,067	16,367	198,501	1,051,362
Accumulated depreciation	累積折舊	-	(98,136)	(347,406)	(47,308)	(11,784)	(8,832)	(174,459)	(687,925)
Net book amount	賬面淨值	10,766	97,657	190,125	29,029	4,283	7,535	24,042	363,437
Year ended 31 December 2005	截至二零零五年 十二月三十一日 止年度								
Opening net book amount	期初賬面淨值	10,766	97,657	190,125	29,029	4,283	7,535	24,042	363,437
Additions	添置	35,807	3,464	20,383	169	1,124	171	7,292	68,410
Transfers	轉撥	(25,743)	13,349	9,274	1,924	378	-	818	-
Other disposals	其他處置	(928)	(1,603)	(1,021)	(7,284)	(708)	(186)	-	(11,730)
Depreciation	折舊	-	(12,337)	(28,076)	(1,749)	(729)	(3,550)	(12,823)	(59,264)
Impairment charge	減值開支	(396)	(1,843)	(8,429)	(938)	(264)	(3,970)	-	(15,840)
Foreign exchange adjustments	匯兌調整	239	2,168	4,222	615	95	-	534	7,873
Closing net book amount	期終賬面淨值	19,745	100,855	186,478	21,766	4,179	-	19,863	352,886
At 31 December 2005	於二零零五年 十二月三十一日								
Cost	成本	19,745	205,912	571,389	63,377	14,459	-	217,116	1,091,998
Accumulated depreciation	累積折舊	-	(105,057)	(384,911)	(41,611)	(10,280)	-	(197,253)	(739,112)
Net book amount	賬面淨值	19,745	100,855	186,478	21,766	4,179	-	19,863	352,886

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

6 PROPERTY, PLANT AND EQUIPMENT (Continued)

(a) Group (Continued)

At 31 December 2005, property, plant and equipment with net book value of approximately HK\$80,820,000 (2004: HK\$258,672,000) were pledged as security for the Group's short-term bank borrowings (Note 17).

(b) Company

6 物業，廠房及設備（續）

(a) 本集團（續）

截至二零零五年十二月三十一日，賬面淨值約港幣80,820,000元（二零零四年：258,672,000元）之物業、廠房及設備已用作抵押，作為本集團短期銀行貸款之擔保（附註17）。

(b) 本公司

		Furniture, fixtures and electronic equipment 傢俬、裝置及 電子設備 HK\$'000 港幣千元	Motor vehicles 汽車 HK\$'000 港幣千元	Total 總額 HK\$'000 港幣千元
At 1 January 2004	於二零零四年一月一日			
Cost	成本	671	1,869	2,540
Accumulated depreciation	累積折舊	(485)	(1,750)	(2,235)
Net book amount	賬面淨值	186	119	305
Year ended 31 December 2004	截至二零零四年十二月三十一日			
Opening net book amount	期初賬面淨值	186	119	305
Additions	添置	281	–	281
Disposals	處置	(48)	(22)	(70)
Depreciation	折舊	(96)	(97)	(193)
Closing net book amount	期末賬面淨值	323	–	323
At 31 December 2004	於二零零四年十二月三十一日			
Cost	成本	588	1,313	1,901
Accumulated depreciation	累積折舊	(265)	(1,313)	(1,578)
Net book amount	賬面淨值	323	–	323
Year ended 31 December 2005	截至二零零五年十二月三十一日			
Opening net book amount	期初賬面淨值	323	–	323
Additions	添置	230	–	230
Disposals	處置	(29)	–	(29)
Depreciation	折舊	(95)	–	(95)
Closing net book amount	期末賬面淨值	429	–	429
At 31 December 2005	於二零零五年十二月三十一日			
Cost	成本	637	–	637
Accumulated depreciation	累積折舊	(208)	–	(208)
Net book amount	賬面淨值	429	–	429

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

7 INVESTMENT PROPERTIES

7 投資物業

		Group 本集團	
		2005 HK\$'000 港幣千元	2004 HK\$'000 港幣千元
Beginning of the year	年初	97,736	168,000
Fair value gain/(loss)	公平價值收益/(虧損)	6,242	(70,264)
End of the year	年終	103,978	97,736

The investment properties represent 11 floors and 12 car parking spaces in Guo Xin Building, located in Guangzhou, the PRC, with remaining lease period of 43 years as at 31 December 2005.

The investment properties were revalued at 31 December 2005 by Vigers Hong Kong Limited, an independent professionally qualified valuer. Valuation was based on current prices in an active market for all properties. The increment on revaluation was credited to income statement.

The directors are of the opinion that the carrying value of the investment properties as at 31 December 2005 approximated the open market value.

該投資物業為位於中國廣州市國信大廈之十一個樓層及十二個車位，於二零零五年十二月三十一日，剩餘租約年期為43年。

該投資物業於二零零五年十二月三十一日由獨立專業估值師威格斯香港有限公司進行評估，估值乃根據所有物業之活躍市場現價進行。重估增值計入收益表。

董事認為該等投資物業於二零零五年十二月三十一日之賬面值與市值相近。

8 LEASEHOLD LAND AND LAND USE RIGHTS

8 租賃土地及土地使用權

The Group's interests in leasehold land and land use rights represent prepaid operating lease payments and their net book value are analysed as follows:

本集團於租賃土地及土地使用權之權益為預付經營租賃付款，其賬面淨值分析如下：

		Group 本集團	
		2005 HK\$'000 港幣千元	2004 HK\$'000 港幣千元
Outside Hong Kong, held on leases of 10 to 50 years	香港以外，以10至50年之租約持有	34,889	43,987

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

8 LEASEHOLD LAND AND LAND USE RIGHTS (Continued)

8 租賃土地及土地使用權 (續)

		Group 本集團	
		2005 HK\$'000 港幣千元	2004 HK\$'000 港幣千元
Opening	期初	43,987	44,665
Additions	添置	–	688
Amortisation of prepaid operating lease payment	預付經營租賃款之攤銷	(791)	(1,108)
Disposal	處置	(9,479)	–
Exchange difference	匯兌差異	1,172	(258)
		34,889	43,987

Leasehold land and land use right with net book value of approximately HK\$17,256,000 have been pledged as security for the Group's short-term bank borrowings.

賬面淨值約港幣 17,256,000 元之租賃土地及土地使用權已用作抵押，作為本集團短期銀行貸款之擔保。

9 INVESTMENTS IN SUBSIDIARIES

9 附屬公司投資

		Company 本公司	
		2005 HK\$'000 港幣千元	2004 HK\$'000 港幣千元
Unlisted equity interests, at cost	非上市權益，按成本值	30,997	30,997
Due from subsidiaries	應收附屬公司款項	808,587	649,562
		839,584	680,559
Less: provision	減：準備	(839,584)	(680,559)
		–	–

The amounts due from subsidiaries are interest-free and are not repayable within the next twelve month.

應收附屬公司款項均為免息且無需在未來十二個月內還款。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

9 INVESTMENTS IN SUBSIDIARIES (Continued)

9 附屬公司投資(續)

The particulars of the subsidiaries at 31 December 2005 are:

附屬公司於二零零五年十二月三十一日之詳情如下：

Name 公司名稱	Place of incorporation/ establishment and kind of legal entity 註冊／成立地點及 公司類型	Principal activities and place of operation 主要業務及 經營地點	Particulars of issued share capital/ registered capital 已發行股本／ 註冊資本	Effective interest held 所持有效 權益
DIRECTLY HELD: 直接持有：				
China Refrigeration Industry Co., Ltd. ("China Refrigeration") 中國雪櫃實業有限公司 〔「中雪公司」〕	PRC, limited liability company 中國，有限責任公司	Manufacture and sale of refrigerators in the PRC 於中國製造及 銷售冰箱	Registered capital US\$10,000,000 註冊資本 10,000,000美元	95%
Hualing Technology Limited 華凌科技有限公司	Hong Kong, limited liability company 香港，有限責任公司	Investment holding in Hong Kong 於香港投資控股	10 ordinary shares of HK\$1 each 普通股10股 每股港幣1元	100%
Hualing Investments Limited 華凌投資有限公司	Hong Kong, limited liability company 香港，有限責任公司	Dormant 已無業務	2 ordinary shares of HK\$1 each 普通股2股 每股港幣1元	100%
Hualing International Limited 華凌國際有限公司	Hong Kong, limited liability company 香港，有限責任公司	Dormant 已無業務	2 ordinary shares of HK\$1 each 普通股2股 每股港幣1元	100%
Hualing Refrigerant Engineering Limited 華凌製冷工程有限公司	Hong Kong, limited liability company 香港，有限責任公司	Investment holding in Hong Kong 於香港投資控股	2 ordinary shares of HK\$1 each 普通股2股 每股港幣1元	100%
Hualing (Far East) Limited 華凌(遠東)有限公司	British Virgin Islands, limited liability company 英屬處女群島， 有限責任公司	Investment holding in Hong Kong 於香港投資控股	1 ordinary share of US\$1 each 普通股1股 每股1美元	100%
Hualing (Guangzhou) Electrical Appliances Co., Ltd. ("Hualing Appliances") 華凌(廣州)電器有限公司 〔「華電公司」〕	PRC, limited liability company 中國，有限責任公司	Distribution of HUALING brand products in the PRC 於中國銷售華凌 品牌之產品	Registered capital HK\$10,000,000 註冊資本 港幣10,000,000元	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

9 INVESTMENTS IN SUBSIDIARIES (Continued)

9 附屬公司投資(續)

Name 公司名稱	Place of incorporation/ establishment and kind of legal entity 註冊/成立地點及 公司類型	Principal activities and place of operation 主要業務及 經營地點	Particulars of issued share capital/ registered capital 已發行股本/ 註冊資本	Effective interest held 所持有效 權益
INDIRECTLY HELD: 間接持有:				
Guangzhou Hualing Air-conditioning & Equipment Co., Ltd. ("Air-conditioning")	PRC, limited liability company	Manufacture and sale of air-conditioners and electronic appliances in the PRC	Registered capital US\$50,000,000	100%
廣州華凌空調設備有限公司 (「華凌空調」)	中國·有限責任公司	於中國製造及銷售 空調及家電	註冊資本 50,000,000美元	100%
Guangzhou Hualing Electrical Household Appliance Enterprise Co., Ltd. ("Hualing Household")	PRC, limited liability company	Distribution of HUALING brand products in the PRC	Registered capital RMB3,000,000	95.5%
廣州華凌家電企業有限公司 (「華凌家電」)	中國·有限責任公司	於中國銷售華凌 品牌之產品	註冊資本 人民幣3,000,000元	95.5%
Hefei Hualing Co., Ltd.	PRC, limited liability company	Manufacture and sale of mini-refrigerators in the PRC	Registered capital HK\$74,260,000	50.05%
合肥華凌股份有限公司	中國·有限責任公司	於中國製造及 銷售小型冰箱	註冊資本 港幣74,260,000元	50.05%
Growth Plus Properties Ltd.	British Virgin Islands, limited liability company	Investment holding in the British Virgin Islands	1 ordinary share of US\$1 each	100%
Growth Plus Properties Ltd.	英屬處女群島· 有限責任公司	於英屬處女群島 投資控股	普通股1股 每股1美元	100%
Guangzhou Hualing Property Management Co., Ltd.	PRC, limited liability company	Property management in the PRC	Registered capital RMB1,100,000	95.5%
廣州市華凌實業有限公司	中國·有限責任公司	於中國從事物業管理	註冊資本 人民幣1,100,000元	95.5%
Guangzhou Hualing Refrigeration Co., Ltd.	PRC, limited liability company	Dormant	Registered capital US\$1,441,715	96.25%
廣州華凌雪櫃有限公司	中國·有限責任公司	已無業務	註冊資本 1,441,715美元	96.25%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

9 INVESTMENTS IN SUBSIDIARIES (Continued)

9 附屬公司投資(續)

Name 公司名稱	Place of incorporation/ establishment and kind of legal entity 註冊／成立地點及 公司類型	Principal activities and place of operation 主要業務及 經營地點	Particulars of issued share capital/ registered capital 已發行股本／ 註冊資本	Effective interest held 所持有效 權益
INDIRECTLY HELD (Continued): 間接持有(續):				
Hualing Technology (Investment) Limited 華凌科技(投資)有限公司	British Virgin Islands, limited liability company 英屬處女群島， 有限責任公司	Dormant 已無業務	1 ordinary share of US\$1 each 普通股1股 每股1美元	100% 100%
Guangdong Hualing Commercial Air-conditioning Equipment Co., Ltd. 廣東華凌中央空調設備有限公司	PRC, limited liability company 中國，有限責任公司	Dormant 已無業務	Registered capital RMB30,000,000 註冊資本 人民幣30,000,000元	100% 100%
Chengdu Hualing Electrical Household Appliance Co., Ltd.* 成都華凌家電有限公司*	PRC, limited liability company 中國，有限責任公司	Dormant 已無業務	Registered capital RMB2,500,000 註冊資本 人民幣2,500,000元	99.77% 99.77%
Chongqing Shuigang Hualing Electrical Household Appliance Co., Ltd.* 重慶穗港華凌電器銷售 有限公司*	PRC, limited liability company 中國，有限責任公司	Dormant 已無業務	Registered capital RMB3,000,000 註冊資本 人民幣3,000,000元	99.77% 99.77%

* As at 31 December 2005, these subsidiaries were to be closed and under the process of deregistration.

* 於二零零五年十二月三十一日，上述附屬公司將予關閉並正在辦理註銷手續。

During the year, the Group disposed all of its equity interest in Guangzhou Ma Hui Hualing Taxi, Guangzhou Hualing Shopping Mall Co., Ltd. and China Appliance.com Limited.

本年度內，本集團已處置於廣州馬會華凌出租車隊、廣州市華凌商場有限公司及中國家電網有限公司之所有股權。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

9 INVESTMENTS IN SUBSIDIARIES (Continued)

9 附屬公司投資(續)

The loss on disposal was determined as follows:

處置之虧損釐定如下：

		2005 HK\$'000 港幣千元
Attributable share of net assets sold	應佔所處置之淨值資產	11,699
Proceeds from disposal	處置所得款項	(6,936)
Loss on disposal	處置之虧損	4,763

The net cash flow on disposal was determined as follows:

出售之現金流淨額釐定如下：

		2005 HK\$'000 港幣千元
Proceeds from disposal	處置所得款項	6,936
Less: cash and bank in subsidiaries	減：附屬公司之現金及銀行存款	(15,117)
Net cash outflow on disposal	處置之現金流出淨額	8,181

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

10 INTERESTS IN ASSOCIATES

10 聯營公司權益

		Group 本集團	
		2005 HK\$'000 港幣千元	2004 HK\$'000 港幣千元
Beginning of the year	年初	27,658	29,063
Share of loss	應佔虧損	-	(1,405)
Disposal	處置	(27,658)	-
End of the year	年終	-	27,658
Share of net assets	應佔淨資產	-	27,658
Investments at cost:	投資，按成本值		
Unlisted equity interests, at cost	非上市權益，按成本值	-	39,760

In 2005, the Group has disposed two associates, namely Xi'an Dongling Refrigerating Compressors Co., Ltd ("Xian Dongling") and Guangzhou Hualing Polyfoam Co., Ltd. ("Hualing Polyfoam").

於二零零五年，本集團已處置兩家聯營公司，包括西安東凌製冷壓縮機有限公司（「西安東凌」）及廣州華凌泡沫塑料有限公司（「華凌泡沫」）。

11 INVENTORIES

11 存貨

		Group 本集團	
		2005 HK\$'000 港幣千元	2004 HK\$'000 港幣千元
Raw materials	原材料	79,002	140,152
Work-in-progress	在製品	35,042	15,886
Finished goods	製成品	250,775	188,306
		364,819	344,344

The cost of inventories recognized as expense and included in cost of goods sold amounted to HK\$1,616,553,000 (2004: HK\$1,689,906,000).

確認為支出並計入銷售貨品成本之存貨成本達港幣1,616,553,000元（二零零四年：港幣1,689,906,000元）。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

12 TRADE AND OTHER RECEIVABLES

12 貿易及其他應收款

		Group 本集團		Company 本公司	
		2005 HK\$'000 港幣千元	2004 HK\$'000 港幣千元	2005 HK\$'000 港幣千元	2004 HK\$'000 港幣千元
Trade receivables (Note (a))	貿易應收款 (附註(a))	234,416	276,750	–	–
Less: provision for impairment of receivables	減：應收款減值準備	(70,720)	(72,139)	–	–
Trade receivables – net	貿易應收款 – 淨額	163,696	204,611	–	–
Notes receivable (Note (b))	應收票據 (附註(b))	417,309	25,983	–	–
Prepayments and other receivables	預付賬款及 其他應收款	72,013	109,321	302	565
		653,018	339,915	302	565

(a) No standard credit term policy was adopted by the Group as the credit terms granted by the Group varied towards different customers. At 31 December 2005, the ageing analysis of the trade receivables was as follows:

(a) 本集團給予客戶的信用條款各不相同，因此本集團並無標準的信用政策。於二零零五年十二月三十一日，貿易應收款之賬齡分析如下：

		Group 本集團	
		2005 HK\$'000 港幣千元	2004 HK\$'000 港幣千元
Within 1 year	一年內	187,367	225,007
In the second year	第二年內	26,790	13,344
Over 2 years	兩年以上	20,259	38,399
		234,416	276,750

(b) The balance represents bank acceptance notes with maturity periods within six months.

(b) 該餘額為六個月內到期之銀行承兌匯票總額。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

13 PREPAID VALUE-ADDED TAX

Hualing Household and Hualing Appliances have paid input value-added taxes to the State Tax Bureau for the finished goods purchased from China Refrigeration and Air-conditioning. In accordance with the relevant PRC tax regulations, these value-added taxes can be offset with the output value-added taxes arising from the sales in the future but are not refundable.

13 預付增值稅

華凌家電及華電公司為購自中雪公司及華凌空調的製成品向國家稅務局付了進項增值稅。根據中國稅收法規，這些增值稅可用於抵扣未來銷售產品的銷項增值稅，但不可退還。

14 CASH AND CASH EQUIVALENTS

14 現金及現金等價物

		Group		Company	
		本集團		本公司	
		2005	2004	2005	2004
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元	港幣千元
Cash at bank and in hand	銀行存款及手頭現金	307,454	231,343	615	2,201

The effective interest rate on bank deposits was 0.7% per annum (2004: 0.7% per annum).

銀行存款的實際利率為每年0.7% (二零零四年：每年0.7%)。

For the purposes of cash flow statement, cash and cash equivalents comprise the following:

就現金流量報表而言，現金及現金等價物由以下組成：

		Group		Company	
		本集團		本公司	
		2005	2004	2005	2004
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元	港幣千元
Cash at bank and in hand	銀行存款及手頭現金	307,454	231,343	615	2,201
Less: Pledged bank deposits *	減：已抵押銀行存款*	(177,384)	(101,254)	-	-
		130,070	130,089	615	2,201

* These represented bank balances pledged against bank acceptance notes issued by the Group (Note 18(b)).

* 該數額乃為本集團開出之銀行承兌匯票作抵押(附註18(b))。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

15 SHARE CAPITAL AND SHARE OPTIONS

15 股本及購股權

(a) Share capital

(a) 股本

		Issued and fully paid 已發行及繳足股本	
		Ordinary shares of HK\$0.1 each 普通股每股面值港幣0.1元	
		Number of shares	
		('000)	HK\$ '000
		股份數目(千股)	港幣千元
At 1 January 2004	於二零零四年一月一日	1,382,036	138,204
Issue of ordinary shares (i)	發行普通股(i)	200,000	20,000
Exercise of share options (ii)	行使購股權(ii)	6,000	600
At 31 December 2004	於二零零四年十二月三十一日	1,588,036	158,804
Issue of rights shares (iii)	發行供股股份(iii)	2,382,055	238,205
At 31 December 2005	於二零零五年十二月三十一日	3,970,091	397,009

The total authorised number of ordinary shares is 10,000 million shares (2004: 1,600 million shares) with a par value of HK\$0.1 per share (2004: HK\$0.1 per share). All issued shares are fully paid.

普通股之法定總數為10,000,000,000股(二零零四年：1,600,000,000股)，面值為每股港幣0.1元(二零零四年：每股港幣0.1元)。所有已發行股份已繳足。

(i) On 13 February 2004, the issued share capital of the Company was increased to approximately HK\$ 158,204,000 by issuing 200,000,000 ordinary shares to third party investors at a price of HK\$ 0.40 per share through a placing and subscription arrangement. These shares rank pari passu with the existing shares.

(i) 於二零零四年二月十三日，本公司之已發行股本藉透過一項配售及認購安排，以每股港幣0.40元向第三方投資者發行200,000,000股普通股而增至約港幣158,204,000元。該等股份與現有股份享有同等權益。

(ii) Options exercised on 22 November 2004 and 25 November 2004, resulted in 6,000,000 shares being issued at HK\$0.244 and HK\$0.211, yielding proceeds after transaction costs (net of deferred income taxes) of approximately HK\$1,397,000.

(ii) 於二零零四年十一月二十二日及二零零四年十一月二十五日行使之購股權，以發行價港幣0.244及0.211元發行6,000,000股。在扣除交易成本(扣除遞延所得稅)後之所得款項約為港幣1,397,000元。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

15 SHARE CAPITAL AND SHARE OPTIONS (Continued)

(a) Share capital (Continued)

(iii) In July 2005, the issued share capital of the Company was increased to approximately HK\$397,009,000 by issuing 2,382,054,612 rights shares at HK\$0.10 per rights share in the proportion of three rights shares for every two existing shares (the "Right Issue"). These shares rank pari passu with the existing shares.

(b) Share options

The share option scheme adopted by the Company on 26 November 1993 ("1993 Share Option Scheme") expired on 25 November 2003. A new share option scheme ("2003 Share Option Scheme") was approved by the shareholders at the Annual General Meeting on 27 June 2003 and was adopted thereafter. 1993 Share Option Scheme was terminated immediately upon the adoption of 2003 Share Option Scheme. The options granted under 1993 Share Option Scheme will remain in force and effect.

Pursuant to 1993 Share Option Scheme, for incentive purpose, the Company is authorized to grant options to executive directors and employees of the Group to subscribe for shares in the Company, subject to a maximum of (i) 20% of the issued share capital of the Company in issue as at 25 June, 1999 plus (ii) the nominal amount of share capital of the Company repurchased by the Company subsequent to the amendments

15 股本及購股權 (續)

(a) 股本 (續)

(iii) 於二零零五年七月，本公司之已發行股本藉按每兩股現有股份獲發三股供股股份之比例，以每股供股股份港幣0.10元發行2,382,054,612股供股股份而增至約港幣397,009,000元。該等股份與現有股份享有同等權益。

(b) 購股權

本公司於一九九三年十一月二十六日採納之購股權計劃（「一九九三年購股權計劃」）於二零零三年十一月二十五日期滿。新購股權計劃（「二零零三年購股權計劃」）已經二零零三年六月二十七日的股東週年大會批准並即採納。二零零三年購股權計劃採納後一九九三年購股權計劃已隨即終止，而根據一九九三年購股權計劃授出之購股權仍具效力。

根據一九九三年購股權計劃，本公司有權授出購股權予本集團之執行董事及僱員以認購本公司之股份，惟最多以(i)本公司於一九九九年六月二十五日已發行股本之20%為限，及(ii)在作出修訂後本公司購回之本公司股本面額最多可相等於本公司已發行股本面

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

15 SHARE CAPITAL AND SHARE OPTIONS (Continued)

(b) Share options (Continued)

up to a maximum equivalent of 10% of the aggregate nominal amount of the share capital of the Company in issue, excluding shares issued on exercise of options. The subscription price would be determined by the directors, and would not be less than the higher of the nominal value of the shares and 80% of the average of the closing prices of the shares quoted on The Stock Exchange of Hong Kong Limited ("HKSE") on the five trading days immediately preceding the date of offer of the option. An option may be exercised under 1993 Share Option Scheme at any time during the period commencing on the date upon which such option is deemed to be granted and accepted.

Due to the expiration of 1993 Share Option Scheme, and to be in line with Chapter 17 (Share Option Schemes) of the Listing Rules, the Company terminated 1993 Share Option Scheme and adopted 2003 Share Option Scheme on 27 June 2003 as follows:

The purpose of the 2003 Share Option Scheme is for the Company to attract, retain and motivate talented participants to strive for future developments and expansion of the Group and to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the participants. Eligible participants of the 2003 Share Option Scheme include the directors (including executive directors and non-executive directors) or employees of the Group, consultants or advisors of the Group, substantial shareholders or employees of substantial shareholders of the Company, associates of directors or chief executives or substantial shareholders of the Company, employees or directors of suppliers or customers of the Group, discretionary objects of a discretionary trust established by employees or directors of the Group, as to be determined by the board at its absolute discretion within the above categories.

15 股本及購股權 (續)

(b) 購股權 (續)

值總額之10%(不包括因行使認股權而發行之股份)。認股價由董事釐定，惟不得低於股份之面值或緊接授出購股權日期前五個交易日股份在香港聯合交易所有限公司(「香港聯交所」)之平均收市價之80%(以較高者為準)。根據一九九三年購股權計劃，購股權可於其被視作授出及接納之日期後隨時根據計劃行使。

由於一九九三年購股權計劃的期滿及為符合上市規則第十七章「購股權計劃」之規定，本公司於二零零三年六月二十七日終止一九九三年購股權計劃並採納二零零三年購股權計劃，詳情如下：

二零零三年購股權計劃之目的，是為讓本公司可吸引、挽留和鼓勵有才幹之參與者，竭力達致本集團日後之發展及擴充，以及讓本公司在獎賞、回饋、慰勞、補償及／給予參與者福利方面有更大靈活性。二零零三年購股權計劃之合資格參與人士包括本集團董事(包括執行董事及非執行董事)或僱員，本集團顧問或專業諮詢人士，本公司主要股東或其僱員、本公司之董事、高級行政人員或主要股東之任何聯繫人，本集團之任何供應商或客戶之任何僱員或董事，本集團之任何僱員、董事所設立之全權信託之任何全權受益人，按董事會在上述人士中全權酌情決定之人士。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

15 SHARE CAPITAL AND SHARE OPTIONS (Continued)

(b) Share options (Continued)

The maximum numbers of shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under 2003 Share Option Scheme and any other share option schemes adopted by the Company must not in aggregate exceed 30% of the shares in issue from time to time. The total number of shares which may be issued upon the exercise of all options to be granted under the 2003 Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 10% of the shares of the Company in issue as at 27 June 2003, but the Company may seek approval of its shareholders in general meeting to refresh the 10% limit under 2003 Share Option Scheme. As at 31 December 2003, the Company had outstanding 6,960,000 share options which were all granted under 1993 Share Option Scheme and the total number of shares issuable for options was 138,203,640. It represented 10% of the Company's shares in issue as at 27 June 2003.

15 股本及購股權(續)

(b) 購股權(續)

因根據二零零三年購股權計劃及本公司任何其他購股權計劃已授出但尚未行使之所有尚未行使期權而可能發行之最高股份數目，不得超過本公司不時之已發行股本之30%。根據二零零三年購股權計劃及本公司任何其他購股權計劃將予授出之購股權獲悉數行使時可予配發及發行之股份總數，不得超過本公司於二零零三年六月二十七日已發行股份之10%，惟本公司可在股東大會徵求股東批准更新二零零三年購股權計劃下之10%限額。於二零零三年十二月三十一日，本公司有於一九九三年購股權計劃下授出的購股權6,960,000股尚未行使，同時可發行購股權股份總數為138,203,640。該數字為本公司於二零零三年六月二十七日已發行股份之10%。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

15 SHARE CAPITAL AND SHARE OPTIONS (Continued)

(b) Share options (Continued)

The total number of shares issued and to be issued upon exercise of the share options granted under 2003 Share Option Scheme and any other share option schemes of the Company to each participant in any 12-month period up to the date of grant must not exceed 1% of the shares in issue at the date of grant. Any further grant of share options in excess of this limit is subject to the approval of shareholders in general meeting of the Company.

Share options granted under the 2003 Share Option Scheme to director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval of the independent non-executive directors of the Company (excluding any independent non-executive director who is also the grantee of the options). In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the closing price of the Company's shares at the date of each grant) in excess of HK\$5,000,000, within any 12-month period up to and including the date of such grant, are subject to shareholders' approval in general meeting of the Company.

The exercise price of the share options will be at least the highest of (i) the closing price of the Company's shares as stated in daily quotations sheet of HKSE on the date of the offer for grant, which must be a business day; (ii) the average closing price of the Company's shares as stated in HKSE's daily quotations sheet for the five business days immediately preceding the date of the offer for grant, which must be a business day; and (iii) the nominal value of the share.

15 股本及購股權 (續)

(b) 購股權 (續)

於截至授出日期止任何十二個月期間，根據二零零三年購股權計劃及本公司任何其他購股權計劃向各參與人士授出之購股權獲行使時已經及將予發行之股份總數，不得超過於授出日期已發行股份之1%。進一步授出超出此限額之購股權須獲股東於本公司股東大會批准。

根據二零零三年購股權計劃向本公司董事，高級行政人員或主要股東或彼等任何聯繫人士授出購股權須獲本公司獨立非執行董事(不包括任何亦為購股權承授人之獨立非執行董事)批准。此外，於截至該授出日期止任何十二個月期間，倘若向本公司主要股東或獨立非執行董事或彼等任何聯繫人士授出之任何購股權涉及之股份總數，超過本公司任何時間已發行股份0.1%或按本公司股份於各授出日期收市價計算之總價值超過港幣5,000,000元，則須獲股東在本公司股東大會批准。

認購股份之認購價，最低價為以下之最高者：(i)於授出購股權日期(該日必須為營業日)股份於聯交所每日報價表中列之收市價；(ii)緊接授出購股權之日期前五個營業日，本公司股份於聯交所每日報價表中之平均收市價；及(iii)股份之面值。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

15 SHARE CAPITAL AND SHARE OPTIONS (Continued)

(b) Share options (Continued)

The share options granted may be exercised at any time during the period commencing immediately after the date on which the option is deemed to be granted and accepted and expiring on a date to be determined and notified by the board of directors which shall not be more than 10 years from the date on which the share option is deemed to be granted and accepted. 2003 Share Option Scheme shall be valid and effective for a period of 10 years commencing on 27 June 2003. No share option was granted under 2003 Share Option Scheme up to 31 December 2005.

Movements of the share options granted under the 1993 Share Option Scheme during the year are as follows:

Name 姓名	Options held at 1 January 2005 於二零零五年一月一日 購股權數目	Adjustment for rights issue * 就供股而 作出調整*	Lapsed during the year 年內失效	Options held at	Grant date 授出日期	Exercisable from 行使期由	Exercisable until 行使期至
				31 December 2005 於二零零五年 十二月三十一日 購股權數目			
Director: 董事:							
Mr ZHANG Xin Hua 張新華先生	800,000	1,200,000	(2,000,000)	–	30/9/1997	30/9/1997	10/11/2005
Employees 僱員	160,000	240,000	(400,000)	–	5/7/2000	5/7/2000	10/11/2005
	960,000	1,440,000	(2,400,000)	–			

15 股本及購股權 (續)

(b) 購股權 (續)

購股權可於其被視作授出及接納之日期後隨時行使，所授出購股權之行使期間由董事會釐定通知，最遲於購股權被視作授出及接納之日起不超過十年。二零零三年購股權計劃將由二零零三年六月二十七日起計後十年期間內有效及生效。直至二零零五年十二月三十一日，概無購股權根據二零零三年購股權計劃獲授出。

本年度內，本公司根據一九九三年購股權計劃授出之購股權之變動如下：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

15 SHARE CAPITAL AND SHARE OPTIONS (Continued)

15 股本及購股權 (續)

(b) Share options (Continued)

(b) 購股權 (續)

* Pursuant to the terms of the 1993 Share Option Scheme, upon the Rights Issue becoming unconditional, the exercise price of and the number of ordinary shares comprised in the outstanding share options will be adjusted as follows:

* 根據一九九三年購股權計劃，於供股成為無條件時，尚未行使購股權所包含之普通股行使價及數目將調整如下：

		Before the Rights Issue 供股前		After the Right Issue 供股後	
		Exercise price 行使價	Number of shares to be allotted and issued upon exercise of the outstanding share options 於行使尚未行使 購股權時將予 配發及發行之 股份數目	Adjusted exercise prices 經調整行使價	Adjusted number of shares to be allotted and issued upon exercise of the outstanding share options 於行使尚未行使 購股權時將予 配發及發行之 經調整股份數目
Mr ZHANG Xin Hua	張新華先生	HK\$0.930 港幣0.930元	800,000	HK\$0.432 港幣0.432元	2,000,000
Employees	僱員	HK\$0.211 港幣0.211元	160,000	HK\$0.1444 港幣0.1444元	400,000

On 23 January 2006, 115,900,000 share options were granted to the Directors of the Company and certain employees of the Group in respect of their services provided to the Group. These share options are exercisable during the period from 23 January 2006 to 22 January 2016 at an exercise price of HK\$0.1206 per share.

於二零零六年一月二十三日，本公司董事及本集團若干僱員就彼等向本集團提供之服務獲授115,900,000股購股權。該等購股權可於二零零六年一月二十三日至二零一六年一月二十二日期間按行使價每股港幣0.1206元予以行使。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

16 OTHER RESERVES

16 其他儲備

		Share premium 股份溢價 HK\$'000 港幣千元	General reserve fund 一般儲備 基金 HK\$'000 港幣千元	Enterprise expansion fund 企業發展 基金 HK\$'000 港幣千元	Exchange reserve 匯兌儲備 HK\$'000 港幣千元	Total 總額 HK\$'000 港幣千元
(a) Group	本集團					
Balances as at 1 January 2004	二零零四年 一月一日餘額	509,398	37,361	16,958	27,362	591,079
Issue of ordinary shares	發行普通股	60,798	–	–	–	60,798
Share issuance expenses	股份發行費用	(2,761)	–	–	–	(2,761)
Translation difference during the year	本年度匯兌差異	–	–	–	206	206
Reserves transferred to income statement upon disposal of taxi licenses	於處置出租車 牌照時轉撥至 收益表之儲備	–	(5,640)	–	–	(5,640)
Balances as at 31 December 2004	二零零四年十二月 三十一日餘額	567,435	31,721	16,958	27,568	643,682
Balances as at 1 January 2005	二零零五年 一月一日餘額	567,435	31,721	16,958	27,568	643,682
Reserves transferred to income statement upon disposal of subsidiaries	於處置附屬公司 時轉撥至收益表 之儲備	–	(184)	–	–	(184)
Translation difference during the year	本年度匯兌差異	–	–	–	(14,083)	(14,083)
Balances as at 31 December 2005	二零零五年十二月 三十一日餘額	567,435	31,537	16,958	13,485	629,415

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

16 OTHER RESERVES (Continued)

16 其他儲備 (續)

		Share premium	General reserve fund	Enterprise expansion fund	Exchange reserve	Total
		股份溢價	一般儲備基金	企業發展基金	匯兌儲備	總額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
(b) Company	本公司					
Balances as at 1 January 2004	二零零四年一月一日餘額	509,398	-	-	-	509,398
Issue of ordinary shares	發行普通股	60,798	-	-	-	60,798
Share issuance expenses	股份發行費用	(2,761)	-	-	-	(2,761)
Balances as at 31 December 2004 and 2005	二零零四年及二零零五年十二月三十一日餘額	567,435	-	-	-	567,435

(c) The Company's PRC subsidiaries are required to follow the laws and regulations of the PRC and their articles of association. These subsidiaries are required to provide for certain statutory funds, namely, general reserve fund and enterprise expansion fund, which are appropriated from net profit after taxation but before dividend distribution based on the local statutory accounts prepared in accordance with accounting principles and relevant financial regulations applicable to enterprises established in the PRC. These PRC subsidiaries are required to allocate at least 10% of its net profit to the reserve fund until the balance of such fund has reached 50% of its registered capital. Such appropriations are determined at the discretion of the Directors. The general reserve fund can only be used, upon approval by the relevant authority, to offset accumulated deficit or increase capital.

(c) 本公司在中國之附屬公司須遵照中國的法律和規定及彼等的公司章程細則。該等附屬公司須提供若干法定基金，分別為一般儲備基金及企業發展基金，均自除稅後但未計股息分派的純利中提取，該純利取自按中國內地企業適用之會計準則及相關財務法規而製作之本地法定賬目。此等中國之附屬公司從其純利中提取最少10%列入儲備基金，直至該儲備基金結餘達至其註冊資本的50%為止。此等撥款由董事酌情釐定。一般儲備基金僅在有關當局批准後始可用作抵銷累計虧損或增加資本。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

17 BORROWINGS

17 貸款

		Group 本集團	
		2005 HK\$'000 港幣千元	2004 HK\$'000 港幣千元
Non-current	非即期		
Bank borrowings, secured	銀行貸款，已擔保	–	42,305
Current	即期		
Bank borrowings, secured	銀行貸款，已擔保	173,254	197,424
Bank borrowings, unsecured	銀行貸款，無擔保	277,724	366,745
		450,978	606,474

At 31 December 2005, the Group's bank borrowings were repayable as follows:

於二零零五年十二月三十一日，本集團銀行貸款償還情況如下：

		Group 本集團	
		2005 HK\$'000 港幣千元	2004 HK\$'000 港幣千元
Within one year	一年以內	450,978	564,169
In the second year	第二年內	–	42,305
		450,978	606,474

The effective interest rates at the balance sheet date were 5.23% per annum (2004: 5.54% per annum).

於結算日之實質利率為每年5.23%(二零零四年：每年5.54%)。

As at 31 December 2005, approximately HK\$100,903,000 (2004: Nil) of the loans were guaranteed by Midea Group.

於二零零五年十二月三十一日，約港幣100,903,000元(二零零四年：無)之貸款由美的集團作出擔保。

Property, plant and equipment and leasehold land and land use right with net book value of approximately HK\$98,076,000 (2004: HK\$258,672,000) have been pledged as security for the Group's short-term bank borrowings.

賬面淨值約港幣98,076,000元(二零零四年：港幣258,672,000元)之物業、廠房及設備及租賃土地及土地使用權已用作抵押，以作為本集團短期銀行貸款之擔保。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

17 BORROWINGS (Continued)

As of the date of approval of the accounts, short-term bank borrowings of approximately HK\$83,606,000 have been renewed and will be due for repayments in 2006 or 2007.

The carrying amounts of short-term borrowings approximate their fair value.

17 貸款 (續)

截至本賬目批准日期，短期銀行貸款約港幣83,606,000元已予續借，並將於二零零六年或二零零七年到期償還。

短期貸款之賬面值與其公平價值相近。

18 TRADE AND OTHER PAYABLES

18 貿易及其他應付款

		Group 本集團		Company 本公司	
		2005 HK\$'000 港幣千元	2004 HK\$'000 港幣千元	2005 HK\$'000 港幣千元	2004 HK\$'000 港幣千元
Trade payables (Note (a))	貿易應付款 (附註(a))	907,228	586,348	–	–
Provision for staff welfare and bonus	職工福利及獎勵基金	1,036	1,918	78	1,918
Accruals	預提費用	122,634	86,908	–	–
Advances from customers	預收客戶賬款	106,395	105,423	–	–
Notes payable (Note (b))	應收票據 (附註(b))	277,345	212,152	–	–
Others	其他	54,784	23,309	2,206	4,249
		1,469,422	1,016,058	2,284	6,167

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

18 TRADE AND OTHER PAYABLES (Continued)

(a) At 31 December 2005, the ageing analysis of the trade payables was as follows:

		Group 本集團	
		2005 HK\$'000 港幣千元	2004 HK\$'000 港幣千元
Within 1 year	一年內	834,373	542,133
In the second year	第二年內	60,424	27,215
Over 2 years	兩年以上	12,431	17,000
		907,228	586,348

(b) The balance represents bank acceptance notes issued by the Group with maturity periods of less than six months. At 31 December 2005, the notes payable were pledged by bank deposits of approximately HK\$177,384,000 (2004: HK\$101,254,000).

18 貿易及其他應付款 (續)

(a) 於二零零五年十二月三十一日，貿易應付款之賬齡分析如下：

		Group 本集團	
		2005 HK\$'000 港幣千元	2004 HK\$'000 港幣千元
Within 1 year	一年內	834,373	542,133
In the second year	第二年內	60,424	27,215
Over 2 years	兩年以上	12,431	17,000
		907,228	586,348

(b) 該餘額為本集團開出之銀行承兌匯票，均在六個月內到期。於二零零五年十二月三十一日，為應付票據作抵押之銀行存款約為港幣177,384,000元（二零零四年：港幣101,254,000元）。

19 DEFERRED INCOME TAX

Deferred taxation is calculated in full on temporary differences under the liability method using taxation rates applicable to the companies comprising the Group.

Temporary differences are mainly arising from:

		2005 HK\$'000 港幣千元	2004 HK\$'000 港幣千元
Accumulated losses of some of its subsidiaries carried forward	部分附屬公司之 累計虧損	909,175	601,326
Provision for inventory obsolescence	存貨殘次準備	85,421	108,130
Provision for doubtful trade and other receivables	貿易及其他應收款呆賬準備	82,113	86,459
Others	其他	157,418	134,588
		1,234,127	930,503

19 遞延稅項

遞延稅項全數採用負債法就暫時差異按本集團旗下公司適用之稅率計算。

暫時差異主要來自：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

19 DEFERRED INCOME TAX (Continued)

The potential deferred tax assets not provided for in the accounts amounted to:

		2005 HK\$'000 港幣千元	2004 HK\$'000 港幣千元
Accumulated losses of some of its subsidiaries carried forward	部分附屬公司 累計虧損	257,263	195,789
Provisions for inventory obsolescence	存貨殘次準備	25,975	20,492
Provision for doubtful trade and other receivables	貿易及其他應收款呆賬準備	26,391	20,944
Others	其他	45,813	27,169
		355,442	264,394

At the balance sheet date, there was no material unprovided deferred tax liabilities. Deferred tax assets arising from above temporary differences have not been recognised as it is uncertain that future taxable profit will be available against which the temporary differences can be utilised.

The expiry date of deferred tax assets not provided as at 31 December 2005 is as follows:

		2005 HK\$'000 港幣千元	2004 HK\$'000 港幣千元
Expire within 1 year	一年內到期	24,977	25,920
Expire in 1 – 2 years	一至兩年到期	30,682	24,977
Expire in 2 – 3 years	兩至三年到期	30,517	30,682
Expire in 3 – 4 years	三至四年到期	80,870	30,517
Expire in 4 – 5 years	四至五年到期	90,217	80,870
No expiry date	無到期日	98,179	71,428
		355,442	264,394

According to Provisional Regulations on PRC Enterprise Income Tax No.11, tax losses of the PRC subsidiaries of the Group can be carried forward to offset future assessable profit for a period of 5 years.

19 遞延稅項 (續)

未在賬目中撥備之潛在遞延稅項資產金額如下：

	2005 HK\$'000 港幣千元	2004 HK\$'000 港幣千元
Accumulated losses of some of its subsidiaries carried forward	257,263	195,789
Provisions for inventory obsolescence	25,975	20,492
Provision for doubtful trade and other receivables	26,391	20,944
Others	45,813	27,169
	355,442	264,394

於資產負債表日，並無重大的未撥備遞延稅項負債。由於不確定將來是否可獲應課稅利潤使用暫時差異，所以從上述暫時差異中產生的遞延稅項資產未被確認。

於二零零五年十二月三十一日未撥備之遞延稅項資產到期日如下：

	2005 HK\$'000 港幣千元	2004 HK\$'000 港幣千元
Expire within 1 year	24,977	25,920
Expire in 1 – 2 years	30,682	24,977
Expire in 2 – 3 years	30,517	30,682
Expire in 3 – 4 years	80,870	30,517
Expire in 4 – 5 years	90,217	80,870
No expiry date	98,179	71,428
	355,442	264,394

據中國企業所得稅暫行條例第十一條，本集團設立於中國的附屬公司之虧損可結轉用以抵扣未來五年之應課稅利潤。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

20 PROVISIONS FOR WARRANTY

The movement of warranty provision was analysed as follows:

		Group 本集團	
		2005 HK\$'000 港幣千元	2004 HK\$'000 港幣千元
Beginning of the year	年初	19,406	17,399
Charge for the year (Note 22)	本年計提(附註22)	22,745	15,677
Less: Amounts utilized	減: 已動用款項	(11,799)	(13,670)
End of the year	年終	30,352	19,406

The Group provides free repair and spare replacement services ranging from one year to three years after sales. The cost of the warranty obligation under which the Group agrees to remedy defects in its products is accrued at the time the related sales are recognized. As at 31 December 2005, the Group had provided for expected warranty claims on household electrical appliance items sold.

20 產品保養準備

對產品保養準備變動之分析如下:

本集團提供產品售後一至三年不等之免費維修及零件更換服務。本集團因提供產品維護服務而發生之成本於相關產品銷售確認時計提。於二零零五年十二月三十一日，本集團對已出售之家用電器計提了預期之保養準備。

21 OTHER GAINS – NET

		2005 HK\$'000 港幣千元	2004 HK\$'000 港幣千元
Rental income	租金收入	6,199	6,330
Less: expenses in respect of the above rental income	減: 有關上述租金收入之開支	(298)	(1,193)
		5,901	5,137
Fair value gains on investment properties	投資物業之公平價值收益	6,242	–
Interest income	利息收入	7,728	4,239
Government grants	政府補貼收入	8,257	2,181
(Loss)/gain on sales of scrap materials	廢料銷售(虧損)/收益	(9,826)	8,745
Gain on disposal of taxi licenses	出售出租車牌照之收益	–	11,518
Exchange gain	匯兌收益	3,418	–
Gain on disposal of land use right	處置土地使用權之收益	2,124	–
Loss on disposal of subsidiaries	處置附屬公司之虧損	(4,763)	–
Others	其他	258	2,296
		19,339	34,116

21 其他收益 – 淨額

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

22 EXPENSES BY NATURE

Expenses included in cost of goods sold, selling and marketing costs, administrative expenses and other operating expenses are analyzed as follows:

		2005 HK\$'000 港幣千元	2004 HK\$'000 港幣千元
Depreciation	折舊	59,264	69,378
Loss on disposal of property, plant and equipment	處置物業、廠房及設備之虧損	4,998	14,696
Impairment charge of property, plant and equipment	物業、廠房及設備之減值撥備	15,840	113,274
Deficit on revaluation of investment properties not covered by previous surplus	沒有先前盈餘可予抵償之投資物業重估減值	-	70,264
Employee benefit expenses (Note 23)	僱員福利開支(附註23)	125,937	91,027
Cost of inventories recognized as expense	確認為開支之存貨成本	1,616,553	1,689,906
Provision for inventory obsolescence	存貨跌價及殘次準備	31,704	90,265
Provision for doubtful trade and other receivables	貿易及其他應收款呆賬準備	6,700	40,620
Operating leases rental for land and buildings	土地及樓宇之經營租賃租金	13,851	15,295
Auditors' remuneration	核數師酬金	2,338	1,326
Provision for warranty (Note 20)	產品保養準備(附註20)	22,745	15,677
Research and development costs	研究及開發費用	2,715	4,240

22 按性質分類之開支

包括在銷售貨品成本、銷售及市場推廣成本、行政開支及其他經營開支內之開支分析如下：

23 EMPLOYEE BENEFIT EXPENSES

		Group 本集團	
		2005 HK\$'000 港幣千元	2004 HK\$'000 港幣千元
Wages and salaries	工資及薪金	118,850	82,645
Pension costs (Note (a))	退休金成本(附註(a))	7,087	8,382
		125,937	91,027

23 僱員福利開支

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

23 EMPLOYEE BENEFIT EXPENSES (Continued)

- (a) The Group has arranged for its Hong Kong employees to join the MPF Scheme, a defined contribution scheme managed by an independent trustee. Under the MPF Scheme, each of the group companies (the employer) and its employees make monthly contributions to the scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund Legislation. The contributions from each of the employers and employees are subject to a cap of HK\$1,000 per month and thereafter contributions are voluntary. For the year ended 31 December 2005 approximately HK\$158,000 (2004: Nil) was forfeited.

The Company's subsidiaries established in the PRC participate in the local retirement schemes of the PRC. Pursuant to the relevant regulations, the Group is currently required to make a monthly contribution equivalent to 15% to 28% of the monthly salaries in respect of its full-time and temporary employees. The aggregate amount of the Group's contributions (net of forfeited contributions) for the year ended 31 December 2005 amounted to approximately HK\$7,087,000 (2004: HK\$8,382,000).

23 僱員福利開支(續)

本集團已安排本集團之香港僱員參加一項由獨立受托人管理的既定供款計劃，強積金計劃。根據強制性公積金法例規定，本集團(僱主)及本集團之僱員均須於每月將僱員月薪的5%作為強積金供款，僱主及僱員作出強制性供款的上限為每月港幣1,000元，高於此金額所作之供款屬自願性質。截至二零零五年十二月三十一日，被沒收之強積金款約為港幣158,000元(二零零四年：無)。

本集團於中國成立的附屬公司參與中國本地退休金計劃。根據有關條款，本集團現須每月支付相當於全職及臨時員工月薪15%至28%之供款。於截至二零零五年十二月三十一日止年度，本集團之供款總額(已扣除沒收之供款)約為港幣7,087,000元(二零零四年：港幣8,382,000元)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

23 EMPLOYEE BENEFIT EXPENSES (Continued)

23 僱員福利開支(續)

(b) Directors' and Senior Managements' emoluments

(b) 董事及高級管理人員酬金

The remuneration of every Director for the year ended 31 December 2005 is set out below:

每位董事於截至二零零五年十二月三十一日止年度之酬金載列如下：

Name of Director 董事姓名	Fees 袍金 HK\$'000 港幣千元	Salary 薪金 HK\$'000 港幣千元	Discretionary bonuses 酌情花紅 HK\$'000 港幣千元	Inducement fees 加盟酬金 HK\$'000 港幣千元	Other benefits ^(a) 其他福利 ^(a) HK\$'000 港幣千元	Employer's contribution to pension scheme 退休金計劃 之僱主供款 HK\$'000 港幣千元	Compensation for loss of office as director 失去董事 職位之補償 HK\$'000 港幣千元	Total 合計 HK\$'000 港幣千元
Executive Directors 執行董事								
Mr FANG Hongbo ^(a) 方洪波先生 ^(a)	-	-	-	-	-	-	-	-
Mr LIU Liang ^(b) 劉亮先生 ^(b)	-	86	-	-	-	-	-	86
Mr ZHANG Quan ^(a) 張權先生 ^(a)	-	-	-	-	-	-	-	-
Mr LI Jianwei ^(a) 栗建偉先生 ^(a)	-	-	-	-	-	-	-	-
Non-executive Directors 非執行董事								
Ms YUAN Liqun ^(a) 袁利群女士 ^(a)	-	-	-	-	-	-	-	-
Mr ZHANG Xin Hua 張新華先生	-	-	-	-	-	-	-	-
Mr CHEN Yu Hang 陳宇航先生	-	-	-	-	-	-	-	-
Independence 獨立非執行董事								
Non-executive Directors								
Mr CHAN Wai Dune 陳維端先生	100	-	-	-	-	-	-	100
Mr LAM Ming Yung 林明勇先生	100	-	-	-	-	-	-	100
Ms CHEN Chunhua 陳春花女士	100	-	-	-	-	-	-	100

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

23 EMPLOYEE BENEFIT EXPENSES (Continued)

23 僱員福利開支(續)

(b) Directors' and senior managements' emoluments (Continued)

(b) 董事及高級管理人員酬金(續)

The remuneration of every director for the year ended 31 December 2004 is set out below:

每位董事於截至二零零四年十二月三十一日止年度之酬金載列如下：

Name of Director 董事姓名	Fees 袍金	Salary 薪金	Discretionary bonuses 酌情花紅	Inducement fees 加盟酬金	Other benefits ^(e) 其他福利 ^(e)	Employer's contribution to pension scheme 退休金計劃之僱主供款	Compensation for loss of office as director 失去董事職位之補償	Total 合計
	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元
Executive Directors 執行董事								
Mr FANG Hongbo ^(c) 方洪波先生 ^(c)	-	-	-	-	-	-	-	-
Mr LIU Liang ^(c) 劉亮先生 ^(c)	-	-	-	-	-	-	-	-
Mr ZHANG Quan ^(c) 張權先生 ^(c)	-	-	-	-	-	-	-	-
Mr LI Yun Jun ^(d) 李宇君先生 ^(d)	-	-	-	-	-	-	-	-
Mr HUANG Wei Hua ^(d) 黃偉華先生 ^(d)	-	-	-	-	-	-	-	-
Mr CHEN Xiaoshi ^(e) 陳小石先生 ^(e)	-	545	-	-	-	60	-	605
Mr LIANG Wei Wen ^(e) 梁偉文先生 ^(e)	-	447	-	-	-	39	-	486
Non-executive Directors 非執行董事								
Ms YUAN Liqun ^(c) 袁利群女士 ^(c)	-	-	-	-	-	-	-	-
Mr ZHANG Xin Hua 張新華先生	-	-	-	-	-	-	-	-
Mr CHEN Yu Hang 陳宇航先生	-	-	-	-	-	-	-	-
Mr LI Jianwei ^(f) 栗建偉先生 ^(f)	-	-	-	-	-	-	-	-
Independence 獨立非執行董事								
Non-executive Directors								
Mr CHAN Wai Dune 陳維端先生	50	-	-	-	-	-	-	50
Mr LAM Ming Yung 林明勇先生	50	-	-	-	-	-	-	50
Mr LO Wing Sang ^(g) 羅榮生先生 ^(g)	50	-	-	-	-	-	-	50
Ms CHEN Chunhua ^(g) 陳春花女士 ^(g)	-	-	-	-	-	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

23 EMPLOYEE BENEFIT EXPENSES (Continued)

(b) Directors' and Senior Managements' emoluments (Continued)

Notes:

- (a) Other benefits include leave pay, share option, insurance premium and club membership.
- (b) Resigned on 17 January 2006 and was replaced by Mr WANG Wei.
- (c) These Directors are also the employees of Midea International Corporation Company Limited, the major shareholder of the Company, and do not receive directors' fees or emoluments from the Company during the year.
- (d) Resigned on 22 December 2004.
- (e) Resigned on 16 March 2005.
- (f) Mr LI Jianwei, who was a non-executive Director, was redesignated as an executive Director on 14 June 2005.
- (g) Mr LO Wing Sang resigned on 22 December 2004 and replaced by Ms CHEN Chunhua.

Directors' fees disclosed above include HK\$300,000 (2004: HK\$150,000) paid to independent non-executive directors.

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include none of (2004: two) the Directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the five (2004: the remaining three) individuals during the year are as follows:

		2005 HK\$'000 港幣千元	2004 HK\$'000 港幣千元
Basic salaries, housing allowances, other allowances and benefits in kind	基本薪金、房屋津貼、 其他津貼及實物利益	1,067	1,366
Contribution to pension schemes	退休金供款	32	57
		1,099	1,423

23 僱員福利開支(續)

(b) 董事及高級管理人員酬金(續)

附註：

- (a) 其他福利包括有薪假、購股權、保費及會所會籍。
- (b) 於二零零六年一月十七日辭任並由王偉先生代替。
- (c) 此等董事亦為本公司主要股東美的國際有限公司之僱員，於本年度並無收取本公司之董事袍金或酬金。
- (d) 於二零零四年十二月二十二日辭任。
- (e) 於二零零五年三月十六日辭任。
- (f) 前任非執行董事栗建偉先生已於二零零五年六月十四日調任執行董事。
- (g) 羅榮生先生於二零零四年十二月二十二日辭任，由陳春花女士取代。

上文所披露之董事袍金包括支付予獨立非執行董事之酬金港幣300,000元(二零零四年：港幣150,000元)。

(c) 五位最高薪酬人士

本年度集團內五名最高薪酬人士並沒有包括(二零零四年：兩名)董事，其酬金已載於上文分析。五名(二零零四年：其餘三名)最高薪酬人士之酬金分析如下：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

23 EMPLOYEE BENEFIT EXPENSES (Continued)

23 僱員福利開支(續)

(c) Five highest paid individuals(Continued)

(c) 五位最高薪酬人士(續)

The emoluments fell within the following bands:

最高薪酬人士之酬金組別如下：

Emolument bands	酬金組別	Number of individuals 人數	
		2005	2004
Nil – HK\$1,000,000	港幣0元 – 港幣 1,000,000元	5	3

24 FINANCE COSTS

24 融資成本

		2005	2004
		HK\$'000 港幣千元	HK\$'000 港幣千元
Interest on bank borrowings	銀行借貸之利息	31,903	31,792
Bank handling charges	銀行手續費	4,040	2,238
		35,943	34,030

25 INCOME TAX EXPENSES

25 所得稅開支

No Hong Kong profits tax has been provided as the Group did not have any assessable profit under Hong Kong profits tax. PRC enterprise income tax has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the respective jurisdictions.

由於本集團並無賺取任何應課香港利得稅收入，故此並無提取任何香港利得稅準備。中國企業所得稅乃根據本年之估計應課稅利潤按當地之現行稅率計算。

		2005	2004
		HK\$'000 港幣千元	HK\$'000 港幣千元
Enterprise income tax	企業所得稅	567	6,481

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

25 INCOME TAX EXPENSES (Continued)

The taxation on the Group's loss before taxation differs from the theoretical amount that would arise using the taxation rate of the home country of the Company as follows:

		2005 HK\$'000 港幣千元	2004 HK\$'000 港幣千元
Loss before taxation	除稅前虧損	(289,294)	(616,229)
Calculated at the PRC statutory tax rate of 33% (2004: 33%)	按中國法定稅率33%計算 (二零零四年：33%)	(95,467)	(203,356)
Effect of different tax rates	稅率差異影響	4,843	91,340
Expenses not deductible for taxation purposes	不可用作扣減稅項之費用	143	207
Unrecognised deferred tax assets	未確認遞延稅項資產	91,048	118,290
Taxation charge	稅項支出	567	6,481

The unprovided deferred taxation as at 31 December 2005 was detailed in Note 19.

26 LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The loss attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of HK\$236,065,000 (2004: HK\$385,950,000).

27 LOSS PER SHARE

The calculations of basic and diluted loss per share are based on Group's loss attributable to equity holders of approximately HK\$283,540,000 (2004: HK\$628,755,000).

The basic and diluted loss per share is based on the weighted average number of 2,677,908,148 (2004: 1,559,091,205) ordinary shares in issue during the year.

There are no potential diluted ordinary shares.

28 DIVIDENDS

The directors do not recommend the payment of a dividend for the year ended 31 December 2005 (2004: Nil).

25 所得稅開支(續)

本集團有關除稅前虧損之稅項與假若採用本公司本土國家之稅率而計算之理論稅額之差額如下：

	2005 HK\$'000 港幣千元	2004 HK\$'000 港幣千元
Loss before taxation	(289,294)	(616,229)
Calculated at the PRC statutory tax rate of 33% (2004: 33%)	(95,467)	(203,356)
Effect of different tax rates	4,843	91,340
Expenses not deductible for taxation purposes	143	207
Unrecognised deferred tax assets	91,048	118,290
Taxation charge	567	6,481

於二零零五年十二月三十一日之未撥備遞延稅項詳情見附註19。

26 本公司股權持有人應佔虧損

計入本公司財務報表之股東應佔虧損約為港幣236,065,000元(二零零四年：港幣385,950,000元)。

27 每股虧損

每股基本及攤薄虧損是根據股權持有人應佔本集團虧損約港幣283,540,000元(二零零四年：港幣628,755,000元)計算。

每股基本及攤薄虧損乃按年內已發行普通股之加權平均數2,677,908,148(二零零四年：1,559,091,205)股計算。

並沒有潛在攤薄之普通股份。

28 股息

董事不建議派發截至二零零五年十二月三十一日止年度之股息(二零零四年：無)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

29 CASH GENERATED FROM OPERATIONS

29 經營產生之現金

(a) Reconciliation of operating loss to net cash inflow/(outflow) from operating activities:

(a) 經營虧損與經營之現金流入／(流出)淨額對賬表

		2005 HK\$'000 港幣千元	2004 HK\$'000 港幣千元
Loss before taxation	稅前虧損	(289,294)	(616,229)
Adjustments for:	調整		
– Depreciation	– 折舊	59,264	68,270
– Amortisation of intangible assets	– 無形資產攤銷	–	950
– Amortisation of leasehold land and land use right	– 租賃土地及土地使用權攤銷	791	1,108
– Impairment of intangible assets	– 無形資產減值	–	3,401
– Loss on disposal of associates	– 處置聯營公司虧損	12,195	–
– Share of loss of associates	– 應佔聯營公司虧損	–	1,405
– Impairment of property, plant and equipment	– 物業、廠房及設備減值	15,840	113,274
– (Surplus)/deficit on revaluation of investment properties	– 投資物業重估(盈餘)／虧絀	(6,242)	70,264
– Loss on disposals of property, plant and equipment	– 處置物業、廠房及設備之虧損	4,998	14,696
– Gain on disposal of taxi licenses	– 處置出租車牌照之收益	–	(11,518)
– Gain on disposal of leasehold land and land use rights	– 處置租賃土地及土地使用權之收益	(2,124)	–
– Loss on disposal of subsidiaries	– 處置附屬公司之虧損	4,763	–
– Government grants	– 政府補貼收入	(8,257)	(2,181)
– Interest income	– 利息收入	(7,728)	(4,239)
– Interest expense	– 利息支出	31,903	31,792
– Bank handling charges	– 銀行手續費	4,040	2,238
– Effect of foreign exchange translation	– 外幣匯兌影響	(23,128)	(847)
Changes in working capital:	營運資金變動：		
– Inventories	– 存貨	(20,475)	205,556
– Due from related companies	– 應收關聯公司款項	(4,067)	(1,243)
– Trade and other receivables	– 貿易及其他應收款	(313,103)	30,589
– Prepaid value-added tax	– 預付增值稅	1,676	4,474
– Provision for warranty	– 產品保養準備	10,946	2,007
– Due to related companies	– 應付關聯公司款項	130,111	3,974
– Trade and other payables	– 貿易及其他應付款項	453,364	(28,823)
Cash generated from/(used in) operations	經營產生／(所用)之現金	55,473	(111,082)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

29 CASH GENERATED FROM OPERATIONS (Continued)

(a) Reconciliation of operating loss to net cash inflow/(outflow) from operating activities (Continued):

In the cash flow statement, proceeds from sale of property, plant and equipment comprise:

29 經營產生之現金 (續)

(a) 經營虧損與經營之現金流入／(流出)淨額對賬表 (續)

於現金流量表中，出售物業、廠房及設備所得款項包括：

		2005 HK\$'000 港幣千元	2004 HK\$'000 港幣千元
Net book amount (Note 6)	賬面淨值 (附註6)	11,730	14,696
Loss on sale of property, plant and equipment	出售物業、廠房及設備之虧損	(4,998)	(14,696)
Proceeds from sale of property, plant and equipment	出售物業、廠房及設備所得款項	6,732	—

30 CONTINGENT LIABILITIES

30 或然負債

		Group 本集團	
		2005 HK\$'000 港幣千元	2004 HK\$'000 港幣千元
Discounted letters of credit with recourse	有追索權之已貼現信用證	—	34,885
Bills of exchange discounted/endorsed with recourse	有追索權之已貼現／背書匯票	—	217,186
		—	252,071

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

31 COMMITMENTS

- (a) Capital commitments at the balance sheet date but not yet incurred for purchases of property, plant and equipment:

		Group 本集團	
		2005	2004
		HK\$'000	HK\$'000
		港幣千元	港幣千元
Contracted but not provided for	已簽約但未撥備	56,048	60,009

- (b) Commitments under operating leases:

As at 31 December 2005, the Group had future aggregate minimum lease payments under non-cancellable operating leases for land and buildings as follows:

		Group 本集團	
		2005	2004
		HK\$'000	HK\$'000
		港幣千元	港幣千元
Not later than one year	第一年內	1,127	1,778
Later than one year and not later than five years	第一年後至第五年內	2,466	81
		3,593	1,859

31 承擔

- (a) 於結算日，購買物業、廠房及設備而尚未產生之資本承擔：

		Group 本集團	
		2005	2004
		HK\$'000	HK\$'000
		港幣千元	港幣千元
Contracted but not provided for	已簽約但未撥備	56,048	60,009

- (b) 經營租賃承擔

於二零零五年十二月三十一日，本集團根據不可撤銷之土地及樓宇之經營租賃而於未來支付之最低租賃付款總額如下：

		Group 本集團	
		2005	2004
		HK\$'000	HK\$'000
		港幣千元	港幣千元
Not later than one year	第一年內	1,127	1,778
Later than one year and not later than five years	第一年後至第五年內	2,466	81
		3,593	1,859

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

32 RELATED PARTY TRANSACTIONS

The shares of the Company held by Guangzhou International Group Company Limited, the former ultimate parent company, were transferred to Midea International Corporation Company Limited, a subsidiary of Midea Group, on 11 November 2004. The directors regard Midea Group, a company incorporated in the PRC, as being the ultimate holding company from 11 November 2004.

Save as disclosed elsewhere in this set of accounts, the material related party transactions are as follows:

(a) The following transactions were carried out with related parties:

32 關聯方交易

由原最終控股公司廣州國際集團有限公司所持之股份已於二零零四年十一月十一日轉讓予美的集團之附屬公司美的國際控股有限公司。董事認為，自二零零四年十一月十一日始，本公司之最終控股公司為在中國註冊成立之美的集團。

除在本賬目中其他附註披露之交易外，本集團重大關聯方交易詳情如下：

(a) 以下交易乃與關聯方進行：

		Group 本集團	
		2005 HK\$'000 港幣千元	2004 HK\$'000 港幣千元
Sales of finished goods:	銷售製成品		
– Foshan Midea Household Appliance Co., Ltd.* ("Midea Household Appliance")	– 佛山市美的家用電器 有限公司*(「美的家電」)	–	450
– Foshan Midea Refrigeratory Co., Ltd.* ("Midea Refrigeratory")	– 佛山市美的冰箱有限 公司*(「美的冰箱」)	–	1,499
– Guangdong Midea Commercial Air Conditioner & Equipment Co., Ltd.** ("Midea Commercial Air Conditioner")	– 廣東美的商用空調 設備有限公司** (「美的商用空調」)	348	101
– Hefei Midea-Royalstar Electrical Equipment Marketing Co., Ltd.* ("Midea-Royalstar")	– 合肥榮事達美的電器 營銷有限公司* (「榮事達美的」)	23,178	–
– Guangdong Midea Air Conditioning Equipment Co., Ltd.** ("Midea Air Conditioning")	– 廣東美的製冷設備有限 公司**(「美的製冷」)	58,372	–
		81,898	2,050

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

32 RELATED PARTY TRANSACTIONS (Continued)

32 關聯方交易 (續)

(a) The following transactions were carried out with related parties:

(a) 以下交易乃與關聯方進行：

		Group 本集團	
		2005 HK\$'000 港幣千元	2004 HK\$'000 港幣千元
Purchases of household appliances, semi-finished good, materials and spare parts:	購買家用電器、半製品、物料及零件：		
– Hualing Polyfoam, an associate	– 華凌泡沫，聯營公司	–	3,674
– Yungang Plastic Company Ltd., a company in which the Group had a 14.25% equity interest	– 雲港塑料有限公司，本集團持有14.25%股權	–	1,071
– Xi'an Dongling, an associate	– 西安東凌，聯營公司	–	75
– Midea Commercial Air Conditioner	– 美的商用空調	14,200	–
– Midea Air Conditioning	– 美的製冷	96,628	–
– Midea Household Appliance	– 美的家電	31,895	–
– Guangdong Meizhi Compressor Limited ** (“Meizhi Compressor”)	– 廣東美芝製冷設備有限公司** (「美芝製冷」)	78,069	–
– Guangdong Welling Motor Manufacturing Company Limited * (“Welling Motor”)	– 廣東威靈電機製造有限公司* (「威靈電機」)	24,430	–
		245,222	4,820

* These are related parties controlled by the ultimate holding company of the Company.

* 該等關聯公司為本公司最終控股公司所控制。

** These are related parties under common significant influence.

** 該等關聯公司受共同重大影響。

The above related parties transactions were carried out in accordance with the terms mutually agreed by the respective parties.

上述關連交易乃根據各方共同協定之條款進行。

(b) Key management compensation:

(b) 主要管理人員酬金：

		Group 本集團	
		2005 HK\$'000 港幣千元	2004 HK\$'000 港幣千元
Salaries and other short-term employee benefits	薪金及其他短期僱員福利	1,485	2,664

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

32 RELATED PARTY TRANSACTIONS (Continued)

32 關聯方交易 (續)

(c) Balances with related companies:

(c) 與關聯公司之餘額如下：

		Group 本集團	
		2005	2004
		HK\$'000	HK\$'000
		港幣千元	港幣千元
Due from related companies:	應收關聯公司		
– Midea Household Appliance	– 美的家電	–	527
– Midea Refrigeratory	– 美的冰箱	–	714
– Midea Commercial Air Conditioner	– 美的商用空調	–	118
– Midea-Royalstar	– 榮事達美的	5,386	–
– Midea Air Conditioning	– 美的製冷	40	–
		5,426	1,359

		Group 本集團	
		2005	2004
		HK\$'000	HK\$'000
		港幣千元	港幣千元
Due to related companies	應付關聯公司		
– Xi'an Dongling	– 西安東凌	–	3,735
– Hualing Polyfoam	– 華凌泡沫	–	98
– Foshan Weishang Technology Industrial Development (Holding) Company Limited *	– 佛山威尚科技產業發展(集團)有限公司*	–	9,401
– Midea Household Appliance	– 美的家電	4,805	–
– Midea Commercial Air Conditioner	– 美的商用空調	10,056	–
– Midea Air Conditioning	– 美的製冷	38,576	–
– Meizhi Compressor	– 美芝製冷	78,030	–
– Welling Motor	– 威靈電機	11,878	–
		143,345	13,234

* This is a related company in which the ultimate holding company of the Company had significant impact.

* 該公司為本公司最終控股公司對其存在重大影響。

The balances due from/to related companies are interest free and are repayable on demand.

應收／應付關聯公司餘額乃免息且須按通知還款。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

33 EVENTS AFTER THE BALANCE SHEET DATE

Subsequent to the balance sheet date, on 23 January 2006, 115,900,000 share options were granted to the Directors and certain employees of the Group pursuant to a share option scheme of the Company.

34 ULTIMATE HOLDING COMPANY

The shares of the Company held by Guangzhou International Group Co., Limited, the former ultimate holding company, were transferred to Midea International Corporation Company Limited, a subsidiary of Midea Group, on 11 November 2004. The directors regard Midea Group, a company incorporated in the PRC, as being the ultimate holding company from 11 November 2004 onwards.

35 COMPARATIVE FIGURES

The Group has adopted new HKFRS which are effective for accounting periods commencing on or after 1 January 2005. As mentioned in Note 2.2, this has resulted in changes to the presentation of certain items and comparative financial statements have been restated accordingly. In addition, certain comparative figures have been reclassified to conform to the current year's presentation.

33 結算日後事項

結算日後，於二零零六年一月二十三日，董事及本集團若干僱員根據本公司之購股權計劃獲授予115,900,000份購股權。

34 最終控股公司

由原最終控股公司廣州國際集團有限公司所持之股份已於二零零四年十一月十一日轉讓予美的集團之附屬公司美的國際控股有限公司。董事認為，自二零零四年十一月十一日始，本公司之最終控股公司為在中國註冊成立之美的集團。

35 比較數字

本集團已採納於二零零五年一月一日或之後開始之會計期間生效之新香港財務報告準則。如附註2.2所述，此舉已導致若干項目之呈列方式有所轉變，比較財務報表已因而重列。另外，若干比較數字已予重新分類，以符合本年度之呈列方式。