



羅兵咸永道會計師事務所

PricewaterhouseCoopers
22/F, Prince's Building
Central, Hong Kong
Telephone: (852) 2289 8888
Facsimile: (852) 2810 9888
www.pwchk.com

TO THE SHAREHOLDERS OF HUALING HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Hualing Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 51 to 132, which comprise the consolidated and Company balance sheets as at 31 December 2006, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

致華凌集團有限公司股東

(於香港註冊成立的有限公司)

本核數師(以下簡稱「我們」)已審核列載於第51至132頁華凌集團有限公司(「公司」)及其子公司(以下合稱「集團」)的綜合財務報表，此綜合財務報表包括於二零零六年十二月三十一日的綜合及公司資產負債表與截至該日止年度的綜合收益表、綜合權益變動表和綜合現金流量表，以及主要會計政策概要及其它附註註釋。

董事就財務報表須承擔的責任

公司董事須負責根據香港會計師公會頒佈的香港財務報告準則及香港《公司條例》編制及真實而公平地列報該等綜合財務報表。這責任包括設計、實施及維護與編制及真實而公平地列報財務報表相關的內部控制，以使財務報表不存在由於欺詐或錯誤而導致的重大錯誤陳述；選擇和應用適當的會計政策；及按情況下作出合理的會計估計。

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

核數師的責任

我們的責任是根據我們的審核對該等綜合財務報表作出意見，並按照香港《公司條例》第141條僅向整體股東報告，除此之外本報告別無其他目的。我們不會就本報告的內容向任何其他人士負上或承擔任何責任。

我們已根據香港會計師公會頒佈的香港審計準則進行審核。這些準則要求我們遵守道德規範，並規劃及執行審核，以合理確定此等財務報表是否不存有任何重大錯誤陳述。

審核涉及執程序以獲取有關財務報表所載金額及披露資料的審核憑證。所選定的程序取決於核數師的判斷，包括評估由於欺詐或錯誤而導致財務報表存有重大錯誤陳述的風險。在評估該等風險時，核數師考慮與該公司編制及真實而公平地列報財務報表相關的內部控制，以設計適當的審核程序，但並非為對公司的內部控制的效能發表意見。審核亦包括評價董事所採用的會計政策的合適性及所作出的會計估計的合理性，以及評價財務報表的整體列報方式。

我們相信，我們所獲得的審核憑證是充足和適當地為我們的審核意見提供基礎。

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2006 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

MATERIAL UNCERTAINTY CONCERNING GOING CONCERN BASIS OF ACCOUNTING

Without qualifying our opinion, we draw attention to Note 2.1 to the consolidated financial statements, which indicates that the Group incurred a loss attributable to the equity holders of the Company of HK\$112,647,000 for the year ended 31 December 2006, and had net current liabilities and net liabilities of HK\$687,039,000 and HK\$300,490,000, respectively, as at 31 December 2006. The consolidated financial statements of the Group have been prepared on a going concern basis in the light of existence of a written intention of continuing financial support from Midea Group Co., Ltd., its ultimate holding company and the availability of unutilised banking facilities of approximately HK\$155,000,000 as at 31 December 2006. Notwithstanding, the validity of the consolidated financial statements being prepared on a going concern basis depends upon the success of the measures to improve profitability and cash flows, the successful renewal and/or extension of the short-term bank loans and availability of financing from other resources. These conditions, along with other matters as set forth in Note 2.1, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 18 April 2007

意見

我們認為，該等綜合財務報表已根據香港財務報告準則真實而公平地反映公司及集團於二零零六年十二月三十一日的財務狀況及集團截至該日止年度的虧損及現金流量，並已按照香港《公司條例》妥為編制。

有關持續經營假設之重大不明朗因素

在我們並沒有發出保留意見下，請注意綜合財務報表附注2.1所示，截至二零零六年十二月三十一日止年度，貴集團錄得本公司股權持有人應佔虧損達港幣112,647,000元，另外，於二零零六年十二月三十一日，貴集團之淨流動負債及淨負債分別為港幣687,039,000元及港幣300,490,000元。貴集團之綜合財務報表按持續經營基準編製的合理性主要依賴於貴集團最終控股公司，美的集團有限公司的持續財務支持書面意向書及於二零零六年十二月三十一日貴集團尚未動用的銀行信用額度約港幣155,000,000元。採納持續經營基準編製綜合財務報表的合理性依賴於貴集團能否改善對未來盈利能力及現金流量的措施，同時成功地將短期銀行貸款續簽及／或延長還款期限，以及其他融資渠道的有效性。該情況連同在附注2.1一節所載的其他因素，顯示了貴集團持續經營之能力存在重大不明朗因素。

羅兵咸永道會計師事務所
執業會計師

香港，二零零七年四月十八日