



# Welling

威靈控股有限公司  
WELLING HOLDING LIMITED

Stock Code 股份代號 : 0382

2007 Annual Report 年報

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### Directors

#### Executive directors

Mr. WU Zhiqiang (*Chief Executive Officer*)  
Mr. QU Fei  
Mr. GAO Fazhong  
Ms. YUAN Liqun  
Mr. LI Jianwei  
Mr. ZHENG Weikang

#### Non-executive directors

Mr. CAI Qiwu (*Chairman*)  
Mr. ZHANG Xinhua

#### Independent non-executive directors

Mr. CHAN Wai Dune  
Mr. LAM Ming Yung  
Ms. CHEN Chunhua

### Audit Committee

Mr. CHAN Wai Dune (*Chairman*)  
Mr. LAM Ming Yung  
Ms. CHEN Chunhua

### Remuneration Committee

Ms. CHEN Chunhua (*Chairman*)  
Mr. CHAN Wai Dune  
Mr. LAM Ming Yung  
Mr. WU Zhiqiang  
Mr. ZHENG Weikang

### Executive Committee

Mr. WU Zhiqiang  
Mr. QU Fei  
Mr. GAO Fazhong  
Ms. YUAN Liqun  
Mr. LI Jianwei  
Mr. ZHENG Weikang

### 董事

#### 執行董事

吳志強先生 (*首席執行官*)  
瞿飛先生  
郜發忠先生  
袁利群女士  
栗建偉先生  
鄭偉康先生

#### 非執行董事

蔡其武先生 (*主席*)  
張新華先生

#### 獨立非執行董事

陳維端先生  
林明勇先生  
陳春花女士

### 審核委員會

陳維端先生 (*主席*)  
林明勇先生  
陳春花女士

### 薪酬委員會

陳春花女士 (*主席*)  
陳維端先生  
林明勇先生  
吳志強先生  
鄭偉康先生

### 行政委員會

吳志強先生  
瞿飛先生  
郜發忠先生  
袁利群女士  
栗建偉先生  
鄭偉康先生

# CORPORATE INFORMATION

## 集團資料

### Company Secretary and Qualified Accountant

Ms. TANG Wai Ying, Tracy CPA FCCA

### Registered Office

Suite 3904, 39/F, Tower 6  
The Gateway, Harbour City  
9 Canton Road  
Tsim Sha Tsui  
Kowloon  
Hong Kong

### Legal Advisors

Freshfields Bruckhaus Deringer  
11/F Two Exchange Square  
Central  
Hong Kong

### Auditor

PricewaterhouseCoopers  
Certified Public Accountants  
22/F Prince's Building  
Central  
Hong Kong

### Compliance Advisor

BNP Paribas Capital (Asia Pacific) Limited  
59th to 63rd Floors, Two International Finance Centre  
8 Finance Street  
Central  
Hong Kong

### 公司秘書及合資格會計師

鄧惠英女士 · CPA FCCA

### 註冊辦事處

香港  
九龍  
尖沙咀  
廣東道9號  
海港城港威大廈  
第六座39樓3904室

### 法律顧問

富而德律師事務所  
香港  
中環  
交易廣場二座十一樓

### 核數師

羅兵咸永道會計師事務所  
香港執業會計師  
香港  
中環  
太子大廈二十二樓

### 合規顧問

法國巴黎融資(亞太)有限公司  
香港  
中環  
金融街8號  
國際金融中心二期59樓至63樓

# CORPORATE INFORMATION

## 集團資料

### Principal Bankers

Bank of China Ltd.  
Agricultural Bank of China  
Industrial and Commercial Bank of China Ltd.  
Foshan Shunde Rural Credit Union  
China Merchants Bank Co., Ltd.  
Bank of Communications Co., Ltd.

### Share Registrar

Computershare Hong Kong Investor Services Limited  
Rooms 1806-07, 18/F, Hopewell Centre  
183 Queen's Road East  
Wanchai  
Hong Kong

### Website Address

<http://www.welling.com.cn>

### Stock Code

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### 主要銀行

中國銀行股份有限公司  
中國農業銀行  
中國工商銀行股份有限公司  
佛山市順德區農村信用合作聯社  
招商銀行股份有限公司  
交通銀行股份有限公司

### 股份過戶登記處

香港中央證券登記有限公司  
香港  
灣仔  
皇后大道東183號  
合和中心18樓1806-07室

### 公司網址

<http://www.welling.com.cn>

### 股份代號

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# CHAIRMAN'S STATEMENT

## 主席報告書

In 2007, the electrical household appliances industry has regained momentum and recorded rapid growth under the positive influence of China's robust economy, rise of consumption power of the Chinese population, and the increasing pace of urbanization of rural areas and global warming. During the year, Welling Holding Limited (formerly known as Hualing Holdings Limited) (the "Company") endeavored to reform its operating model and management system and underwent the internal consolidation of assets and resources of the air-conditioner and refrigerator segments and fully utilized its competitive strength in manufacturing. A large portion of turnover for the year was generated from OEM sales to Midea Group Co., Ltd. ("Midea") and its subsidiaries (together referred to as the "Midea Group"). Turnover of the Company and its subsidiaries (together referred to as the "Group") for the year ended 31 December 2007 (the "Year") amounted to approximately HK\$3,589,686,000 (2006: approximately HK\$2,286,387,000), representing an increase of approximately 57%. A revival in the home appliances industry was noted but the operating environment for manufacturers in the electrical household appliances industry has not improved, as evidenced by the continuous surge of prices of raw materials, stricter technological standards expected of electrical household appliances and severe competition among different brands. Under such circumstances, the profit margins of the small to medium sized electrical household appliances enterprises have diminished. All such unfavourable factors made our operational environment much more difficult. Loss attributable to shareholders for the Year amounted to HK\$60,684,000, but the loss decreased compared to 2006 (the "Previous Year"). The board of directors of the Company (the "Board") does not recommend the payment of a final dividend for the Year.

The "Hualing" brand was seen in the market as a second-tier brand and was not competitive. It will not have been able to extricate itself from the difficult operating environment if it were to continue in its core business of the production and sale of air-conditioners and refrigerators. The Company's financial performance had disappointed shareholders as net deficit attributable to shareholders was recorded for five consecutive

二零零七年度，受國內經濟增長、居民消費水平提升、農村城市進程加快、氣候變暖等多重正面因素影響，家電行業全面回暖，出現了快速增長，本年度威靈控股有限公司(前稱華凌集團有限公司)(「本公司」)堅持推動經營模式與管理機制變革，內部整合空調和冰箱分部資產及資源，充分發揮生產製造優勢，以及本年度很大部份銷售收入是來自向美的集團有限公司(「美的」)與其附屬公司(統稱「美的集團」)的貼牌製造銷售。截至二零零七年十二月三十一日(「本年度」)本公司及其附屬公司(以下統稱「集團」)錄得營業額約港幣3,589,686,000元(二零零六年：約港幣2,286,387,000元)，較上年度增加約57%。二零零七年家電行業雖然全面回暖，然而家電行業的經營環境並沒有改變，原材料成本持續上漲、家電技術門檻提高、品牌競爭激烈，中、小品牌家電產品利潤空間被迅速壓縮，諸多不利因素等影響本公司二零零七年經營更加困難，全年錄得應佔股東虧損額為港幣60,684,000元，唯虧損額較二零零六年(「上年度」)有所減少。本公司董事會(「董事會」)不擬派發本年度之末期股息。

由於「華凌」品牌在家電市場被視為二線品牌，市場競爭中處於劣勢，如果繼續堅持生產銷售空調和冰箱為主業，根本無法走出經營困境。鑒於本公司截至二零零六年十二月三十一日止過去五年持續錄得股東應佔淨虧損及截至二零零六年十二月三十一日止過去三年持續錄得淨負債，財務表現長期令股東失望，董事會從全體股東利益出



# CHAIRMAN'S STATEMENT

## 主席報告書

years for the year ended 31 December 2006 and net liabilities were recorded for the three consecutive years ended 31 December 2006. In the interests of shareholders as a whole, the Board agreed that a change in the principal business of the Company is the best and the most efficient solution to these difficulties and hence initiated an important restructuring exercise involving a business and assets swap with the support of Midea, its substantial shareholder. The Board determined to dispose of its original operations, which principally comprised the manufacturing and distribution of home appliances such as air-conditioners, refrigerators and mini-refrigerators (the "Disposed Business") and acquired Welling Holding (BVI) Limited ("Welling"), an indirectly wholly-owned subsidiary of Midea, and its business of the manufacture and sale of motors and electronic and electric products for electrical household appliances (the "New Business"). Please refer to the circular of the Company dated 25 February 2008 for further details. The directors of the Company ("Directors") believed that the acquisition of the New Business would enable the Company to engage in the more promising upstream business in the home appliances and such shift would help the Company develop and utilize its expertise in home appliances business on motors. The transaction was completed on 31 March 2008 ("Completion").

Welling is one of the leading manufacturers and distributors of motors and electronic and electric products for electrical household appliances in the PRC, and its products are used in electrical household appliances including principally air-conditioners, washing machines, dishwashers, microwave ovens and refrigerators. The market competition for such motors and electronic and electric products is less fierce as compared with the end market for electrical household appliances (especially for second-tier brands) in which the Company operated and there would be greater potential for growth in the market. The Company has changed its name to Welling Holding Limited with effect from 15 April 2008 in order to reflect its New Business and strategic orientation after Completion.

發，認同改變本公司主營業務是本公司儘快走出經營困局的最佳途徑，在主要股東美的支援下，2007年啟動重大業務及資產置換的重組方案，董事會決定出售集團的原有業務，主要包括從事製造和分銷包括空調、冰箱和小型冰箱等家電業務（「已出售業務」），同時通過收購美的一間間接全資附屬公司威靈控股(BVI)有限公司（「威靈」）及其製造及銷售家電電機及電子電器產品之業務（「新業務」），進一步詳細方案可參見本公司二零零八年二月二十五日發佈的通函。本公司董事（「董事」）相信，收購新業務讓本公司從事更有發展前景的家電行業的上游產業，有利於本公司發揮和利用其專長在相關的家電電機業務上。有關交易亦已於二零零八年三月三十一日完成（「完成」）。

威靈是中國其中一家領先的家電電機及電子電器產品製造商及分銷商，產品用於家電（主要包括空調、洗衣機、洗碗機、微波爐及冰箱），電機及電子電器產品市場的競爭沒有像本公司於家電終端市場（尤其是二線品牌）激烈，而且增長潛力比較大。為能反映集團於交易完成後的新業務及戰略取向，本公司已於二零零八年四月十五日正式易名為威靈控股有限公司。

# CHAIRMAN'S STATEMENT

## 主席報告書

Upon Completion, the resources of the Company will be concentrated on the manufacturing and distribution of (i) air-conditioning motors; (ii) washing motors; and (iii) electronic and electric products for electrical household appliances. The Company intends to develop its core business and become the leading player in the industry in which it operates by improving its market share, performance and brand reputation. The Company also plans to enhance the quality of its core products through continuous advancement of technology, and to increase its market share by seeking new customers and increasing sales to existing customers. In addition, the Company also plans to diversify its product range such as increasing the types of compressor motors for refrigerators, pump motors, shaded pole motors and commercial used air-conditioning motors. The Company will also undertake research and development for new products, such as automobile steering motors, in collaboration with automobile manufacturers. The Board believes that all the above initiatives and the acquisition of the New Business will improve the performance of the Company, raise the profile of the "Welling" brand, promote its long-term growth and increase shareholder value.

## Acknowledgement

I would like to take this opportunity to express my sincere gratitude to members of the Board, the management team and all the staff for their dedication and contribution to the Group's development. I would also like to convey my cordial appreciation to the shareholders for their support. The Group will endeavour to manage the Company in a disciplined and efficient manner, and to realize profitability shortly, so as to maximize returns for the shareholders.

By order of the Board

**Cai Qiwu**

*Chairman*

Hong Kong, 22 April 2008

完成後，本公司將集中資源於製造及分銷(i)空調電機，(ii)洗滌電機；及(iii)家電電子電器產品的業務上。本公司擬將各核心業務發展為所在行業在市場份額、業績表現及品牌認知度方面的領先者，計劃透過持續改良技術加強核心業務產品的品質，透過爭取新客戶及增加對現有客戶的銷售額提高其現有產品的市場佔有率。本公司亦將計劃增加產品種類，擴大其產品範圍，如增加生產冰箱壓縮機電機類型、排水泵電機、單極電機及商用空調電機。此外，公司會繼續嘗試研發新產品，例如與汽車製造商合作開發生產汽車轉向電機。董事會相信，以上所述各項以及收購新業務將可優化公司表現，提高「威靈」品牌認知度，從而促進長期增長及股東整體價值。

## 致意

最後，本人謹借此機會，再一次感謝董事會各董事，各管理人員及全體員工，感謝大家為集團發展作出的努力和貢獻。同時本人也衷心感謝股東們的支援，集團所有員工將竭盡所能，努力經營和管理公司，爭取扭轉目前虧損的局面，為股東們帶來最大的回報。

承董事會

**蔡其武**

*主席*

香港，二零零八年四月二十二日



# MANAGEMENT DISCUSSION & ANALYSIS

## 管理層討論與分析

In 2007, the electrical household appliances industry regained momentum and recorded rapid growth under the positive influence of China's robust economy, the rise of consumption power of the Chinese population, and the increasing pace of urbanization of rural areas and global warming. During the Year, the Company endeavored to reform its operating model and management system and underwent the internal consolidation of assets and resources of the air-conditioner and refrigerator segments and fully utilized its competitive strength in manufacturing. Benefiting from the above measures, turnover recorded for the Year increased by 57% as compared to the Previous Year. However, certain aspects of the operating environment for manufacturers in the electrical household appliances industry have not improved, as evidenced by the continuous surge of prices of raw materials, expectation of stricter technological standards and severe competition among different brands. Under such circumstances, the profit margins of the small-to medium-sized electrical household appliances enterprises have diminished, and the Company still recorded a loss for the Year. Nevertheless, the Company has succeeded in reducing its loss as compared with Previous Year.

As second-tier brands faced severe competition within the electrical household appliances industry, if the Company continues to focus principally only on the manufacturing and distribution of air-conditioners and refrigerators, the effort of the Company to overcome the operating predicament would be demanding.

受國內經濟增長、居民消費水平提升、農村城市化進程加快、氣候變暖等多重正面因素影響，二零零七年度家電行業全面回暖，出現了快速增長，本年度本公司堅持推動經營模式與管理機制變革，內部整合空調和冰箱分部資產及資源，充分發揮生產製造優勢。受益於上述因素，本年度銷售比上年度增長57%。然而家電行業的經營環境若干範疇並沒有改善，原材料成本持續上漲、預期家電技術門檻提高、品牌競爭激烈，中、小品牌家電產品利潤空間被迅速壓縮，諸多不利因素等影響本公司本年度全年業績仍錄得虧損，唯虧損額較上年度有所減少。

由於二線品牌面對家電市場劇烈競爭，如果本公司繼續以生產銷售空調和冰箱為主業，走出經營困境所需之代價將極為巨大。

# MANAGEMENT DISCUSSION & ANALYSIS

## 管理層討論與分析

### RESTRUCTURING

The Directors considered that the best way to overcome the financial and operating difficulties of the Company is to adjust the major business segment of the Company. With the support of Midea, our substantial shareholder, we initiated an important restructuring exercise involving a business and assets swap in 2007. Pursuant to this restructuring exercise, the Disposed Business was sold to Midea while the Company has acquired the entire issued share capital and business of Welling. Management considered that the acquisition could allow the Company to move upstream in the electrical household appliances industry and concentrate on the development of the more promising upstream business of the motors for electronic and electric products, thus facilitating the Company to make full use of its expertise and experience in the relevant electrical household appliances industry.

### A brief description of the substantial acquisition and disposal

On 23 November 2007, the Company announced that it has entered into a sale and purchase agreement (the “Agreement”) with Welling Electric Holding (Cayman Islands) Limited (the “Vendor”), the wholly owned subsidiary of Midea, pursuant to which the Company (i) acquired the entire issued share capital of Welling, which is engaged in manufacturing and distribution of motors for electrical household appliances, from the Vendor; (ii) disposed of the Company’s entire interest in each of China Refrigeration Industry Co. Ltd., Hualing Technology Limited, Hualing (Far East) Limited and Hualing (Guangzhou) Electrical Appliances Co. Ltd. (collectively the “Disposed Companies”) to the Vendor; (iii) assigned certain debt receivable to the Vendor; and (iv) issued the consideration shares to the Vendor. (collectively the “Proposed Transaction”) Upon Completion, Welling became a wholly-owned subsidiary of the Company, and the Company no longer has any interest in any of the Disposed Companies or engage in its current principal business activities, and will principally engage in the business of the manufacturing and distribution of motors for electrical household appliances, including principally air-conditioners, washing machines, dishwashers, water heaters, microwave ovens and refrigerators and electronic and electric products.

### 重組

董事認為改變本公司主營業務才是儘快走出本公司財政及經營困局的最佳途徑，在主要股東美的的支援下，二零零七年啟動重大業務及資產換置的重組方案，據此，已出售業務出售予美的，同時本公司收購威靈全部已發行股本及業務。管理層認為，收購讓本公司轉型到家電行業的上游產業，並集中於更有發展前景的電機以及電子電器產品的上游產業，有利於本公司發揮和利用其專長及經驗在相關的家電行業上。

### 重大收購及出售簡述

於二零零七年十一月二十三日，本公司公告與美的之全資附屬公司威靈電機控股(開曼群島)有限公司(「賣方」)簽訂買賣協議(「協議」)，據此，本公司(i)向賣方收購威靈(從事生產及銷售家電電機)的全部已發行股本；(ii)出售本公司於中國雪櫃實業有限公司、華凌科技有限公司、華凌(遠東)有限公司及華凌(廣州)電器有限公司(「統稱已出售公司」)的全部權益予賣方；(iii)轉讓若干應收債項予賣方；及(iv)發行代價股份予賣方(統稱「建議交易」)。於完成後，威靈將成為本公司的全資附屬公司，而本公司將不再持有任何已出售公司的任何權益或從事其現有主要業務活動，並將主要從事家電(主要包括空調、洗衣機、洗碗機、熱水器、微波爐及冰箱)電機及電子電器產品的製造及分銷的業務。

# MANAGEMENT DISCUSSION & ANALYSIS

## 管理層討論與分析

The consideration for the acquisition of Welling is HK\$4,500,000,000 and would be satisfied:

- (i) in part by the transfer of the Company's entire interest in the Disposed Companies to the Vendor for an aggregate consideration of HK\$4;
- (ii) in part as to an amount equal to the outstanding amount owing under the debt receivable as at the date of the Completion by the debt assignment of approximately HK\$876,124,000; and
- (iii) as to the remainder of the consideration of approximately HK\$3,623,876,000 by the issue and allotment of approximately 8,753,323,000 new shares in the Company, to the Vendor at an issue price of HK\$0.414 per share.

As at 31 December 2007, completion of the Proposed Transaction is conditional upon, among other things, the fulfilment of several conditions including the approval of the Proposed Transaction by the independent shareholders at the Company's extraordinary general meeting (the "EGM") and the Stock Exchange of Hong Kong.

The Proposed Transaction was approved by the independent shareholders at the EGM held on 18 March 2008. The Group completed the transaction on 31 March 2008.

收購威靈的代價為港幣4,500,000,000元，以下列方式支付：

- (i) 部份透過以合共港幣4元向賣方轉讓本公司於已出售公司全部權益；
- (ii) 部份透過款額相等於根據應收債項協議於完成日期尚未償還的應收債項款額（約港幣876,124,000元）；及
- (iii) 代價餘額約港幣3,623,876,000元透過按每股股份港幣0.414元的發行價向賣方發行及配發約8,753,323,000股本公司新股。

於二零零七年十二月三十一日，建議交易完成須待（其中包括）若干條件達成（包括獨立股東於本公司的股東特別大會（「股東特別大會」）上批准及香港聯交所批准建議交易）方可落實。

獨立股東於二零零八年三月十八日舉行的股東特別大會上批准上述交易。本集團於二零零八年三月三十一日完成了交易。

# MANAGEMENT DISCUSSION & ANALYSIS

## 管理層討論與分析

### Industry Overview for the Disposed Business

In 2007, driven by numerous favourable factors, the growth of air-conditioner industry restored rapidly, in which both the sales scale and operation quality were enhanced. A favourable environment prevailed in the industry and the industry continued to boom. A spate of less-strong companies was forced out of the market and the market positions for the remaining, stronger companies were lifted immediately. The pace of consolidation of the industry sped up while the crossover of different businesses has become more apparent. In respect of products development, consumers have become more conscious of energy saving and environmental protection. In respect of brand competition within the industry, with the further expansion of the market share of the major brands and the diminished remaining market for the weaker brands, there arose a state of oligopoly in the air-conditioner industry.

In 2007, the increase in consumer demand for new products and the implementation of energy saving and environmental standards in the refrigerator industry raised the entry barriers to the industry. The surge of costs of raw materials led to adjustments to product structure. The upgrade of the industry as a whole further reduced the importance of products pricing. With regard to the third and fourth-tier markets and the rural markets, the relatively low ownership of refrigerators boosted the sales of low-end products. The continuous improvement in the income of the rural population has helped turn the potential demand into consumption and led to the sharp growth in sales in the third and fourth-tier markets.

### 已出售業務的行業概覽

二零零七年在多種利好因素的影響下，空調行業出現了恢復性的快速增長，無論是從銷售規模還是經營品質都得到了迅速的提高，行業發展的良性循環態勢開始顯現，行業景氣度持續攀升。大量的弱勢企業被淘汰出市場，餘下較強勢企業市場地位迅速提升，行業加速整合，不同行業跨越合作更加顯著。在產品趨勢方面，節能、環保越來越被消費者重視。行業品牌競爭方面，強勢品牌所佔市場份額進一步擴大，中小品牌生存空間將越來越小，空調行業已呈現寡頭競爭格局。

二零零七年冰箱行業出現消費者更新換代需求高峰，節能、環保等標準的實施，有效提升行業門檻，原材料價格大幅上漲也帶來了產品結構的調整，行業性的整體升級進一步淡化了價格重要性；在三、四級市場及農村市場，相對較低的冰箱保有量成為刺激低端產品銷售增長的動力，農民持續性增收正在將潛在需求轉化為現實的消費行為，導致三、四級市場的銷量增長。

# MANAGEMENT DISCUSSION & ANALYSIS

## 管理層討論與分析

### Business Review of the Disposed Business

Against the backdrop of the substantial rise in the cost of upstream raw materials, the rise of entry barrier and the severity in market competition, the Group achieved relatively strong operating results by upholding its operating philosophy of “focusing on profitability, adjusting the operation mode, specializing in refrigerators and air-conditioners businesses, controlling costs and enhancing efficiency, and achieving break-even.” In 2007, it recorded an aggregate turnover of approximately HK\$3,589,686,000 (2006: HK\$2,286,387,000), representing an increase of 57% from that of the Previous Year, which a large portion of the turnover was generated from OEM sales to the Midea Group. The loss attributable to equity holders reduced to approximately HK\$60,684,000 (2006: approximately HK\$112,647,000), representing a decrease of 46% from that of the Previous Year.

#### Sales volume by products: (in thousands units)

| Products<br>產品        |  | 2007<br>二零零七年 | 2006<br>二零零六年 | Change<br>變動 |
|-----------------------|--|---------------|---------------|--------------|
| Air-conditioner<br>空調 |  | 1,509         | 930           | +62%         |
| Refrigerator<br>冰箱    |  | 1,875         | 1,398         | +34%         |

### Analysis of air-conditioner business

The Group's sales from air-conditioners accounted for approximately 59% of its total revenue during the Year.

The Group's sales from air-conditioners in 2007 amounted to approximately HK\$2,132,017,000 (2006: approximately HK\$1,231,048,000), representing a substantial increase of 73% from that of the Previous Year. Sales volume was approximately 1,509,000 units (2006: approximately 930,000 units), representing an increase of approximately 62% from that of the Previous Year.

### 已出售業務的業務回顧

在上游原材料價格大漲，技術門檻提高，行業競爭日益激烈的行業環境背景下，本集團經受住了考驗，堅持「以盈利為核心，調整經營模式，專營冰箱空調，狠抓成本、速度，實現盈虧平衡」的經營理念，整體經營取得了較好的業績。二零零七年實現整體營業額約港幣3,589,686,000元（二零零六年：港幣2,286,387,000元），同比增長57%，而大部份營業額來自向美的集團的代加工製造銷售。股東應佔虧損約港幣60,684,000元（二零零六年：約港幣112,647,000元），同比減少46%。

#### 以產品劃分之銷量：（千台／千套）

### 空調業務分析

本集團空調銷售額佔本集團本年度整體營業額約59%。

本集團於二零零七年空調銷售額約港幣2,132,017,000元（二零零六年：約港幣1,231,048,000元），較上年同期大幅上升約達73%；銷售量約達1,509,000套（二零零六年：約930,000套），較上年度上升約62%。

# MANAGEMENT DISCUSSION & ANALYSIS

## 管理層討論與分析

In 2007, export sales from the Group's air-conditioning products amounted to approximately HK\$392,019,000 (2006: approximately HK\$522,413,000), representing a decrease of 25% from that of the Previous Year, and accounting for 18% of the total revenue of the air-conditioner business. The Group's export sales volume was approximately 325,000 units during the Year (2006: approximately 469,000 units), representing a decrease of approximately 31% from that of the Previous Year. During the Year, there was a sharp decrease in the export sales of air-conditioner, which was mainly due to the diminishing competitiveness in export arising from the adjustment of sales channel and rise in the cost of raw materials, as well as appreciation of Renminbi.

In the domestic market, domestic sales from the air-conditioner business of the Group amounted to approximately HK\$1,739,998,000 (2006: approximately HK\$708,635,000), representing an increase of approximately 146% from that of the Previous Year. During the Year, the Group's domestic sales volume of air-conditioner was approximately 1,184,000 units (2006: approximately 461,000 units), representing an increase of approximately 157% from that of the Previous Year. Such increase was mainly attributable to the Group's effective expansion of the third and fourth-tier domestic market as well as the significantly increase in the volume of OEM sales during the Year, which was mainly generated from the OEM sales of approximately HK\$1,283,414,000 from the Midea Group.

### Analysis of refrigerator business

The Group's sales from refrigerators accounted for approximately 41% of its total revenue during the Year.

The Group's sales revenue from refrigerators in 2007 amounted to approximately HK\$1,457,669,000 (2006: approximately HK\$1,055,339,000), representing an increase of approximately 38% from that of the Previous Year. Sales volume was approximately 1,875,000 units (2006: approximately 1,398,000 units), representing an increase of 34% from that of the Previous Year.

本集團空調產品於二零零七年出口銷售約港幣392,019,000元(二零零六年:約港幣522,413,000元),較上年度下降25%,出口銷售佔空調總收入18%。本年度本集團出口銷售量約325,000套(二零零六年:約469,000套),比上年年度減少約31%。空調本年度出口銷售出現較大業績下滑,主要原因是銷售管道調整及原材料價格上漲,導致出口競爭力下降以及人民幣升值影響。

國內市場方面,本集團國內空調銷售額約港幣1,739,998,000元(二零零六年:約港幣708,635,000元),比上年年度上升約146%;本集團本年度國內空調銷售量約1,184,000套(二零零六年:約461,000套),比上年年度上升約157%。上升主要原因是本集團有效地開拓國內三、四線市場,同時本年度的代加工量較以往大幅度增長,主要來自於美的集團之代加工銷售額約港幣1,283,414,000元所致。

### 冰箱業務分析

本集團冰箱銷售額佔本集團本年度總收入約41%。

本集團於二零零七年冰箱銷售額約港幣1,457,669,000元(二零零六年:約港幣1,055,339,000元),較上年度增長約38%;銷售量約達1,875,000台(二零零六年:約1,398,000台),較上年度增長34%。



# MANAGEMENT DISCUSSION & ANALYSIS

## 管理層討論與分析

The export sales for the Group's refrigerators was approximately HK\$969,873,000 in 2007 (2006: approximately HK\$675,318,000), representing an increase of 44% from that of Previous Year and accounting for 67% of the total revenue of the refrigerator business. Sales volume was approximately 1,380,000 units (2006: approximately 1,026,000 units), representing an increase of approximately 35% from that of the Previous Year. This was mainly attributable to the benefits brought by the significant achievements with the Group's efforts in expanding its overseas market. However, due to the continuous appreciation of Renminbi, the competitive edge of a low cost production country as was enjoyed by "Made in China" will vanish gradually, and as such, expansion of overseas market will be threatened.

In the domestic market, domestic sales from the refrigerator business of the Group amounted to approximately HK\$487,796,000 (2006: approximately HK\$380,021,000), representing an increase of approximately 28% from that of the Previous Year. During the Year, the Group's domestic sales volume was approximately 495,000 units (2006: approximately 372,000 units), representing an increase of approximately 33% from that of the Previous Year. This was mainly due to the adjustment in the sales mix during the Year, in which the amount of OEM sales increased as compared to the Previous Year, which mainly generated from the OEM sales of approximately HK\$188,990,000 from the Midea Group.

## Financial Review of Disposed Business

### Liquidity and Financial Resources

The Group continues to adopt a prudent funding and treasury policy. As at 31 December 2007, the Group's bank borrowings amounted to approximately HK\$416,676,000 (2006: approximately HK\$391,162,000), all being short-term bank borrowings bearing interest at fixed rate and available bank balances and cash of approximately HK\$331,588,000 (2006: approximately HK\$247,199,000). The balances of the Group's trade and notes receivables amounted to approximately HK\$855,920,000 (2006: HK\$483,254,000).

本集團冰箱產品於二零零七年出口銷售約港幣969,873,000元(二零零六年:約港幣675,318,000元),比上年度上升44%,出口銷售佔冰箱業務總收入67%。出口銷售量約1,380,000台(二零零六年:約1,026,000台),比上年度上升約35%。主要原因是本集團加強拓展海外銷售管道,並取得了明顯效果,然而隨著人民幣的不斷升值,生產國家「中國製造」的低成本競爭優勢將逐漸失去,海外市場的拓展將面臨考驗。

國內市場方面,本集團國內冰箱銷售約港幣487,796,000元(二零零六年:約港幣380,021,000元),比上年度上升約28%;年內,本集團國內銷售量約495,000台(二零零六年:約372,000台),比上年度上升約33%。主要原因是本年度銷售結構有所調整,代加工銷售額比上年度增加,主要是來自美的集團的代加工銷售額約港幣188,990,000元所致。

## 已出售業務的財務回顧

### 流動資金及財政資源

本集團繼續採取審慎的資金及財務政策。於二零零七年十二月三十一日,本集團之銀行貸款約港幣416,676,000元(二零零六年:約港幣391,162,000元),全部為短期定息銀行貸款,可動用銀行結餘及現金約港幣331,588,000元(二零零六年:約港幣247,199,000元)。本集團之貿易應收款及應收票據結餘約港幣855,920,000元(二零零六年:港幣483,254,000元)。

# MANAGEMENT DISCUSSION & ANALYSIS

## 管理層討論與分析

### Capital Structure and Pledge of Assets

As at 31 December 2007, the Group had recorded net deficit attributable to equity holders of approximately HK\$404,157,000. As at 31 December 2007, property, plant and equipment and leasehold land and land use rights with net book value of approximately HK\$143,052,000 (2006: approximately HK\$81,335,000) were pledged as security for the Group's short-term loans. Since the Group had net deficit attributable to equity holders, it would have been very difficult to secure financing from the bank, however with financial support from Midea, the substantial shareholder, the Group managed to enter into an agreements with banks to extend the payment terms. As at 31 December 2007, approximately HK\$416,676,000 (2006: approximately HK\$316,512,000) of the Group's loans were guaranteed by Midea and a subsidiary of Midea. Details of contingent liabilities are set out in Note 30. Since the Disposed Companies were transferred to the Vendor on 31 March 2008, all of the banking facilities of Welling and its subsidiaries (together as the "Welling Group") will not be guaranteed by the Midea Group and either secured by its own assets or guaranteed by subsidiaries within Welling Group.

### Exposure to Fluctuations in Exchange Rate

Since most of the Group's loans and transactions are denominated in Renminbi, Hong Kong Dollar and United States Dollar, the risk borne by the Group with respect to currency fluctuation is relatively low. During the Year, the Group mainly used its income in Renminbi to settle the expenses of its PRC operations, and had not used any financial instruments to hedge its bank borrowings denominated in Renminbi, which was mainly used to meet the working capital requirements of its PRC operations.

### 資本結構及資產抵押

於二零零七年十二月三十一日，本集團錄得股東虧絀淨額約港幣404,157,000元。於二零零七年十二月三十一日，短期銀行貸款乃由本集團賬面淨值約港幣143,052,000元(二零零六年：約港幣81,335,000元)之物業、廠房及設備及租賃土地及土地使用權等資產作抵押。由於本集團處於股東虧絀淨額，故此向銀行借貸十分困難，但得到主要股東美的的財務支持，各銀行均願意延長還款期限。於二零零七年十二月三十一日，本集團約港幣416,676,000元(二零零六年：約港幣316,512,000元)貸款乃由美的及美的一間附屬公司作出擔保。有關或有負債詳情載於附註30。由於已出售公司已於二零零八年三月三十一日轉讓予賣方，威靈及其附屬公司(統稱「威靈集團」)之所有銀行融資不會由美的集團擔保，而以威靈集團的資產作抵押，或由威靈集團的附屬公司作出擔保。

### 匯率波動風險

由於本集團大部份借貸及交易主要以人民幣、港元及美元為單位，本集團所承受之匯率波動風險相對較低。整體而言，年內本集團主要以所賺得之人民幣收入支付中國業務之資金支出，並無使用任何金融工具對沖人民幣銀行借貸，至於該等借貸主要用於中國業務之人民幣營運資金需求。

# MANAGEMENT DISCUSSION & ANALYSIS

## 管理層討論與分析

### Human Resources

As at 31 December 2007, the Group employed approximately 5,555 full time staff in Hong Kong and the PRC. The Group has considered research report on remuneration prepared by professional consultants in the PRC in determining employees' remuneration based on their respective performance, experience and industry practice. The Company has also adopted share option scheme and has provided free housing benefit to certain staff in the PRC. To enhance our productivity and further improve the caliber of the staff, the Group provided continual education and training programs for our management and production staff.

### Future Prospects

As discussed above, the Group completed its acquisition of Welling and disposed of the Disposed Business on 31 March 2008.

Since 1 April 2008, the principal operations of the Group have become the manufacturing and distribution of motors and electronic and electric products for electrical household appliances, including air-conditioners, washing machines, dishwashers, water heaters, microwave ovens and refrigerators. Such motors are the main parts of white goods household appliances and are mainly sold to famous brands around the global and the PRC markets including Midea Group. The Group intends to develop new products to enter new markets with high growth potential, high gross margin and/or high entry barrier through the strategic cooperation with international renowned companies in future, for example entering the automobile steering motors market to sell its existing or new products and/or technology. The Group will also consider entering the office automation equipment industry. Such developments would diversify the Group's products range, which would provide the Group with the opportunity of further expansion.

### 人力資源

於二零零七年十二月三十一日，本集團於香港及國內共聘用約5,555名全職僱員。本集團已考慮中國專業顧問所編制的薪酬研究報告，按僱員各自的表現、經驗及業內慣例釐定僱員薪酬。本公司已採納購股權計劃及為國內若干員工提供免費宿舍。為改善本集團的生產力及進一步提高職工質素，本集團對管理層人員及生產工人提供持續教育及培訓課程。

### 未來展望

於上文所述，本集團已於二零零八年三月三十一日完成收購威靈及出售已出售業務。

從二零零八年四月一日起，本集團的主要業務已變更為：空調、洗衣機、洗碗機、熱水器、微波爐及冰箱等家用電器的電機以及電子電器的製造和銷售，所製造的電機為白色家電的主要部件，並主要銷售予包括美的集團在內的國際及內地知名品牌。未來，集團有意透過與世界著名企業建立策略性合作，發展新產品以進軍較高增長潛力、高毛利及／或高門檻的新市場，例如汽車電機市場，銷售其現有或新的產品及／或技術，本集團亦會考慮進軍辦公室自動化設施行業。此舉將增加集團出售的產品種類，從而提供機會進一步擴充。

# MANAGEMENT DISCUSSION & ANALYSIS

## 管理層討論與分析

### Financial Review of the New Business

The consolidated profit attributable to the owners of Welling for the year ended 31 December 2007 was approximately RMB276,147,000 (2006: approximately RMB167,260,000). Details of financial information of the Welling Group are set out in Note 35(a) to the consolidated financial statements. The following table sets out the revenue and related data of the Group's New Business carried on by Welling attributable to the major product segments for the years indicated.

### 新業務的財務回顧

截至二零零七年十二月三十一日止年度威靈的擁有人應佔綜合利潤約人民幣276,147,000元(二零零六年：約人民幣167,260,000元)。威靈集團的財務資料詳情載列於綜合財務報表附註35(a)。下表載列由威靈進行之本集團新業務在主要產品分部於所示年度的收入及相關數據。

|  |            | Year ended 31 December<br>截至十二月三十一日止年度 |               |                  |               |                  |               |                  |               |
|--|------------|--|---------------|------------------|---------------|------------------|---------------|------------------|---------------|
|  |            | 2004<br>二零零四年                          |               | 2005<br>二零零五年    |               | 2006<br>二零零六年    |               | 2007<br>二零零七年    |               |
|  |            | RMB'000                                | (%)           | RMB'000          | (%)           | RMB'000          | (%)           | RMB'000          | (%)           |
|  |            | 人民幣千元                                  | (%)           | 人民幣千元            | (%)           | 人民幣千元            | (%)           | 人民幣千元            | (%)           |
| <b>Turnover</b>                              | <b>營業額</b> |  |               |                  |               |                  |               |                  |               |
| Air-conditioning motors                      | 空調電機       | 1,241,474                              | 62.3%         | 1,503,765        | 54.7%         | 1,719,827        | 52.7%         | <b>2,631,696</b> | <b>58.4%</b>  |
| Washing motors                               | 洗滌電機       | 423,836                                | 21.3%         | 649,202          | 23.6%         | 902,551          | 27.6%         | <b>1,259,867</b> | <b>27.9%</b>  |
| Electronic and electric products             | 電子電器產品     | 327,404                                | 16.4%         | 595,846          | 21.7%         | 560,065          | 17.2%         | <b>618,724</b>   | <b>13.7%</b>  |
| Raw materials                                | 原材料        | —                                      | —             | —                | —             | 82,126           | 2.5%          | —                | —             |
| <b>Total</b>                                 | <b>合計</b>  | <b>1,992,714</b>                       | <b>100.0%</b> | <b>2,748,813</b> | <b>100.0%</b> | <b>3,264,569</b> | <b>100.0%</b> | <b>4,510,287</b> | <b>100.0%</b> |
| Profit attributable to the owners of Welling | 威靈擁有人應佔利潤  | 84,573                                 |               | 93,697           |               | 175,180          |               | <b>276,147</b>   |               |
| <b>Gross profit margin</b>                   | <b>毛利率</b> |  |               |                  |               |                  |               |                  |               |
| Air-conditioning motors                      | 空調電機       | 10.7%                                  |               | 6.6%             |               | 6.6%             |               | <b>8.4%</b>      |               |
| Washing motors                               | 洗滌電機       | 9.5%                                   |               | 12.5%            |               | 14.7%            |               | <b>16.5%</b>     |               |
| Electronic and electric products             | 電子電器產品     | 4.7%                                   |               | 6.7%             |               | 10.9%            |               | <b>6.8%</b>      |               |
| Raw materials                                | 原材料        | —                                      |               | —                |               | 6.6%             |               | —                |               |
| Overall                                      | 整體         | 9.5%                                   |               | 8.0%             |               | 9.6%             |               | <b>10.5%</b>     |               |

# MANAGEMENT DISCUSSION & ANALYSIS

## 管理層討論與分析

### Air-conditioning Motors

Gross profit margins of air-conditioning motors for the Welling Group were approximately 10.7%, 6.6%, 6.6% and 8.4% for the years ended 2004, 2005, 2006 and 2007 respectively.

During the first half of 2005, the Welling Group's costs on the copper and steel (being the Welling Group's key raw material components) surged to account for approximately 9% of the Welling Group's cost of air-conditioning motors for the year. The Welling Group did not enter into any commodity-linked agreement with its customers at that time. The sharp increase in key raw materials plunged the Welling Group into an extremely unfavorable business environment. After tremendous efforts, the Welling Group managed to raise the average price of products by 3% in 2005. However, this was more than offset by the surge in the costs of key raw materials and hence the gross profit margin for 2005 dropped by approximately 4.1% compared to 2004.

In 2006, the cost of copper continued to rise. During the peak period of demand for its products, the Welling Group captured the opportunity to negotiate with its customers and reached a commodity-linked agreement while raising the selling price of its export products. In the last quarter of 2006, the PRC government changed the export refund tax rate which led to the increase of the applicable export refund tax rate of the Welling Group's air-conditioning motors from 13% to 17%. Such change offset the skyrocketing cost of key raw materials. As a result, the gross profit margins in 2006 for the Welling Group's air-conditioning motors remained stable compared to 2005.

For the Year, the consolidation of the air-conditioner industry has increased the market share of the Welling Group's major customers and boosted the demands for the Welling Group's air-conditioning motors, which in turn generated substantial revenue to the Welling Group. Commodity-linked agreement entered into between the Welling Group and its customers provided protection against the continuous rise in the price

### 空調電機

威靈集團的空調電機業務於截至二零零四年、二零零五年、二零零六年及二零零七年止年度的毛利率分別為約10.7%、6.6%、6.6%及8.4%。

於二零零五年上半年內，威靈集團的銅及鋼成本（即威靈集團產品的主要原材料）飆升，相當於威靈集團該年度空調電機成本約9%的金額。當時，威靈集團並無與其客戶訂立商品掛鈎協議。主要原材料成本大幅增加使空調電機業處於一個非常不利的業務環境。威靈集團於作出努力後於二零零五年將產品平均售價提升3%。然而，此未足以補償主要原材料成本飆升，而二零零五年的毛利率較二零零四年減少約4.1%。

於二零零六年，銅成本持續上升。威靈集團於其產品需求的高峰期內，抓緊機會與其客戶進行磋商及達成商品掛鈎協議，而同時提高其出口產品的售價。於二零零六年最後一季，中國政府改變出口退稅率，因此威靈集團空調電機的適用出口退稅率由13%增加至17%。此舉部份補償主要原材料成本的飆升。因此，威靈集團的空調電機毛利率於二零零六年較二零零五年保持穩定。

年內，空調業的整合令威靈集團主要客戶的市場份額增加，並令對威靈集團空調電機的需求增加，為威靈集團帶來強勁的收入增加。威靈集團與其客戶的商品掛鈎協定在銅（主要原材料）價持續上升中為威靈集團提供保障。威靈集團亦成功提升其對部份客戶的售價。威靈集團的空調電機收入上升約53%，銷量則增加約49%，而威靈集

# MANAGEMENT DISCUSSION & ANALYSIS

## 管理層討論與分析

of copper (key raw materials). The Welling Group also successfully raised the selling price charged to some customers. The revenue of the Welling Group's air-conditioning motors rose by approximately 53%; the sales volume increased by approximately 49%; the selling price of the Welling Group's air-conditioning motors products increased by average of 3%. Thus, the gross profit margin of the Welling Group's air-conditioning motors in 2007 rose to approximately 8.4%.

### Washing Motors

Gross profit margins of the Welling Group's washing motors business were approximately 9.5%, 12.5%, 14.7% and 16.5% for the years ended 2004, 2005, 2006 and 2007 respectively. During 2004 to 2006, the stable growth of this business was attributable to the strategy of diversified product range. The Welling Group's more profitable products such as universal motors, motors for dishwasher and motors for water heaters, accounted for an increased proportion of total sales for the Welling Group's washing motors business, reaching 80%. As a result, the Welling Group's washing motors operations were more profitable, and the Welling Group's gross profit margin for its washing motors business increased. The Welling Group also entered markets for new products, including water pumps and rangehood motors. With the completion of the expansion works for the Welling Group's production facilities in Huaian (Jiangsu), the PRC in November 2004, the production capacity of the Welling Group's washing motors division further increased, providing the Welling Group with greater benefits from production economies of scale.

For the Year, demand for the Welling Group's washing motors was strong, particularly from a key customer in Europe. The Welling Group's washing motors revenue rose by approximately 40%, mainly attributable to the increase in sales volume by approximately 40%. The gross profit margin of the washing motors business in 2007 increased by 1.8% to 16.5% compared to last year, which was mainly attributable to remarkable result of the Welling Group internal measures to reduce cost.

團空調電機產品售價平均上升3%。因此，威靈集團空調電機業務的毛利率於二零零七年上升至約8.4%。

### 洗滌電機

威靈集團的洗滌電機業務於截至二零零四年、二零零五年、二零零六年及二零零七年止年度的毛利率分別為約9.5%、12.5%、14.7%及16.5%。於二零零四年至二零零六年期間，此業務的穩定上升趨勢乃因威靈集團擁有多元化產品範疇的策略。威靈集團利潤較高的產品例如串激電機、洗碗機電機及熱水器電機佔威靈集團的洗滌電機總銷售比例上升至80%。因此，威靈集團的洗滌電機業務利潤更高，從而導致威靈集團洗滌電機業務的毛利率上升。威靈集團亦進軍新產品市場，包括水泵電機及抽油煙機電機。隨著威靈集團於二零零四年十一月在中國江蘇淮安的廠房擴充工程完成後，威靈集團的洗滌電機的產能進一步增加，為威靈集團提供更大的生產規模經濟效益。

年內，威靈集團洗滌電機的需求(尤其是歐洲主要客戶)強勁。威靈集團的洗滌電機收入增加約40%，主要是銷量增加約40%；二零零七年洗滌電機的毛利率較上年提高1.8%至16.5%，其主要是由於威靈集團內部降低成本措施效果顯著。



# MANAGEMENT DISCUSSION & ANALYSIS

## 管理層討論與分析

### Electronic and Electric Products

Gross profit margins for the Welling Group's electronic and electric products were approximately 4.7%, 6.7%, 10.9% and 6.8% for the years ended 2004, 2005, 2006 and 2007 respectively. As the average cost of the Welling Group's products was lowered due to production scale expansion in 2005, the overall gross profit margin of the Welling Group's electronic and electric business increased. In 2006, in order to relieve the pressure of the cost of copper on the Welling Group, the Welling Group's electronic and electric products division used aluminum instead of copper in its manufacturing processes to lower the cost of raw materials per unit. As a result, the gross profit margin increased compared with the Previous Year. For the Year, the gross profit margin of the Welling Group's electronic and electric business fell, due to the increased cost of raw materials.

### Business Outlook

In the coming few years, Welling Group will focus on the motors sector for electrical household appliances. However, given the uncertainties surrounding the global economy, macro-economic control by the PRC, the fluctuation of raw material prices and the international bulk purchasing of raw materials, the Company expects to face considerable operational risks. The Company will also improve the quality of its products, control operating costs and further strengthen co-operative relationships with international renowned enterprises to boost overall profitability.

The development of the household air-conditioning business is now in a mature stage and the migration of production bases has basically been accomplished. The current growth of the industry is sluggish. However, expectations are for the commercial air-conditioning segment to achieve rapid growth worldwide. The Company will devote more resources toward the commercial air-conditioning sector and will speed up product development. At the same time, we will develop the American market and diversify the focus for the coming years into the commercial air-conditioning motors segment as well.

### 電子電器產品

威靈集團的電子電器產品於截至二零零四年、二零零五年、二零零六年及二零零七年止年度的毛利率分別為約4.7%、6.7%、10.9%及6.8%。二零零五年生產規模的擴大降低了威靈集團產品的平均成本，導致威靈集團電子電器業務整體毛利率有所提高；二零零六年為減輕銅成本上升對威靈集團的壓力，威靈集團的電子電器產品分部在其生產過程中實施以鋁代銅，以降低單位原材料成本，因此毛利率較上年度有大幅上升。年內，由於原材料成本上升，威靈集團電子電器業務的毛利率下降。

### 業務展望

未來幾年，威靈集團將專注於家電電機配套業務的發展，由於世界經濟不明朗因素、國內宏觀調控、材料波動等的不確定性，國際大宗材料波動的確定性，對本公司的經營依然造成很大的經營風險，本公司將全面提升產品品質，控制營運成本，與全球知名家電企業建立起更加緊密的合作關係，進一步提高整體的盈利能力。

家用空調行業的發展已逐步進入成熟期，全球範圍內的生產基地轉移已基本完成，行業增長緩慢，而商用空調在全球範圍內將快速增長，公司將加大商用空調電機的投入，加快新產品的開發，大力開發美州市場，將商用空調電機培育成未來幾年重要增長點。

# MANAGEMENT DISCUSSION & ANALYSIS

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With respect to the washing machine business, this segment has maintained its vigorous growth momentum as an ancillary component of rolling washing machines; to this end the performance of the universal motor business is particularly outstanding. Rolling washing machines are a major product in the European market and as such has a huge scope for further development. The Company will also focus more on the universal motor business and will aim to fully expand its presence within the European market.

Welling as well will allocate more resources toward the development of new products like compressor motors for refrigerators, automobile, office automation machinery and electrical control devices. The Group also initiate research programmes in order to lay a solid foundation for our future healthy development.

洗衣機電機行業保持快速增長的勢頭，特別是在滾筒洗衣機配套的串激電機行業，滾筒洗衣機是歐洲市場的主流產品，因此在歐洲還有巨大的市場空間，公司將進一步加大串激電機業務的投入，全面拓展歐洲市場。

威靈將加大冰箱壓縮機電機、汽車電機、辦公自動化電機、電機電控等領域的研發投入，集團亦為將來的快速增長進行前瞻性的研究。

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

The Company has always endeavoured to achieve good corporate governance practices and appreciate the importance of management transparency and accountability. The Board believes that good corporate governance of the Company will contribute to maximize the interests of the Company and its shareholders as a whole.

Therefore, the Company has adopted all the code provisions set out in the Code on Corporate Governance Practices (the “CG Code”) contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), as its own code of corporate governance practices.

The Company’s compliance with all the principles of the CG Code was reflected by the revised constitutional documents of the Company, internal rules and general corporate governance practices. For the Year, the Board has reviewed the Company’s corporate governance practices and is satisfied that the Company has been in compliance with the code provisions set out in the CG Code of the Listing Rules throughout the Year.

### The Board

The Board is collectively responsible for the leadership and control of the Company and oversees the Group’s businesses, strategic decisions and performances whereas the senior management of the Company (the “Senior Management”) was delegated the authority and responsibility by the Board for the day-to-day management of the Group. In addition, the Board has also delegated various responsibilities to the committees of the Board (the “Committees”). Further details of these Committees are set out in this report.

本公司時刻致力達致良好企業管治常規，並重視管理層之透明度及問責性。董事會相信本公司之良好企業管治將有助本公司及其股東之整體利益達致最高。

因此，本公司已採納香港聯合交易所有限公司證券上市規則（「上市規則」）附錄十四所載之企業管治常規守則（「企業管治守則」）內所列之所有守則條文，作為本公司之企業管治常規守則。

本公司之經修訂組織章程文件、內部規則及一般企業管治常規反映本公司已遵照企業管治守則之一切原則。董事會於本年度已檢討本公司之企業管治常規，並信納本公司於本年度一直遵照上市規則企業管治守則所載之守則條文。

### 董事會

董事會全體負責領導及監控本公司，並監督本集團之業務、策略決定及業績表現，而本公司之高級管理層（「高級管理層」）則獲董事會授以權力及責任主管本集團之日常管理。另外，董事會亦向多個董事委員會（「委員會」）授予各項責任。該等委員會之進一步詳情載於本報告。

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

There were ten Board meetings held during the Year which fulfills the requirement of the CG Code that regular Board meetings should be held at least four times a year. The attendance record of the Directors at the Board meetings for the Year are as follows:

本年度已舉行10次董事會會議，符合企業管治守則要求常規董事會會議每年最少舉行四次之規定。董事於本年度出席董事會會議之記錄如下：

| <b>Total number of Board meetings for the year 2007</b>   |  | 二零零七年度<br>董事會會議總數 | 10                                  |                               |
|---|--|-------------------|-------------------------------------|-------------------------------|
|   |  |                   | <b>Number of attendance</b><br>出席次數 | <b>Attendance rate</b><br>出席率 |
| <b>Executive Directors</b>  |  | <b>執行董事</b>       |                                     |                               |
| Mr. Fang Hongbo ( <i>Chairman</i> )<br>(resigned on 31 March 2008)                                | 方洪波先生 (主席)<br>(於二零零八年三月三十一日辭任)         |                   | 10                                  | 100%                          |
| Mr. Zhang Quan<br>(resigned on 31 March 2008)   | 張權先生<br>(於二零零八年三月三十一日辭任)               |                   | 10                                  | 100%                          |
| Mr. Li Donglai<br>(resigned on 31 March 2008)   | 李東來先生<br>(於二零零八年三月三十一日辭任)              |                   | 8                                   | 80%                           |
| Ms. Yuan Liqun (redesignated from non-executive Director to executive Director on 4 January 2007) | 袁利群女士<br>(於二零零七年一月四日<br>由非執行董事調任為執行董事) |                   | 10                                  | 100%                          |
| Mr. Li Jianwei  | 栗建偉先生                                  |                   | 9                                   | 90%                           |
| <b>Non-executive Directors</b>  |  | <b>非執行董事</b>      |                                     |                               |
| Mr. Zhang Xinhua  | 張新華先生                                  |                   | 8                                   | 80%                           |
| Mr. Chen Yuhang<br>(resigned on 30 July 2007)   | 陳宇航先生<br>(於二零零七年七月三十日辭任)               |                   | 1                                   | 10%                           |
| <b>Independent non-executive Directors</b>  |  | <b>獨立非執行董事</b>    |                                     |                               |
| Mr. Chan Wai Dune   | 陳維端先生                                  |                   | 10                                  | 100%                          |
| Mr. Lam Ming Yung   | 林明勇先生                                  |                   | 10                                  | 100%                          |
| Ms. Chen Chunhua  | 陳春花女士                                  |                   | 9                                   | 90%                           |

For each of the regular Board meetings for the Year, each Director had been consulted beforehand or served prior notice to enable him/her to include matters in the agenda of the forthcoming regular Board meeting.

於本年度每次常規董事會會議，每名董事均於會前獲得諮詢或獲發會前通告，使其可提出討論事項以列入董事會定期會議議程。

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

The Company generally gives notice of regular Board meetings at least 14 days in advance and gives reasonable notice for all other Board meetings. For the year 2007, the Company had complied with the said notice requirements to give all Directors opportunity to attend the regular/other Board meetings.

All Directors have access to and could have service from the secretary of the Company ("Secretary") who is responsible for ensuring that Board procedures are complied with and advises the Board on corporate governance and compliance matters.

The Secretary is responsible for taking minutes of meetings of the Board which shall record in sufficient detail the matters considered by the Board, decisions reached and concerns and divergent views, if any. For each of the Board meetings held in the Year, draft and final versions of the Board minutes had been sent to all Directors within reasonable time (generally within 14 days for both cases) after the Board meeting was held for their comments and records. All Board minutes are available for inspection by all Directors.

The Company's corporate governance guidelines give all Directors the right, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the Company's expense, and in such circumstances, the Board shall resolve to provide separate independent professional advice to the Directors to assist the relevant Directors to discharge their duties.

The provisions of the articles of association of the Company (the "Articles") have set out a list of matters that should not be dealt with by way of circulation and such list includes the circumstances where a Director has a conflict of interest in a matter to be considered by the Board which the Board considered to be material.

For the Year, appropriate insurance cover was arranged in respect of legal action against the Directors.

本公司一般最少於14日前預先發出董事會定期會議通告，並就所有董事會其他會議發出合理通知。於二零零七年度，本公司已遵循上述通告規定，讓全體董事獲得出席董事會定期／其他會議之機會。

全體董事均可獲本公司之秘書（「秘書」）之意見及服務。秘書乃負責確保遵循董事會程序並就企業管治及合規事宜向董事會提供意見。

秘書負責記錄董事會會議之會議紀錄，其須充分詳細記錄董事會所考慮之事項、所達致之決定及關注及分歧（倘有）。於本年度所舉行之每次董事會會議，董事會會議紀錄之草稿及定稿均已於會議後之合理時間內（兩者皆一般為14日內）送交董事，以供彼等提出意見及存檔。所有董事會會議紀錄均隨時可供全體董事查閱。

本公司之企業管治指引賦予全體董事按合理要求及在適當情況下尋求獨立專業意見之權利，費用由本公司支付。在該等情況下，董事會須決議向董事提供獨立專業意見，以協助有關董事履行彼等之職責。

本公司之組織章程細則（「組織章程」）條文已載有不應以傳閱方式處理之事項列表，而該列表包括一名董事於董事會將予考慮之事項中存有董事會認為重大之利益衝突之情況。

於本年度，已就對董事採取之法律行動安排適當之保險保障。

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

### Chairman and Chief Executive Officer

The Company recognises the different roles of chairman of the Board (the “Chairman”) and the chief executive officer (the “CEO”) of the Company. Therefore, the Chairman and the CEO of the Company are separate persons to enhance the division of responsibilities between them and to ensure a balance of power and authority. For the Year, Mr. Fang Hongbo was elected by the Board as the Chairman who renders leadership to the Board so that the Board worked effectively on the strategic level of the business of the Company. To this end, the Chairman is responsible for ensuring that all Directors are properly briefed on business arising at Board meetings and that Directors receive timely, adequate, complete and reliable information. For the Year, the Chairman had fulfilled such responsibilities. The CEO, Mr. Zhang Quan, has executive responsibilities over the business directions and operational decisions of the day-to-day management and performance of the Group. With effect from Completion on 31 March 2008, Mr. Cai Qiwu has become the Chairman whilst Mr. Wu Zhiqiang has become the CEO. The Board also comprises independent non-executive Directors who contribute their expertise, experience and independent judgement to the Board. As noted below, all the members of the audit committee of the Company are independent non-executive Directors. Such composition functions to ensure a sufficient independent element in the Board which in turn reflects the good governance practices of the Company.

### Board Composition

For the Year and thereafter until 31 March 2008, the Board was chaired by Mr. Fang Hongbo and comprised five executive Directors, being Mr. Fang Hongbo, Mr. Zhang Quan, Mr. Li Donglai, Ms. Yuan Liqun (redesignated from non-executive Director to executive Director on 4 January 2007) and Mr. Li Jianwei, two non-executive Directors, being Mr. Zhang Xinhua and Mr. Chen Yuhang (resigned on 30 July 2007), and three independent non-executive Directors, Mr. Chan Wai Dune, Mr. Lam Ming Yung and Ms. Chen Chunhua. With effect from 31 March 2008, Mr. Fang Hongbo, Mr. Zhang Quan and Mr. Li Donglai have resigned and Mr. Wu Zhiqiang, Mr. Qu Fei, Mr. Gao Fazhong and Mr. Zheng Weikang were appointed as executive Directors and Mr. Cai Qiwu was appointed as a non-executive Director. The biographies of the Directors are

### 主席及行政總裁

本公司確認董事會主席（「主席」）及本公司行政總裁（「行政總裁」）之不同角色。因此，本公司之主席及行政總裁由不同人士擔任，以加強年彼等之責任分工及確保權力均衡。於本年度，方洪波先生獲董事會選為主席以領導董事會，令董事會於本公司業務之策略層面上得以有效運作。就此而言，主席乃負責確保全體董事獲知會於董事會會議產生之事宜，並確保全體董事及時獲得充足、全面及可靠之資料。於本年度，主席已履行該等責任。行政總裁張權先生已就本集團日常管理之業務方向和營運方向及業績表現履行責任。蔡其武先生已成為主席，而吳志強先生已成為行政總裁，自二零零八年三月三十一日完成時生效。董事會亦包括獨立非執行董事；憑藉彼等之專業知識、經驗及獨立判斷為董事會作出貢獻。誠如下文所述，本公司之審核委員會全體成員均為獨立非執行董事。該等組成之功能為確保董事會具有充足之獨立元素，從而反映本公司良好之管治常規。

### 董事會之組成

於本年度及其後直至二零零八年三月三十一日，董事會由方洪波先生擔任主席，並由五名執行董事包括方洪波先生、張權先生、李東來先生、袁利群女士（於二零零七年一月四日由非執行董事調任為執行董事）及栗建偉先生；兩名非執行董事包括張新華先生及陳宇航先生（於二零零七年七月三十日辭任）；以及三名獨立非執行董事包括陳維端先生、林明勇先生及陳春花女士所組成。方洪波先生、張權先生及李東來先生已辭任，而吳志強先生、瞿飛先生、鄒發忠先生及鄭偉康先生獲委任為執行董事，而蔡其武先生則獲



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set out in pages 38 to 43 herein, which demonstrate a diversity of skills, expertise, experience and qualifications appropriate for the requirements of the business of the Company.

The Directors and, in particular, the Chairman and the CEO have no financial, business, family or other material/relevant relationships with each other. The balanced Board composition of five executive Directors and four non-executive Directors (six and five, respectively, after 31 March 2008) was formed to ensure a strong independent element on the Board. The Company has received annual confirmation of independence from each of the three independent non-executive Directors in accordance with Rule 3.13 of the Listing Rules. The Board has assessed their independence and concluded that all the independent non-executive Directors are independent within the definition of the Listing Rules. Furthermore, for the year 2007, all the independent non-executive Directors had been expressly identified as such in all corporate communications that disclose the names of the Directors.

### Appointments, Re-election and Removal

The Articles requires that (i) every director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years and (ii) the managing director of the Company (if any) shall whilst holding office as such be subject to retirement by rotation at least once every three years and shall be taken into account in determining the number of directors to retire by rotation in each year.

The Articles provide that at every annual general meeting of the Company, and notwithstanding any contractual or other terms on which a Director may be appointed or engaged, one-third of the Directors for the time being (or if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation, provided that, notwithstanding anything herein, every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. The Board is of the view that such mechanism helps to ensure orderly succession to the appointments to the Board and that changes to its composition can be managed without undue disruption.

委任為非執行董事，自二零零八年三月三十一日生效。董事之履歷載於本年報第38頁至43頁，顯示出適合本公司業務要求之多元化技能、專業知識、經驗及資歷。

各董事及尤其是主席以及行政總裁相互間概無財務、業務、家庭或其他重大／相關之關係。由五名執行董事及四名非執行董事（於二零零八年三月三十一日後分別為六名及五名）所建立之董事會確保董事會具有強大之獨立元素。本公司已收到三名獨立非執行董事各自根據上市規則第3.13條而發出之年度獨立性確認書。董事會已評估彼等之獨立性，結論為全體獨立非執行董事按上市規則界定均屬獨立。此外，於二零零七年年末，全體獨立非執行董事已於所有披露本公司董事名稱之企業通訊內明確識別彼等為獨立董事。

### 委任、重選及罷免

組織章程規定(i)每名董事(包括有特定任期之董事)須最少每三年輪席退任一次；及(ii)本公司董事總經理(倘有)在任期間須最少每三年輪席退任一次及須計入釐定每年輪席退任之董事人數內。

組織章程規定於本公司每屆股東週年大會上，不論董事獲委任或聘任之任何合約或其他條款，當時三分之一之董事(或倘董事人數並非三之倍數，則以最接近但不少於三分之一之人數為準)須輪席退任，惟不論當中所載內容，每名董事(包括按特定任期委任之董事)須最少每三年輪席退任一次。董事會認為有關機制有助確保董事會之委任作有秩序之更替，從而可管理其組成之變更，避免不適當之干擾。

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As at the date of this report, the Company has entered into letters of appointment with Mr. Chan Wai Dune, Mr. Lam Ming Yung and Ms. Chen Chunhua, each an independent non-executive Director and Mr. Zhang Xinhua, a non-executive Director, for a term commencing on 1 September 2007 and ending on the date of the Company's next annual general meeting, as their respective then existing letters of employment were expired on 31 August 2007. On 22 February 2008, the Company entered into a letter of appointment with Mr. Cai Qiwu, a non-executive Director, for a term commencing on the date of Completion, which took place on 31 March 2008, and ending on the date of the Company's next annual general meeting. Such letters of appointment provide that the remuneration of these Directors shall be determined in accordance with the remuneration policy determined by the Board from time to time. Such letters of employment are terminable by either party upon one month's written notice to the other party or the payment to other party of a sum equal to the relevant Director's monthly remuneration.

The Company has not established a nomination committee, the establishment of which is a recommended best practice by The Stock Exchange of Hong Kong Limited, and the selection and approval of new Directors are undertaken by the Board. According to the Articles, the Board has the power from time to time and at any time to appoint any person as a Director either to fill a causal vacancy or as an addition to the Board, subject to re-election by the shareholders at the next annual general meeting. Consideration would be taken, among other things, to the nominee's qualification, experience and ability relevant to the Company's business. It is believed that all members of the Board would collectively have the required professional knowledge and skills in identifying, recruiting and evaluating new nominees to the Board.

During the Year, the Board has examined the employment terms of the Senior Management and gave advice on the same. The independence of independent non-executive Directors had also been assessed by the Board.

於本報告日期，本公司與陳維端先生、林明勇先生及陳春花女士(各人均為獨立非執行董事)及張新華先生(為非執行董事)訂立委任書，任期由二零零七年九月一日開始至本公司下次股東週年大會當日屆滿，因彼等各自當時的聘書已於二零零七年八月三十一日屆滿。於二零零八年二月二十二日，本公司與非執行董事蔡其武先生訂立委任書，任期於完成日(於二零零八年三月三十一日進行)開始至本公司下次股東週年大會屆滿。該等委任書列明該等董事的薪酬將根據董事會不時釐定的薪酬政策釐定。該等委任書可由任何一方向另一方作出一個月書面通知或向另一方支付相等於有關董事每月薪酬的金額予以終止。

本公司並無依照香港聯合交易所有限公司之建議最佳常規成立提名委員會。新董事之甄選及批准由董事會負責。根據組織章程，董事會有權不時及隨時委任任何人士出任董事，以填補臨時空缺或作為新增董事會成員，惟有關董事須於下一屆股東週年大會上經由股東重選。委任董事之考慮因素包括候選人在有關本公司業務之資歷、經驗及能力。本公司相信，董事會全體成員均具備所需之專業知識及技能，以物色、招聘及評核新加盟董事會之候選人。

本年度內，董事會已審閱高級管理層之聘用條款，並就此提出意見。董事會亦已評估獨立非執行董事之獨立性。

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### Responsibilities of Directors

To ensure that every newly appointed Director has a proper understanding of the operations and business of the Group and that he/she is fully aware of his/her responsibilities as a Director under the Listing Rules, and other applicable regulatory requirements and the business and governance policies of the issuer, each of the newly appointed Director is given a comprehensive orientation package containing the above information and requirements. Also, the Directors are continually updated with legal and regulatory development, business and market changes and the strategic development of the Group to facilitate the discharge of their responsibilities.

The non-executive Directors take an active role at Board meetings, contribute to the development of strategies and policies and make sound judgement on issues of strategy, policy, performance, accountability, resources, key appointments and standard of conduct. They will take lead where potential conflicts of interests arise. They are also members of various Committees and scrutinize the overall performance of the Group in achieving agreed corporate goals and objectives, and monitoring the reporting of performance.

### Directors' Securities Transactions

The Company has adopted a code of conduct rules (the "Model Code") regarding securities transactions by Directors on terms no less exacting than the required standard as set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 of the Listing Rules. After making specific enquiry of all Directors, the Company confirms that all the Directors have complied with the Model Code for the Year.

### Supply of and Access to Information

In respect of regular Board meetings, an agenda and accompanying Board papers are sent in full to all Directors at least three days before the date of Board/Committee meeting.

### 董事之責任

為確保每名新任董事對本集團之業務及運作均有恰當之了解，並確保彼已完全知悉彼根據上市規則及其他適用之監管規定以及發行人之業務及管治政策作為董事之責任，每名新任董事均獲提供一套全面之迎新資料，內載上述資料及規定。另外，法規及監管事宜上之發展、業務及市場變化以及本集團之策略性發展如有新資料，亦會知會董事，以協助彼等履行責任。

非執行董事於董事會會議中擔當積極主動之角色，為策略及政策之發展作出貢獻，並就策略、政策、業績表現、問責性、資源、主要委任及操守準則等事宜作出合理判斷。倘產生潛在之利益衝突，彼等將作出領導。彼等亦為不同委員會之成員，負責監督本集團之整體業績表現以達致協定之企業目的及目標，同時亦監察業績表現之報告。

### 董事之證券交易

本公司已就董事進行證券交易採納一套操守規定守則（「標準守則」），其條款不遜於上市規則附錄十所載之上市發行人董事進行證券交易的標準守則之規定。經向全體董事作出特定查詢，本公司確認全體董事於本年度均已遵循標準守則。

### 資料之提供及使用

就董事會定期會議而言，議程及隨附之會議文件會於董事會／委員會會議日期最少三日前送交全體董事。

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Management has an obligation to supply the Board and the Committees with adequate information in a timely manner to enable the Board to make informed decisions. Where any Director requires more information than is volunteered by Management, each Director may contact Senior Management through individual and independent channels to make further enquires if necessary and such enquiries will be responded to by Management within a reasonable time with sufficient details. Furthermore, Board papers and minutes are made available for inspection by Directors and Committee members.

### Remuneration Committee

The Company established its remuneration committee (the “Remuneration Committee”) in September 2005.

The major roles and functions of the Remuneration Committee include:

- (i) To make recommendations to the Board on the Company’s policy and structure for all remuneration of Directors and Senior Management and on the establishment of a formal and transparent procedure for developing policy on such remuneration;
- (ii) To determine the remuneration packages of all executive Directors and Senior Management, including benefits in kind, pension rights and compensation payment, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the Board of the remuneration of non-executive Directors. The Remuneration Committee should consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment conditions elsewhere in the Group and desirability of performance-based remuneration;
- (iii) To review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time;

管理層有責任向董事會及其委員會適時提供充足資料，以使董事會能夠作出知情決定。倘任何董事所需之資料較管理層自願提供者為多，每名董事均可使用個別及獨立之途徑接觸高級管理層，以於有必要時作進一步查詢，而管理層將於合理時間內詳盡回應有關查詢。另外，會議文件及會議紀錄可供董事及委員會成員隨時查閱。

### 薪酬委員會

本公司於二零零五年九月成立其薪酬委員會（「薪酬委員會」）。

薪酬委員會之主要角色及職能包括：

- (i) 就本公司董事及高級管理層之全體薪酬政策及架構，及就設立正規而具透明度之程序制訂此等薪酬政策，向董事會提出建議；
- (ii) 就釐定全體執行董事及高級管理層之薪酬待遇，包括非金錢利益、退休金權利及賠償金額（包括喪失或終止職務或委任之賠償），並就非執行董事之薪酬向董事會提出建議。薪酬委員會應考慮之因素包括同類公司支付之薪酬、董事須付出之時間及董事職責、集團內其他職位之聘用條件及是否應按表現釐定薪酬等；
- (iii) 透過參照董事會不時議決之企業目的及目標，檢討及批准按表現而釐定之薪酬；

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(iv) To review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate; and

(v) To ensure that no Director or any of his associates is involved in deciding his own remuneration.

A majority of the members of the Remuneration Committee are independent non-executive Directors. During the year 2007 and thereafter until 31 March 2008, this Committee is chaired by Ms. Chen Chunhua and other members are Mr. Fang Hongbo, Mr. Li Jianwei, Mr. Chan Wai Dune and Mr. Lam Ming Yung. The attendance of each member at Remuneration Committee meetings during such period is set out as follows:

**Total number of Remuneration Committee meetings for the year 2007**      二零零七年度  
薪俸委員會會議總數      2

(iv) 檢討及批准就不當行為而解除董事職務或罷免董事涉及之賠償安排，確保有關安排按照相關合約條款釐定，並確保任何賠償金額均屬合理及適當；及

(v) 確保任何董事或其任何聯繫人不得自行釐定薪酬。

薪酬委員會之大部分成員均為獨立非執行董事。於二零零七年度及其後直至二零零八年三月三十一日，該委員會由陳春花女士擔任主席，其他成員包括方洪波先生、栗建偉先生、陳維端先生及林明勇先生。各成員出席薪酬委員會會議之記錄如下：

|  |                           | Number of<br>attendance<br>出席次數 | Attendance<br>rate<br>出席率 |
|--|---------------------------|---------------------------------|---------------------------|
| <b>Executive Directors</b> 執行董事                        |                           |                                 |                           |
| Mr. Fang Hongbo<br>(resigned on 31 March 2008)         | 方洪波先生<br>(於二零零八年三月三十一日辭任) | 2                               | 100%                      |
| Mr. Li Jianwei   | 栗建偉先生                     | 2                               | 100%                      |
| <b>Independent non-executive<br/>Directors</b> 獨立非執行董事 |                           |                                 |                           |
| Mr. Chan Wai Dune                                      | 陳維端先生                     | 2                               | 100%                      |
| Mr. Lam Ming Yung                                      | 林明勇先生                     | 2                               | 100%                      |
| Ms. Chen Chunhua                                       | 陳春花女士                     | 2                               | 100%                      |

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During the Year, the Remuneration Committee had performed the following works:

- (i) reviewed and recommended the issue of 9,500,000 share options according to 2003 Share Option Scheme;
- (ii) reviewed and discussed the non-executive Directors and independent non-executive Directors' terms of appointment; and
- (iii) considered the annual salary review for executive Directors and non-executive Directors and made recommendations to the Board after consultations with the Chairman and the CEO.

The Company's remuneration policy for the Directors and Senior Management are set on the basis that the corporate performance of the Company was contributed by the work performance of them, which in turn was reflected by their remuneration level. For the purpose of determining the level of remuneration of Directors and Senior Management, appraisal of the work performance of the Directors and Senior Management had been conducted during the Year. Such work performance of Directors and Senior Management was judged by the extent to which the Company's budget target was met, the financial performance of the Company in terms of sales revenue and net profits as disclosed in the audited financial report. Such work performance appraisal was conducted by the Remuneration Committee who would provide their advice as to the remuneration level of the Directors and the Senior Management. Remuneration of Directors and Senior Management is determined in general meetings according to related policies, the recommendation by the Remuneration Committee and the actual financial position of the Company.

During the Year, all independent non-executive Directors were paid director fees while the remaining Directors were not paid any director fees by the Company.

The Remuneration Committee is provided with sufficient resources, including the advice of professional firms, to discharge its duties, if necessary.

於本年度內，薪酬委員會已進行下列工作：

- (i) 根據二零零三年購股權計劃審閱及建議發行 9,500,000份購股權；
- (ii) 審閱及討論非執行董事及獨立非執行董事之委任條款；及
- (iii) 考慮執行董事及非執行董事之年度薪金檢討，並於諮詢主席及行政總裁後向董事會作出建議。

本公司對董事及高級管理層之薪酬政策建基於彼等之工作表現為本公司之企業業績所帶來之貢獻，並由彼等之薪酬水平作出反映。為釐定董事及高級管理層之薪酬水平，年內已對董事及高級管理層之工作表現作出評估。董事及高級管理層之有關工作表現乃透過本公司預算目標之完成程度、本公司按經審核財務報告所披露之銷售收益及純利釐定之財務表現而作出判斷。薪酬委員會負責進行有關之工作表現評估，並就董事及高級管理層之薪酬水平提供意見。董事及高級管理層之薪酬於股東大會上按照相關政策、薪酬委員會之建議及本公司之實際財政狀況釐定。

於本年度內，全體獨立非執行董事均獲本公司支付董事袍金，而其餘董事則不獲本公司支付任何董事袍金。

薪酬委員會在有需要時獲提供足夠資源(包括專家意見)以履行其職責。



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With effect from 31 March 2008, the members of the Remuneration Committee are Ms. Chen Chunhua (chairman), Mr. Wu Zhiqiang, Mr. Zheng Weikang, Mr. Chan Wai Dune and Mr. Lam Ming Yung.

### Audit Committee

The Company established its audit committee (the "Audit Committee") in August 1999.

The major roles and functions of the Audit Committee include:

- (i) To be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal of that auditor;
- (ii) To monitor the integrity of financial statements of the Company and the Company's annual report and accounts and half-year report, to review significant financial reporting judgments contained in them, and to review the Company's annual report and accounts, half-year report before submission to the Board;
- (iii) To review the Company's financial controls, internal control and risk management systems;
- (iv) To discuss with the management the system of internal control and ensure that management has discharged its duty to have an effective internal control system;
- (v) To review the Group's financial and accounting policies and practices; and
- (vi) To report to the Board on the matters set out in this code provision.

薪酬委員會之成員為陳春花女士(主席)、吳志強先生、鄭偉康先生、陳維端先生及林明勇先生，自二零零八年三月三十一日生效。

### 審核委員會

本公司於一九九九年八月成立其審核委員會(「審核委員會」)。

審核委員會之主要角色及職能包括：

- (i) 主要負責就外聘核數師之委任、重新委任及罷免向董事會提供建議、批准外聘核數師之薪酬及聘用條款，及處理任何有關該核數師辭任或罷免之問題；
- (ii) 監察本公司之財務報表及本公司年度報告及賬目、半年度報告之完整性，並審閱報表所載有關財務報告中之重要判斷，及在向董事會提交前審閱本公司年度報告及賬目、半年度報告；
- (iii) 檢討本公司之財務監控、內部監控及風險管理制度；
- (iv) 與管理層討論內部監控系統，確保管理層已履行職責，建立有效之內部監控系統；
- (v) 檢討本集團之財務及會計政策及常規；及
- (vi) 向董事會報告本守則條文所載之事宜。



# CORPORATE GOVERNANCE REPORT

## 企業管治報告

(iv) reviewed and confirmed that the Company's connected transactions are entered in normal commercial terms, fair and reasonable, and in the interests of the shareholders of the Company as a whole; and

(v) advised on significant events of the Company and highlight to the management the related risks.

The Audit Committee was provided with sufficient resources in order to discharge its duties.

The Board agrees with the Audit Committee's proposal for the reappointment of PricewaterhouseCoopers as the Company's external auditor for 2008. The recommendation will be put forward for the approval of shareholders of the Company at the forthcoming annual general meeting.

None of the three Audit Committee members are former partner of PricewaterhouseCoopers.

During the Year, the remuneration paid to the Company's external Hong Kong auditor, PricewaterhouseCoopers, is set out as follows:

(iv) 檢討及確認本公司之關連交易乃按一般商業條款訂立、屬公平合理及符合本公司股東之整體利益；及

(v) 就本公司之重大事項提出意見，並向管理層強調有關風險。

審核委員會獲提供足夠資源以履行其職責。

董事會同意審核委員會建議重新委任羅兵咸永道會計師事務所為本公司二零零八年之外聘核數師。該建議將於應屆股東週年大會上提呈本公司股東批准。

三名審核委員會成員均非羅兵咸永道會計師事務所之前合夥人。

於本年度內，向本公司外聘香港核數師羅兵咸永道會計師事務所支付之酬金載列如下：

|  |               | <b>Fee paid/payable</b> |
|--|---------------|-------------------------|
|  |               | 已付／應付費用                 |
|  |               | HK\$'000                |
|  |               | 港幣千元                    |
| Audit services   | 核數服務          | 1,862                   |
| Non-audit services in respect of the Proposed Transaction      | 與建議交易有關之非核數服務 | 6,788                   |
| Interim review and review of continuing connected transactions | 中期審閱及審閱持續關連交易 | 1,405                   |
| <b>Total</b>   | <b>合計</b>     | <b>10,055</b>           |

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

### Board Committees

The Board has established three Committees with defined scope of duties in written form. The Committees are the Audit Committee, Remuneration Committee and Executive Committee.

The Executive Committee comprised all executive Directors of the Board. Under its term of reference, the Executive Committee is responsible for discussing and determination of the Group's routine operations and administrative matters.

The scope of duties of the Committees are posted in the Company's website <http://www.welling.com.cn>.

### Accountability and Audit

Management provides relevant information and explanation to the Board so as to enable the Board to make an informed assessment of the financial and other information put before the Board for approval.

The Directors acknowledge their responsibility for preparing financial statements for each financial year which give a true and fair view of the state of affairs of the Group and in presenting the interim and annual financial statements, and announcements to shareholders. The Directors aim to present a balanced and reasonable assessment of the Group's position and prospects.

The Group incurred a loss attributable to the equity holders of the Company of HK\$60,684,000 for the Year. In addition, the Group had net current liabilities and net liabilities of HK\$916,610,000 and HK\$348,227,000, respectively, as at 31 December 2007. Nevertheless, the Directors have adopted the going concern basis in the preparation of these consolidated financial statements based on the assumptions disclosed in note 2.1 to the consolidated financial statements.

In the opinion of the Directors, in light of the measures taken to date and on the basis of the mentioned major assumptions disclosed in note 2.1 to the consolidated financial statements, the Group will have sufficient working capital to finance its operation to maintain its operating existence in the foreseeable future. Accordingly, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

### 董事委員會

董事會已成立三個訂有書面特定職權範圍之委員會。該等委員會為審核委員會、薪酬委員會及行政委員會。

行政委員會由董事會所有執行董事組成。根據其職權範圍，行政委員會負責商討及釐定本集團日常運作及行政事宜。

該等委員會之職權範圍刊載於本公司網站 <http://www.welling.com.cn>。

### 問責及審核

於董事會就提交予董事會批准之財務及其他資料作出知情評估前，管理層會向董事會提供相關資料及解釋。

董事知悉彼等之責任，為每個財政年度編製財務報表（以真實及公平地反映本集團之財政狀況）、呈報中期及年度財務報表及向股東作出公佈。董事旨在呈報對本集團現況及展望之平衡合理之評估。

本年度，本集團錄得本公司股權持有人應佔虧損港幣60,684,000元。另外，本集團於二零零七年十二月三十一日之淨流動負債及淨負債分別為港幣916,610,000元及港幣348,227,000元。然而，該等綜合財務報表乃董事採納持續經營之基準，並基於綜合財務報表附註2.1所披露之各項假設後編製而成。

董事認為，基於迄今已採取之措施及綜合財務報表附註2.1所披露之主要假設，本集團將可獲取足夠之營運資金以支持本集團於可預見未來之經營需要。因此，董事確認綜合財務報表按持續經營之基準編製乃屬恰當。

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

The Board acknowledges its responsibility to present a balanced, clear and comprehensible assessment in the Company's annual and interim reports, other price-sensitive announcement and other financial disclosures required under the Listing Rules, and reports to the regulators as well as to information required to be disclosed pursuant to statutory requirements.

### Internal Controls

The Board is responsible for maintaining a sound and effective system of internal controls in the Company and for reviewing its effectiveness through the Audit Committee. The internal control system is designed to provide reasonable, but not absolute, assurance against material misstatement, fraud or loss and to manage, but not to eliminate, risks of failure in achieving the Company's objective.

The internal control system, which includes a defined management structure with specified limits of authority, is designed to (a) help the achievement of business objectives, and safeguard the Company's assets; (b) ensure proper maintenance of accounting records; and (c) ensure compliance with relevant legislation and regulations.

The management maintains and monitors the system of controls, including financial, operation, compliance controls and risk management functions, on an ongoing basis.

The Company has an Internal Control System manual which is approved by the Board. This manual contains a comprehensive overview and description of the objectives, content, methods and duties of the internal control system, and facilitates the ongoing examination and evaluation of the Company's compliance with existing rules and regulations and of the effectiveness of internal control. During the Year and as at the date of this annual report, the Company consistently applied the full set of manual which covers the control of the high risk areas of operation, suppliers, sales, finance and personnel management. The Board has, through the Audit Committee, carried out ongoing examination and monitoring of the Group's internal control system.

董事會知悉彼等之責任，於本公司之年度及中期報告、其他涉及股價敏感資料之公佈及根據上市規則規定須予披露之其他財務資料，以及向監管者提交之報告以至根據法例規定須予披露之資料中呈報平衡、清晰及詳細之評估。

### 內部監控

董事會負責確保本公司之內部監控系統完善且行之有效，並透過審核委員會檢討系統之成效。內部監控系統旨在提供合理(但非絕對)保證，避免出現重大錯誤陳述、欺詐或損失，以及管理(但非消除)未能達致本公司目標之風險。

內部監控系統包括一套設有特定權限之界定管理架構，旨在(a)協助達致業務目標，保障本公司資產；(b)確保妥善存置會計記錄；及(c)確保遵照相關法例及法規。

管理層持續維護及監察監控系統，包括其財務、業務、合規監控及風險管理功能。

本公司備有一套經由董事會批准之內部監控系統手冊。此手冊載有內部監控系統各項目標、內容、方法及職責之綜合概覽及描述，有助持續審查及評估本公司是否符合現行規則及法規，以及監控系統之成效。於本年度及本年報日期，本公司貫徹應用整套手冊，涵蓋業務、供應商、銷售、財務及人事管理等高風險範疇之監控。董事會已透過審核委員會持續審查及監察本集團之內部監控系統。

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

During the Year, based on the evaluations made by the management, the Audit Committee was satisfied that the internal controls and accounting systems of the Group have been in place and function effectively and are designed to provide reasonable assurance that material assets are protected, business risks attributable to the Group are identified and there is an ongoing process in place for identifying, evaluating and managing the significant risks faced by the Group.

### Communication with Shareholders

For the year 2007, separate resolutions had been proposed by the chairman of that meeting in respect of each substantially separate issue at each of the general meetings of the Company.

### Delegation by the Board

The day-to-day management of the Company is delegated to the management, with each division responsible for different aspects of the business of the Company.

Major corporate matters that are specifically delegated by the Board to the management include the preparation of interim and annual reports and announcements for the Board approval before publishing, execution of business strategies and initiatives adopted by the Board, implementation of adequate systems of internal controls and risk management procedures, and compliance with relevant statutory requirements and rules and regulations.

於本年度，審核委員會經考慮管理層作出之評估後，信納本集團之內部監控及會計系統已獲落實執行並行之有效：合理確保重大資產獲得保障，識別本集團面對之業務風險，以及持續識別、評估及管理本集團面對之重大風險。

### 與股東之溝通

於二零零七年度，會議主席已就每項實際獨立之事宜，於本公司各股東大會上提出獨立決議案。

### 董事會授權

本公司之日常管理已授權予管理層，而各部門負責本公司業務之不同範疇。

董事會向管理層作出特定授權之主要企業事項包括編製中期及年度報告及公佈以供董事會於刊發前批准、執行董事會採納之業務策略及計劃，實行充足之內部監控系統及風險管理程序，以及遵照有關之法例規定及規則與規例。



# BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

## 董事及高級管理人員履歷

### Executive Directors

#### Mr. Wu Zhiqiang

Aged 47, was appointed as executive Director and chief executive officer of the Company on 31 March 2008. Mr. Wu obtained a Master of Business Administration Degree from Renmin University of China. He has worked for Midea Group since 1979 and has held various senior management positions and has considerable experience in the overall management. He is also a director of several subsidiaries of the Company.

#### Mr. Qu Fei

Aged 34, was appointed as executive Director and chief director of operations of the Company on 31 March 2008. Mr. Qu obtained a Degree in Economics from Zhongnan University of Finance and Economics. He has worked for the Midea Group since 1998 and has held various senior management positions and has considerable experience in operations and strategic management, information technology, and purchasing activities. He is also a director of several subsidiaries of the Company.

#### Mr. Gao Fazhong

Aged 39, was appointed as executive Director and chief financial officer of the Company on 31 March 2008. Mr. Gao obtained a Degree in Economics from the Beijing Technology and Business University and is an accountant accredited by the PRC Ministry of Finance. He has worked for the Midea Group since 1994 and has held various senior management positions in the Midea Group and has considerable experience in financial management. He is also a director of several subsidiaries of the Company.

### 執行董事

#### 吳志強先生

47歲，於二零零八年三月三十一日獲委任為本公司執行董事及首席執行官。吳先生獲中國人民大學頒發工商管理碩士學位。彼於一九七九年加盟美的集團，先後擔任多個高級管理職位，對整體管理擁有豐富經驗。彼亦為本公司多間附屬公司之董事。

#### 瞿飛先生

34歲，於二零零八年三月三十一日獲委任為本公司執行董事及首席營運總監。瞿先生獲中南財經大學頒發經濟學學士學位。彼於一九九八年加盟美的集團，先後擔任多個高級管理職位，對營運及戰略管理、資訊科技及採購活動擁有豐富經驗。彼亦為本公司多間附屬公司之董事。

#### 郜發忠先生

39歲，於二零零八年三月三十一日獲委任為本公司執行董事及首席財務官。郜先生獲北京工商大學頒發經濟學學士學位，且為中國財政部註冊會計師。彼於一九九四年加盟美的集團，先後擔任美的集團多個高級管理職位，對財務管理擁有豐富經驗。彼亦為本公司多間附屬公司之董事。

# BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

## 董事及高級管理人員履歷

### Ms. Yuan Liquan

Aged 38, was appointed as non-executive Director of the Company on 17 November 2004 and redesignated as an executive Director of the Company on 4 January 2007. Ms. Yuan has obtained a Master of International Management Degree from The Australian National University. She has worked for the Midea Group since 1992 and has held various senior management positions in the Midea Group and has considerable experience in financial and overall management. Ms. Yuan is currently a supervisor of Guangdong Midea Electric Appliances Co. Ltd. ("GD Midea"), which is a company controlled by Midea and the shares are listed on the Shenzhen Stock Exchange. She is also a director and vice-president of Midea and chief financial officer of the Midea Group. She is also a director of several subsidiaries of the Company.

### Mr. Li Jianwei

Aged 41, was appointed as non-executive Director of the Company on 17 November 2004 and redesignated as an executive Director of the Company on 14 June 2005. Mr. Li has obtained a Master of Business Administration Degree from Fudan University. He has worked for the Midea Group since 1994 and has held various senior management positions in the Midea Group and has considerable experience in strategic development activities. Mr. Li is currently the chief strategy and investment officer of the Midea Group, a director of GD Midea and a director and vice president of Midea. He is also a director of several subsidiaries of the Company.

### Mr. Zheng Weikang

Aged 39, was appointed as executive director and chief director of the international offices of the Company on 31 March 2008. Mr. Zheng obtained a Master of International Management Degree from The Australian National University. He has worked for the Midea Group since 1986 and has held various senior management positions in the Midea Group and has considerable experience in financial and overall management. Mr. Zheng is currently a director of Midea International Corporation Co., Ltd. and other minor non-listed subsidiaries of the Midea Group. He is also a director of several subsidiaries of the Company.

### 袁利群女士

38歲，於二零零四年十一月十七日獲委任為本公司非執行董事，其後於二零零七年一月四日調任為執行董事。袁女士獲澳洲國立大學頒發國際管理學碩士學位。彼於一九九二年加盟美的集團，先後擔任美的集團多個高級管理職位，對財務及整體管理擁有豐富經驗。袁女士現時為廣東美的電器股份有限公司（「廣東美的」）之監事。廣東美的為一間由美的集團控制之公司，其股份於深圳證券交易所上市。彼同時為美的之董事兼副總裁，以及美的集團之財務總監。彼亦為本公司多間附屬公司之董事。

### 栗建偉先生

41歲，於二零零四年十一月十七日獲委任為本公司非執行董事，及後於二零零五年六月十四日調任為執行董事。栗先生獲復旦大學頒發工商管理學碩士學位。彼於一九九四年加盟美的集團，先後擔任美的集團多個高級管理職位，對戰略發展擁有豐富經驗。栗先生現時為美的集團戰略發展及投資部總監及廣東美的之董事，同時為美的之董事兼副總裁。彼亦為本公司多間附屬公司之董事。

### 鄭偉康先生

39歲，於二零零八年三月三十一日獲委任為本公司執行董事及國際辦事處總監。鄭先生獲澳洲國立大學頒發國際管理學碩士學位。彼於一九八六年加盟美的集團，先後擔任美的集團多個高級管理職位，對財務及整體管理擁有豐富經驗。鄭先生現時為美的國際控股有限公司及美的集團其他小型非上市附屬公司之董事。彼亦為本公司多間附屬公司之董事。

## BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

### 董事及高級管理人員履歷

#### Mr. Fang Hongbo

Aged 40, was appointed as executive director and Chairman of the Company on 17 November 2004 and 22 December 2004 respectively. He also acts as director of several subsidiaries within the Group. Mr. Fang obtained a Master Degree in Business Administration from National University of Singapore. He has worked for the Midea Group since 1992 and has assumed various senior management positions for sales and overall management of the refrigeration equipment division of the Midea Group with considerable experience. Mr. Fang is currently a director of GD Midea. He is also the president of the refrigeration equipment division of GD Midea.

Mr. Fang had been in office throughout the Year and he has resigned as executive Director on 31 March 2008.

#### Mr. Zhang Quan

Aged 40, was appointed as executive Director and CEO of the Company on 17 November 2004 and 16 August 2006 respectively. He also acts as director of several subsidiaries within the Group. Mr. Zhang has obtained a master degree in Executive Program of Master of Business and Administration from the Peking University. Mr. Zhang has worked for the Midea Group since 1990 and has assumed various senior management positions for financial management for the Midea Group with considerable experience. Mr. Zhang is currently a director of GD Midea. He is also a General Manager of the central air-conditioning division of the Midea Group.

Mr. Zhang had been in office throughout the Year and he has resigned as executive Director on 31 March 2008.

#### 方洪波先生

40歲，分別於二零零四年十一月十七日及二零零四年十二月二十二日獲委任為本公司執行董事及主席。彼亦出任本集團旗下多間附屬公司之董事。方先生獲新加坡國立大學頒發工商管理學碩士學位。彼於一九九二年加盟美的集團，先後擔任美的集團多個高級管理職位，負責製冷家電事業部之銷售及整體管理，經驗相當豐富。方先生現時為廣東美的之董事，同時為廣東美的轄下製冷家電事業部之總裁。

方先生於整年內均出任執行董事，及後於二零零八年三月三十一日辭任。

#### 張權先生

40歲，分別於二零零四年十一月十七日及二零零六年八月十六日獲委任為本公司執行董事及行政總裁。彼亦出任本集團旗下多間附屬公司之董事。張先生獲北京大學頒發高級管理人員工商管理碩士學位。張先生於一九九零年加盟美的集團，先後擔任美的集團多個高級財務管理職位，經驗相當豐富。張先生現時為廣東美的之董事，同時為美的集團轄下製冷家電集團中央空調事業部總經理。

張先生於整年內均出任執行董事，及後於二零零八年三月三十一日辭任。

# BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

## 董事及高級管理人員履歷

### Mr. Li Donglai

Aged 33, was appointed as executive Director of the Company on 16 August 2006 and he also acts as director of several subsidiaries within the Group. Mr. Li has obtained a Master Degree in International Management from Australian National University. Mr. Li has been working for the Midea Group since 1997 and has assumed various senior management positions for marketing, sales and overall management of the air-conditioning and refrigeration divisions of the Midea Group with considerable experience. Mr. Li is currently a General Manager of the refrigeration division of the Midea Group.

Mr. Li had been in office throughout the Year and he has resigned as executive Director on 31 March 2008.

## Non-Executive Directors

### Mr. Cai Qiwu

Aged 44, was appointed as non-executive Director and chairman of the Company on 31 March 2008. Mr. Cai obtained a Master in Technology Mechanical Manufacturing Degree from the Huazhong University of Science and Technology. He has worked for the Midea Group since 1992 and has held various senior management positions in the Midea Group, including general manager and chief engineer of the research and development department of Midea's air-conditioning division, and general manager of a subsidiary of GD Midea's air-conditioners business division, and has considerable experience in strategic management, risk management, and research and development activities. Mr. Cai is currently a director of GD Midea and the chief executive officer of Midea Mechanical and Electronic Device Group, an operational department within Midea. He is also a director of several subsidiaries of the Company.

### Mr. Zhang Xin Hua

Aged 45, was appointed as non-executive Director of the Company on 27 June 1997. Mr. Zhang obtained a graduation certificate from Guangdong Province Middle Level Professional School. He is the general manager of Guangzhou Baiyun Agriculture Industry & Commerce Corporation. He has over 20 years of experience in corporate management.

### 李東來先生

33歲，於二零零六年八月十六日獲委任為本公司執行董事，亦出任本集團旗下多間附屬公司之董事。李先生獲澳洲國立大學頒發國際管理學碩士學位。李先生於一九九七年加盟美的集團，先後擔任美的集團多個高級管理職位，負責空調及冰箱事業部之推廣、銷售及整體管理，經驗相當豐富。李先生現時為美的集團製冷家電冰箱事業部之總經理。

李先生於整年內均出任執行董事，及後於二零零八年三月三十一日辭任。

## 非執行董事

### 蔡其武先生

44歲，於二零零八年三月三十一日獲委任為本公司非執行董事及主席。蔡先生獲華中理工大學頒發工學碩士學位。彼於一九九二年加盟美的集團，先後擔任美的集團多個高級管理職位，包括美的空調事業部研發及技術部門總經理及首席工程師，以及廣東美的空調事業部一家附屬公司的總經理，並對戰略管理、風險管理及研發活動擁有豐富經驗。蔡先生現時為廣東美的之董事及美的機電裝備集團(美的之營業部門之一)之行政總裁。彼亦為本公司多間附屬公司之董事。

### 張新華先生

45歲，於一九九七年六月二十七日獲委任為本公司非執行董事。張先生獲廣東省中等專業學校頒發畢業證書。彼現為廣州白雲農工商聯合公司之總經理。彼於公司管理方面逾二十年之經驗。

# BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

## 董事及高級管理人員履歷

### Independent Non-Executive Directors

#### Mr. Chan Wai Dune

Aged 55, was appointed as independent non-executive Director of the Company on 30 December 1998. Mr. Chan has over 27 years of experience in the finance sector, particularly in auditing and taxation areas. He is a certified public accountant and a fellow member of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountant and the Taxation Institute of Hong Kong. Mr. Chan was a member of the Selection Committee for the establishment of the First Government of the HKSAR. Mr. Chan is currently a member of Chinese People's Political Consultative Conference of 11th Guangzhou Municipal Committee and a member of the Executive Council of China Overseas Friendship Association. Mr. Chan is currently the Managing Director of CCIF CPA Limited.

#### Mr. Lam Ming Yung

Aged 44, was appointed as independent non-executive Director of the Company on 1 December 1999. He graduated from the School of Law of Shanghai Eastern Chinese College of Politics and Jurisprudence in 1986 with a Bachelor of Law Degree. Mr. Lam started practicing law in 1987 in the province of Fujian in the PRC, and moved to Hong Kong in mid-1993. He was registered as a foreign lawyer with The Law Society of Hong Kong in July 1995, and is now practicing as a Chief PRC Consultant, Corporate Finance and Foreign Legal Consultant (PRC) in the Hong Kong office of Sidley Austin LLP.

### 獨立非執行董事

#### 陳維端先生

55歲，於一九九八年十二月三十日獲委任為本公司獨立非執行董事。彼於財經界，尤其核數及稅務方面累積超過二十七年經驗。彼為一名執業會計師及香港會計師公會、英國特許公認會計師公會及香港稅務學會之資深會員。陳先生曾任香港特別行政區第一屆政府推選委員會委員。陳先生現任中國人民政治協商會議第十一屆廣州市政協委員會委員及中華海外聯誼會理事會成員。陳先生現時為陳葉馮會計師事務所有限公司之首席董事。

#### 林明勇先生

44歲，於一九九九年十二月一日獲委任為本公司獨立非執行董事。彼於一九八六年畢業於華東政法學院，取得法律學士學位。林先生於一九八七年開始在中國福建省執業，並於一九九三年中遷往香港。彼於一九九五年七月向香港法律學會註冊為海外律師，現時於盛德律師事務所香港辦事處執業為中國企業融資部首席顧問及境外法律顧問(中國)。

# BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

## 董事及高級管理人員履歷

### Ms. Chen Chunhua

Aged 44, was appointed as independent non-executive Director of the Company on 22 December 2004. Ms. Chen has obtained a postdoctorate degree in enterprise management from Nanjing University. She was a professor, tutor of doctoral candidates and Vice Dean of the Faculty of Economics and Trade in the School of Economics and Commerce of South China University of Technology. She was a visiting professor for the Asia-Pacific EMBA Program of The National University of Singapore and is a part-time professor of Nanjing University. Ms. Chen's research speciality was enterprise management, particularly enterprise organization and operational management. Ms. Chen was a president and a director of of Shandong Liuhe Company Limited has considerable experience in enterprise operational management. Ms. Chen is presently an independent director of China Merchants Fund Management Co., Ltd..

### Company Secretary and Qualified Accountant

#### Ms. Tang Wai Ying, Tracy

Aged 42, joined the Midea Group in 1995 and was appointed as the financial controller and company secretary of the Company in August 2005. She was designated as a fellow member of the Association of Chartered Certified Accountants from January 2000 and an associate member of the Hong Kong Institute of Certified Public Accountants from July 1995. Prior to joining the Midea Group, Ms. Tang worked in Ernst & Young, Hong Kong. She has considerable experience in financial management and auditing.

### 陳春花女士

44歲，於二零零四年十二月二十二日獲委任為本公司獨立非執行董事。陳女士獲南京大學頒發工商管理博士後學位。彼曾任華南理工大學經濟與貿易學院教授、博士生導師及經濟與貿易學院副院長。彼亦曾擔任新加坡國立大學管理學院亞太高層企業主管碩士課程客座教授，並為南京大學兼職教授。陳女士之研究領域為企業管理，且特別擅長企業組織及經營管理。陳女士曾任山東六和集團有限公司總裁及董事，於企業經營管理有豐富之經驗。陳女士現時為招商基金管理有限公司之獨立董事。

### 公司秘書及合資格會計師

#### 鄧惠英女士

42歲，於一九九五年加盟美的集團並於二零零五年八月獲委任為本公司財務總監及公司秘書。彼於二零零零年一月獲頒特許公認會計師公會資深會員資格及於一九九五年七月成為香港會計師公會會員。於加盟美的集團前，鄧女士任職於香港安永會計師行。她對財務管理及審核擁有豐富經驗。



# REPORT OF THE DIRECTORS

## 董事會報告

The Directors herein present their report and the audited consolidated financial statements of the Company and the Group for the Year.

### Change of Company Name

Pursuant to a special resolution passed at the EGM of the Company held on 18 March 2008 and as approved by the Registrar of Companies in Hong Kong, the English name of the Company was changed from “Hualing Holdings Limited” to “Welling Holding Limited” and the Chinese name of the Company was changed from 「華凌集團有限公司」 to 「威靈控股有限公司」 with effect from 15 April 2008.

### Principal Activities and Geographical Analysis of Operations

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 9 to the consolidated financial statements.

An analysis of the Group's performance for the Year by business and geographical segments is set out in Note 5 to the consolidated financial statements.

### Results and Appropriations

The results of the Group for the Year are set out in the consolidated income statement on pages 65.

The Directors do not recommend the declaration of the payment of a final dividend for the Year (2006: Nil).

### Reserves

Details of movements in reserves of the Company and the Group during the Year are set out in Note 16 to the consolidated financial statements.

董事謹此呈報本公司及本集團本年度之報告及經審核綜合財務報表。

### 更改公司名稱

根據於二零零八年三月十八日舉行之本公司股東特別大會上通過之特別決議案，及經香港公司註冊處批准後，本公司之英文名稱由「Hualing Holdings Limited」更改為「Welling Holding Limited」，中文名稱則由「華凌集團有限公司」更改為「威靈控股有限公司」，自二零零八年四月十五日起生效。

### 主要業務及營運地區之分析

本公司之主要業務為投資控股，而附屬公司之主要業務則載於綜合財務報表附註9。

本年度按業務及地區分類之本集團業績表現分析載於綜合財務報表附註5。

### 業績及分派

本集團本年度之業績載於第65頁之綜合收益表內。

董事不建議派發本年度之末期股息（二零零六年：無）。

### 儲備

本公司及本集團於本年度之儲備變動詳情載於綜合財務報表附註16。

# REPORT OF THE DIRECTORS

## 董事會報告

### Property, Plant and Equipment

Details of movements in property, plant and equipment of the Company and the Group during the Year are set out in Note 6 to the consolidated financial statements.

### Principal Properties

Details of the principal properties held for investment purposes during the Year are set out in Note 7 to the consolidated financial statements.

### Share Capital

Details of the movements in share capital of the Company during the Year are set out in Note 15(a) to the consolidated financial statements.

### Distributable Reserves

The Company had no reserves available for distribution to its shareholders for the Year (2006: Nil).

### Five-year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years, restated and reclassified as appropriate, is set out on page 164. This summary does not form part of the audited consolidated financial statements.

### Purchase, Sale or Redemption of Securities

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

### 物業、廠房及設備

本公司及本集團於本年度之物業、廠房及設備之變動詳情載於綜合財務報表附註6。

### 主要物業

於本年度用作投資而持有之主要物業之詳情載於綜合財務報表附註7。

### 股本

本公司之股本於本年度之變動詳情載於綜合財務報表附註15(a)。

### 可供分派之儲備

本公司本年度並無可供分派予股東之儲備(二零零六年：無)。

### 五年財務摘要

本集團上五個財政年度經適當重列及重新歸類之業績、資產及負債摘要載於第164頁。本摘要並不構成經審核綜合財務報表之一部份。

### 購買、出售或贖回證券

本公司於本年度並無贖回本身之股份。本公司或其任何附屬公司於本年度亦無購買或出售任何本公司之股份。

# REPORT OF THE DIRECTORS

## 董事會報告

### Share Options

The Company adopted a share option scheme on 27 June 2003 (the “2003 Share Option Scheme”) as approved by the shareholders at the annual general meeting.

Details of the 2003 Share Option Scheme are set out in Note 15(b) to the consolidated financial statements.

### Directors

The Directors during the Year and up to the date of this annual report were:

#### Executive Directors

Mr. WU Zhiqiang (appointed on 31 March 2008)  
Mr. QU Fei (appointed on 31 March 2008)  
Mr. GAO Fazhong (appointed on 31 March 2008)  
Ms. YUAN Liqun (redesignated from non-executive Director to executive Director on 4 January 2007)  
Mr. LI Jianwei  
Mr. ZHENG Weikang (appointed on 31 March 2008)

Mr. FANG Hongbo (resigned on 31 March 2008)  
Mr. ZHANG Quan (resigned on 31 March 2008)  
Mr. LI Donglai (resigned on 31 March 2008)

#### Non-executive Directors

Mr. CAI Qiwu (appointed as non-executive director and Chairman on 31 March 2008)  
Mr. ZHANG Xinhua

Mr. CHEN Yuhang (resigned on 30 July 2007)

#### Independent Non-executive Directors

Mr. CHAN Wai Dune  
Mr. LAM Ming Yung  
Ms. CHEN Chunhua

At the EGM of the Company held on 18 March 2008, an ordinary resolution was passed to appoint Mr. Wu Zhiqiang, Mr. Qu Fei, Mr. Gao Fazhong, Mr. Zheng Weikang and Mr. Cai Qiwu as the Directors of the Company with effect from 31 March 2008 in accordance with article 86 of the Company's Articles.

### 購股權

本公司於二零零三年六月二十七日採納已由股東於股東週年大會上批准之購股權計劃（「二零零三年購股權計劃」）。

二零零三年購股權計劃詳載於綜合財務報表附註15(b)。

### 董事

本年度及截至年度報告日在任之董事如下：

#### 執行董事

吳志強先生（於二零零八年三月三十一日獲委任）  
瞿飛先生（於二零零八年三月三十一日獲委任）  
郜發忠先生（於二零零八年三月三十一日獲委任）  
袁利群女士（於二零零七年一月四日由非執行董事調任為執行董事）  
栗建偉先生  
鄭偉康先生（於二零零八年三月三十一日獲委任）

方洪波先生（於二零零八年三月三十一日辭任）  
張權先生（於二零零八年三月三十一日辭任）  
李東來先生（於二零零八年三月三十一日辭任）

#### 非執行董事

蔡其武先生（於二零零八年三月三十一日獲委任為非執行董事及主席）  
張新華先生

陳宇航先生（於二零零七年七月三十日辭任）

#### 獨立非執行董事

陳維端先生  
林明勇先生  
陳春花女士

於二零零八年三月十八日舉行之本公司股東特別大會上，根據本公司組織章程第86條，一項委任吳志強先生、瞿飛先生、郜發忠先生、鄭偉康先生及蔡其武先生為本公司董事的普通決議案獲通過，並於二零零八年三月三十一日起生效。

# REPORT OF THE DIRECTORS

## 董事會報告

In accordance with article 91 of the Company's Articles, Ms. Yuan Liqun, Mr. Zhang Xinhua, Mr. Chan Wai Dune and Ms. Chen Chunhua will retire at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

### Directors' Service Contracts

On 30 July 2007, the Company entered into letters of appointment with Mr. Chan Wai Dune, Mr. Lam Ming Yung and Ms. Chen Chunhua, each an independent non-executive Directors and Mr. Zhang Xinhua, a non-executive Director, for a term commencing on 1 September 2007 and ending on the date of the Company's next annual general meeting, as their respective then existing letters of employment were expired on 31 August 2007. On 22 February 2008, the Company entered into a letter of appointment with Mr. Cai Qiwu, a non-executive Director, for a term commencing on the date of Completion and ending on the date of the Company's next annual general meeting. Such letters of appointment provide that the remuneration of these Directors shall be determined in accordance with the remuneration policy determined by the Board from time to time. Such letters of employment are terminable by either party upon one month's written notice to the other party or the payment to other party of a sum equal to the relevant Director's monthly remuneration. These service contracts are exempt from the shareholders' approval requirement under Rule 13.68 of the Listing Rules.

Save as disclosed herein, none of the Directors proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not terminable by the Company within one year without the payment of compensation, other than statutory compensation.

### Independence of Independent Non-Executive Directors

The Company has received from each of its current independent non-executive Directors an annual confirmation of his/her independence and the Company considers each of them to be independent based on the guidelines set out in Rule 3.13 of the Listing Rules.

根據本公司之組織章程細則第91條，袁利群女士、張新華先生、陳維端先生及陳春花女士將於應屆股東週年大會退任，並合資格且願意於應屆股東週年大會膺選連任。

### 董事服務合約

於二零零七年七月三十日，本公司與陳維端先生、林明勇先生及陳春花女士(各人均為獨立非執行董事)及張新華先生(為非執行董事)訂立委任書，任期由二零零七年九月一日開始至本公司下次股東週年大會當日屆滿，因彼等各自當時之委任書將於二零零七年八月三十一日屆滿。於二零零八年二月二十二日，本公司與非執行董事蔡其武先生訂立委任書，任期於完成日期開始至本公司下次股東週年大會當日屆滿。該等委任書列明該等董事之薪酬將根據董事會不時釐定的薪酬政策釐定。該等委任書可由任何一方向另一方作出一個月書面通知或向另一方支付相等於有關董事每月薪酬之金額予以終止。根據上市規則第13.68條，該等服務合約獲豁免股東批准。

除本報告所披露者外，所有擬於應屆股東週年大會上膺選連任之董事，概無與本公司訂有本公司不可於一年內免付補償(法定補償除外)而終止之服務合約。

### 獨立非執行董事之獨立性

根據上市規則第3.13條，本公司已獲得各現任獨立非執行董事就其獨立性而作出之年度確認函，本公司認為彼等均屬獨立人士。

# REPORT OF THE DIRECTORS

## 董事會報告

### Emolument Policy

The emolument policy of the employees of the Group is set up by the Company's Human Resources Department based on the merit, qualifications and competence of employees.

The emoluments of the Directors of the Company are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company has adopted a share option scheme as an incentive to Directors and eligible employees, details of which are set out in Note 15(b) to the consolidated financial statements.

### Pension Schemes

Details of the pension schemes operated by the Group are set out in Note 23(a) to the consolidated financial statements.

### Directors' Interests in Contracts

Ms. Yuan Liqun and Mr. Li Jianwei, having an equity interest of 1.2% and 1% respectively in the issued share capital of Midea, was interested in the sale and purchase agreement dated 23 November 2007 for the acquisition of the entire issued share capital of Welling from the Vendor and the disposal of the Company's entire interest in each of the Disposed Companies to the Vendor. Further details of the transactions undertaken in connection therewith are included in notes 2.1(ii) to the consolidated financial statement.

Save as disclosed above and in Note 32 to the consolidated financial statements, no contracts of significance in relation to the Group's business to which the Company, its fellow subsidiaries or its holding company was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

### 薪酬政策

本集團僱員之薪酬政策由人力資源部門根據僱員之功績、資歷及能力而訂立。

本公司董事之薪酬由薪酬委員會經考慮本公司之經營業績、個人表現及市場比較數據而決定。

本公司已採納一項購股權計劃，作為董事及合資格僱員之獎勵。計劃詳情載於綜合財務報表附註15(b)。

### 退休金計劃

本集團營辦之退休金計劃之詳情載於綜合財務報表附註23(a)。

### 董事之合約權益

袁利群女士及栗建偉先生(分別擁有美的已發行股本1.2%及1%權益)在日期為二零零七年十一月二十三日之買賣協議中擁有權益。根據該買賣協議，本公司從賣方收購威靈全部已發行股本，而本公司則向賣方出售本公司於每間已出售公司之全部權益。有關此交易詳情已載於綜合財務報表附註2.1(ii)。

除上文及綜合財務報表附註32所披露者外，本年度結束時或年內任何時間，本公司、各同系附屬公司或控股公司概無簽訂任何涉及本集團業務而董事直接或間接在其中擁有重大權益之重要合約。

# REPORT OF THE DIRECTORS

## 董事會報告

### Biographical Details of Directors and Senior Management

Brief biographical details of Directors and Senior Management are set out on pages 38 to 43.

### Directors' and Chief Executive's Interests in Equity or Debt Securities

As at 31 December 2007, the interests and short positions of each Director and chief executive of the Company in office as at 31 December 2007 in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO"), Chapter 571 of the laws of Hong Kong), as recorded in the register required to be kept under Section 352 of the SFO or which have to be notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by the Directors of Listed Issuers contained in the Listing Rules, were as follows:

#### Interests in share options of the Company (long positions)

| Name<br>姓名           | Options held<br>at 1 January<br>2007<br>於二零零七年<br>一月一日<br>持有之購股權 | Options<br>granted<br>during<br>the Year<br>本年度內<br>授出之購股權 | Options<br>exercised<br>during<br>the Year<br>本年度內<br>行使之購股權 | Options<br>held at<br>31 December<br>2007<br>於二零零七年<br>十二月三十一日<br>持有之購股權 | Exercise<br>price<br>行使價<br>HK\$<br>港幣 | Grant date<br>授出日期 | Exercisable<br>from<br>可行使<br>期限起始日 | Exercisable<br>until<br>可行使<br>期限結束日 |
|----------------------|--|--|--|--|--|--------------------|-------------------------------------|--------------------------------------|
|                      | <b>Directors:</b>  | <b>董事:</b>   |  |  |  |                    |                                     |                                      |
| Fang Hongbo<br>方洪波   | 25,000,000   | -  | (25,000,000)   | -  | 0.1206                                 | 23/1/2006          | 23/1/2006                           | 22/1/2016                            |
| Li Jianwei<br>栗建偉    | 5,000,000  | -  | (5,000,000)  | -  | 0.1206                                 | 23/1/2006          | 23/1/2006                           | 22/1/2016                            |
| Yuan Liqun<br>袁利群    | 3,900,000  | -  | (3,900,000)  | -  | 0.1206                                 | 23/1/2006          | 23/1/2006                           | 22/1/2016                            |
| Chan Wai Dune<br>陳維端 | -  | 2,000,000  | -  | 2,000,000  | 0.78                                   | 30/7/2007          | 30/7/2007                           | 29/7/2017                            |
| Lam Ming Yung<br>林明勇 | -  | 2,000,000  | -  | 2,000,000  | 0.78                                   | 30/7/2007          | 30/7/2007                           | 29/7/2017                            |
| Chen Chunhua<br>陳春花  | -  | 2,000,000  | -  | 2,000,000  | 0.78                                   | 30/7/2007          | 30/7/2007                           | 29/7/2017                            |

### 董事及高級管理人員之履歷

董事及高級管理人員之個人履歷載於第38頁至43頁。

### 董事及最高行政人員於股本證券或債務證券之權益

於二零零七年十二月三十一日，於二零零七年十二月三十一日在任之董事及本公司最高行政人員於本公司及其相聯法團(定義見香港法例第571章證券及期貨條例(「證券及期貨條例」)第XV部)之股份、相關股份及債券中，擁有根據證券及期貨條例第352條須登記於該條所述登記冊之權益及淡倉，或根據上市規則所載上市發行人董事進行證券交易的標準守則須知會本公司及香港聯合交易所有限公司之權益及淡倉如下：

#### 於本公司之購股權權益(好倉)



# REPORT OF THE DIRECTORS

## 董事會報告

Share options are granted to Directors under the 2003 Share Option Scheme. The consideration for each of the grants above is HK\$1. Details of share options schemes are disclosed in Note 15(b) to the consolidated financial statements.

Other than those interests disclosed above, as at 31 December 2007, no Directors and chief executives of the Company (including their spouse and children under 18 years of age) had any interest in, or had been granted, or exercised, any rights to subscribe for shares of the Company and its associated corporations (within the meaning of the SFO).

Saved as disclosed herein, at no time during the Year was the Company, its subsidiaries, its associated companies, its fellow subsidiaries or its holding company, a party to any arrangement to enable the Directors and chief executives of the Company to hold any interests or short positions in the shares in, or debentures of, the Company or its associated corporations.

### Directors' Interest in Competing Businesses

Mr. Fang Hongbo, an executive Director who resigned on 31 March 2008, a director of GD Midea and certain subsidiaries of GD Midea throughout the Year and up to Completion. GD Midea and its subsidiaries ("Midea Electric Group") are principally engaged in the manufacture and sale of electrical household appliances including refrigerators and air conditioners, which may compete with the business of the Group. Midea Group (excluding the Welling Group) is principally engaged in the manufacture and sale of electrical household appliances including refrigerators and air conditioners, which may also compete with the business of the Group but is not expected to compete with the Welling Group, that is the manufacture and sale of motors or electronic and electric products for electrical household appliances.

購股權乃根據二零零三年購股權計劃而授予董事。上述每次授出購股權之代價為港幣1元。購股權計劃詳情載於綜合財務報表附註15(b)。

除上文所披露之權益外，於二零零七年十二月三十一日，本公司各董事及最高行政人員（包括彼等之配偶及十八歲以下子女）並無擁有、獲授予或行使任何可認購本公司及其相聯法團（按證券及期貨條例之定義）之股份之權利。

除本報告所披露者外，本年度內任何時間，本公司、其附屬公司、其聯營公司、其共同系附屬公司或其控股公司概無參與任何安排，致使本公司董事及最高行政人員持有任何本公司或其相聯法團之股份或債券之權益或淡倉。

### 董事於競爭業務之權益

執行董事方洪波先生於二零零八年三月三十一日辭任，於本年度及直至交易完成時為廣東美的以及廣東美的及其若干附屬公司之董事。廣東美的及其附屬公司（「美的電器集團」）之主要業務為製造及銷售家用電器包括冰箱及空調，而這可能與本集團之業務構成競爭。美的集團（不包括威靈集團）之主要業務為製造及銷售家用電器包括冰箱及空調，這亦可能與本集團之業務構成競爭，但預期不會與威靈集團之業務（即製造及銷售家電電機及電子電器產品）構成競爭。

# REPORT OF THE DIRECTORS

## 董事會報告

Mr. Li Jianwei, an executive Director, is currently a director of GD Midea. He is also a director and vice president of Midea. Ms. Yuan Liqun, a non-executive Director (redesignated as an executive Director on 4 January 2007), is also a director and vice president of Midea and a supervisor of GD Midea. Both the Midea Group and GD Midea are principally engaged in businesses which may have competed with the business of the Group during the Year and thereafter up to Completion.

Mr. Zhang Quan, an executive Director who resigned on 31 March 2008, a director of GD Midea throughout the Year and up to Completion. He is also a general manager of the central air-conditioning division of the GD Midea which may have competed with the business of the Group during the Year and thereafter up to Completion.

Mr. Li Donglai, an executive Director who resigned on 31 March 2008, has been a general manager of international household air conditioning division of GD Midea throughout the Year and up to Completion which may have competed with the business of the Group.

As at 31 December 2007, save as disclosed above, none of the Directors was interested in any business apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with that of the Group and is also not expected to compete with the Welling Group, either directly or indirectly.

The Audit Committee, which consists of three independent non-executive Directors, meets regularly to assist the Board in reviewing the financial performance and internal control systems of the Group. The Company is therefore capable of carrying on its businesses independently of, and at arm's length from, the businesses in which the Directors have declared interests.

執行董事栗建偉先生目前為廣東美的之董事。彼亦為美的之董事兼副總裁。非執行董事袁利群女士(於二零零七年一月四日調任為執行董事)亦為美的之董事兼副總裁及廣東美的之監事。美的集團及廣東美的之主要業務均可能於本年度及其後直至交易完成時與本集團之業務構成競爭。

執行董事張權先生於二零零八年三月三十一日辭任，於本年度及直至完成時為廣東美的之董事，並為廣東美的轄下中央空調事業部總經理，該業務可能於本年度及其後直至交易完成時與本集團之業務構成競爭。

執行董事李東來先生於二零零八年三月三十一日辭任，於本年度及直至交易完成時為廣東美的轄下國際家用空調部之總經理，該業務可能與本集團之業務構成競爭。

於二零零七年十二月三十一日，除上文所披露者外，概無董事於本集團業務以外之任何業務中擁有與現有集團業務直接或間接構成或可能構成競爭之權益，亦預期不會直接或間接與威靈集團構成競爭。

審核委員會由三名獨立非執行董事組成，並定期會晤以協助董事會審閱本集團之財務表現及內部監控系統。因此，本公司於董事聲明擁有權益之競爭業務上能公平及獨立運作。

# REPORT OF THE DIRECTORS

## 董事會報告

### Substantial Shareholders' Interests

As at 31 December 2007, the following persons, other than a Director or chief executive of the Company, had an interest or short position in the Shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

### 主要股東權益

根據證券及期貨條例第336條須存置之登記冊顯示，於二零零七年十二月三十一日，下列人士（本公司董事或最高行政人員除外）於本公司股份及相關股份中擁有之權益或淡倉：

| Name of shareholder<br>股東姓名／名稱  |                      | Number<br>of shares<br>持有股份數目 | Approximate<br>shareholding<br>percentage<br>持股概約百分比 |
|---|----------------------|-------------------------------|--|
| Midea International Corporation Company Limited ("Midea International") (Note 1)<br>美的國際控股有限公司<br>(「美的國際」)(附註1) | Long positions<br>好倉 | 1,352,700,805                 | 28.62%   |
| Midea (Note 2)<br>美的(附註2)   | Long positions<br>好倉 | 1,352,700,805                 | 28.62%   |
| Foshan Shunde Tiantuo Investment Co., Ltd ("Shunde Tiantuo") (Note 3)<br>佛山市順德區天拓投資有限公司<br>(「順德天拓」)(附註3)        | Long positions<br>好倉 | 1,352,700,805                 | 28.62%   |
| Mr. He Xiangjian (Note 4)<br>何享健先生(附註4)   | Long positions<br>好倉 | 1,352,700,805                 | 28.62%   |
| Ms. Liang Fengchai (Note 5)<br>梁鳳釵女士(附註5)   | Long positions<br>好倉 | 1,352,700,805                 | 28.62%   |

# REPORT OF THE DIRECTORS

## 董事會報告

### Notes:

1. These 1,352,700,805 shares were registered in the name of and beneficially owned by Midea International.
2. Midea was deemed to be interested in the 1,352,700,805 shares which Midea International was interested in by virtue of its holding 100% equity interest in Midea International.
3. The registered capital of Midea is owned as to 75% by Shunde Tiantuo. Accordingly, Shunde Tiantuo was deemed to be interested in the 1,352,700,805 shares which Midea was deemed to be interested in by virtue of its holding 75% equity interest in Midea.
4. The registered capital of Shunde Tiantuo is owned as to 90% by Mr. He Xiangjian. Accordingly, Mr. He Xiangjian was deemed to be interested in the 1,352,700,805 shares which Shunde Tiantuo was deemed to be interested in by virtue of his holding 90% equity interest in Shunde Tiantuo.
5. Ms. Liang Fengchai is the spouse of Mr. He Xiangjian and is therefore deemed to be interested in the 1,352,700,805 shares which Mr. He Xiangjian was deemed to be interested in.

## Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Year.

### 附註：

1. 該等1,352,700,805股股份以美的國際之名義登記及由其實益擁有。
2. 美的藉持有美的國際100%股權而被視為於美的國際擁有權益之1,352,700,805股股份中擁有權益。
3. 美的之註冊資本由順德天拓擁有75%權益。因此，順德天拓藉持有美的75%股權而被視為於美的擁有權益之1,352,700,805股股份中擁有權益。
4. 順德天拓由何享健先生擁有90%權益。因此，何享健先生藉持有順德天拓90%股權而被視為於順德天拓擁有權益之1,352,700,805股股份中擁有權益。
5. 梁鳳釵女士為何享健先生之配偶，因此，被視為於何享健先生擁有權益之1,352,700,805股股份中擁有權益。

## 管理合約

本年度內，本公司並無就整體業務或任何重要業務之管理或行政工作簽訂或訂有任何合約。

# REPORT OF THE DIRECTORS

## 董事會報告

### Major Customers and Suppliers

Sales to the Group's five largest customers together accounted for 49.1% of the Group's total sales during the Year. The five largest customers are set out below:

1. 35.68% from Guangdong Midea Air Conditioning Equipment Co., Ltd. ("Midea Air Conditioning") of which Mr. Fang Hongbo, Mr. Zhang Quan, Ms. Yuan Liqun and Mr. Li Jianwei are directors. Midea Air Conditioning and the Company are under common significant influence.
2. 5.26% from Hefei Midea-Royalstar Electrical Equipment Marketing Co., Ltd. ("Midea-Royalstar") of which Ms. Yuan Liqun and Mr. Li Jianwei are directors and Midea-Royalstar is controlled by Midea.
3. The remaining three largest customers accounted for 8.16% of the total sales during the Year and none of the Directors, their associates or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had an interest in these three customers.

Purchases from the Group's five largest suppliers together represented less than 30% of the Group's total purchase during the Year.

### 主要客戶及供應商

本集團五大客戶之銷售額共佔本集團年內總銷售額49.1%。五大客戶載列如下：

1. 35.68%來自廣東美的製冷設備有限公司(「美的製冷」)，其董事包括方洪波先生、張權先生、袁利群女士及栗建偉先生。美的製冷與本公司受共同重大影響。
2. 5.26%來自合肥榮事達美的電器營銷有限公司(「美的榮事達」)，其董事包括袁利群女士及栗建偉先生。美的榮事達由美的控制。
3. 其餘三大客戶佔年內總銷售額8.16%，且概無董事、其聯繫人士或任何股東(根據董事所知擁有本公司的股本5%以上者)在此三位客戶中擁有權益。

本集團五大供應商之購入額共佔本集團年內總購入額少於30%。

# REPORT OF THE DIRECTORS

## 董事會報告

### Connected Transactions and Continuing Connected Transactions

During the Year, the Group had the following connected and continuing connected transactions:

#### Connected Transactions

On 23 November 2007, the Company entered into the Agreement with the Vendor, pursuant to which the Company agreed to (i) acquire from the Vendor the entire issued share capital of Welling by the consideration of HK\$4,500,000,000; (ii) dispose of the Company's entire interest in each of the Disposed Companies to the Vendor for an aggregate consideration of HK\$4; (iii) assign approximately HK\$876,124,000 net debt receivable as at 31 March 2008 to the Vendor; and (iv) issue approximately 8,753,323,000 consideration shares to the Vendor at an issue price of HK\$0.414 per share. As the Vendor is an indirectly wholly-owned subsidiary of Midea, a substantial shareholder of the Company, and is therefore a connected person of the Company.

The above transactions were approved by the independent shareholders of the Company at the EGM held on 18 March 2008 and were completed on 31 March 2008.

### 關連交易及持續關連交易

於本年度內，本集團進行了以下關連交易及持續關連交易：

#### 關連交易

於二零零七年十一月二十三日，本公司與賣方簽訂買賣協議，據此本公司同意：(i)以代價港幣4,500,000,000元向賣方收購威靈之全部已發行股本；(ii)以總代價港幣4元出售本公司於每家已出售公司之全部權益予賣方；(iii)於二零零八年三月三十一日轉讓應收債項淨額約港幣876,124,000元予賣方；及(iv)以每股發行價港幣0.414元發行約8,753,323,000股代價股份予賣方。由於賣方乃美的間接全資附屬公司，而美的為本公司之主要股東，故賣方為本公司關連人士。

以上交易已於二零零八年三月十八日舉行之股東特別大會上獲本公司獨立股東批准，並於二零零八年三月三十一日完成。



# REPORT OF THE DIRECTORS

## 董事會報告

### Continuing Connected Transactions

- (a) Significant related party transactions entered by any member of the Group during the Year, which constituted connected transactions under Chapter 14A of the Listing Rules, are disclosed in note 32 to the consolidated financial statements.
- (b) No other related party transactions, which also constitute connected transactions under the Listing Rules, required to be disclosed in accordance with Chapter 14A of the Listing Rules, are entered by any member of the Group.
- (c) The independent non-executive Directors have reviewed the continuing connected transactions of the Group during the Year and confirmed that the continuing connected transactions have been entered into:
- (1) in the ordinary and usual course of business of the Group;
  - (2) are in accordance with the pricing policy of the Company;
  - (3) in accordance with the relevant agreements governing the transactions; and
  - (4) have not exceeded the relevant maximum amount capped in accordance with the previous announcement.

### 持續關連交易

- (a) 本集團任何成員公司於本年度進行之重大關連方交易（即根據上市規則第十四A章構成關連交易者），乃於綜合財務報表附註32披露。
- (b) 本集團任何成員公司並未有進行按照上市規則第十四A章須予披露之其他關連方交易（即根據上市規則亦構成關連交易者）。
- (c) 獨立非執行董事已審閱本集團於本年度內之持續關連交易，並確認該等持續關連交易：
- (1) 於本集團日常及正常業務過程中訂立；
  - (2) 乃按本公司的定價政策進行的；
  - (3) 按照規管該等交易之相關協議進行的；及
  - (4) 並無超過已公佈之有關最高上限金額。

# REPORT OF THE DIRECTORS

## 董事會報告

- (d) Based on the work performed, the auditors of the Company have confirmed that the aforesaid continuing connected transactions:
- (1) have been approved by the Board;
  - (2) are in accordance with the pricing policy of the Company;
  - (3) have been entered into in accordance with the relevant agreements governing the transactions; and
  - (4) have not exceed the relevant caps.
- (e) The Company confirms that it has complied with the disclosure requirements with respect to the transactions referred to in paragraph (a) above in accordance with Chapter 14A of the Listing Rules.
- (d) 本公司之核數師根據所進行之工作已確認上述持續關連交易：
- (1) 已獲董事會批准；
  - (2) 乃按本公司的定價政策進行的；
  - (3) 已根據規管該等交易之有關協議進行的；及
  - (4) 並無超過有關之上限。
- (e) 本公司確認已就上文(a)段所述之交易遵守上市規則第十四A章之披露規定。

### Compliance with the Model Code of the Listing Rules and Code on Corporate Governance Practices

Please refer to the Corporate Governance Report set out on pages 22 to 37 for a discussion on compliance with the Model Code for Securities Transactions by the Directors and the Code on Corporate Governance Practices and work performed by the Audit Committee in 2007.

### 遵守上市規則之標準守則及企業管治常規

請參閱載於第22至第37頁之企業管治報告，以了解於二零零七年度有關董事進行證券交易的標準守則及遵守企業管治常規守則之討論，以及審核委員會於二零零七年所履行之工作。

# REPORT OF THE DIRECTORS

## 董事會報告

### Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of its Directors, the Directors confirm that the Company has maintained, during the Year, sufficient public float as required under the Listing Rules.

### Auditor

The consolidated financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of PricewaterhouseCoopers as auditors of the Group is to be proposed at the forthcoming annual general meeting.

On behalf of the Board

**CAI Qiwu**

*Chairman*

Hong Kong 22 April 2008

### 足夠公眾持股量

根據可供本公司公開查閱且其董事亦知悉之資料，董事確認本公司於本年度內一直維持上市規則所規定之足夠公眾持股量。

### 核數師

綜合財務報表已經由羅兵咸永道會計師事務所審核，該核數師任滿告退，但合資格並表示願意膺聘連任。一項續聘羅兵咸永道會計師事務所為本集團核數師之決議案將於應屆股東週年大會上提呈。

代表董事會

**蔡其武**

*主席*

香港，二零零八年四月二十二日

# INDEPENDENT AUDITOR'S REPORT

## 獨立核數師報告



羅兵咸永道會計師事務所

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### INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF WELLING HOLDING LIMITED

*(Formerly known as Hualing Holdings Limited)*  
*(Incorporated in Hong Kong with limited liability)*

We have audited the consolidated financial statements of Welling Holding Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 62 to 163, which comprise the consolidated and company balance sheets as at 31 December 2007, 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.

### 獨立核數師報告 致威靈控股有限公司股東

*(前稱華凌集團有限公司)*  
*(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62至163頁威靈控股有限公司(「貴公司」)及其附屬公司(以下合稱「貴集團」)的綜合財務報表，此綜合財務報表包括於二零零七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解釋。

### 董事就財務報表須承擔的責任

貴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。

# INDEPENDENT AUDITOR'S REPORT

## 獨立核數師報告

### INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF WELLING HOLDING LIMITED (Continued)

#### 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.

### 獨立核數師報告 致威靈控股有限公司股東 (續)

#### 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責或承擔任何責任。

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。

審核涉及執行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。

# INDEPENDENT AUDITOR'S REPORT

## 獨立核數師報告

### INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF WELLING HOLDING LIMITED *(Continued)*

## 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 2007 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.

**PricewaterhouseCoopers**  
*Certified Public Accountants*

Hong Kong, 22 April 2008

### 獨立核數師報告 致威靈控股有限公司股東 (續)

## 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 貴公司及 貴集團於二零零七年十二月三十一日的事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。

**羅兵咸永道會計師事務所**  
執業會計師

香港，二零零八年四月二十二日



# CONSOLIDATED BALANCE SHEET

## 綜合資產負債表

As at 31 December 2007  
於二零零七年十二月三十一日

As at 31 December  
於十二月三十一日

|  |                        | Note  | 2007<br>二零零七年<br>HK\$'000<br>港幣千元 | 2006<br>二零零六年<br>HK\$'000<br>港幣千元 |
|--|------------------------|-------|-----------------------------------|-----------------------------------|
|  |                        | 附註    |                                   |                                   |
| <b>ASSETS</b>  | <b>資產</b>              |       |                                   |                                   |
| <b>Non-current assets</b>  | <b>非流動資產</b>           |       |                                   |                                   |
| Property, plant and equipment  | 物業、廠房及設備               | 6     | 361,406                           | 345,410                           |
| Investment properties  | 投資物業                   | 7     | 106,800                           | 101,224                           |
| Leasehold land and land use rights                                       | 租賃土地及土地使用權             | 8     | 100,177                           | 29,470                            |
| Other non-current assets   | 其他非流動資產                |       | —                                 | 505                               |
|  |                        |       | <b>568,383</b>                    | 476,609                           |
| <b>Current assets</b>  | <b>流動資產</b>            |       |                                   |                                   |
| Inventories  | 存貨                     | 10    | 399,704                           | 491,909                           |
| Due from related companies   | 應收關聯公司款項               | 32(d) | 183,997                           | 169,084                           |
| Trade and other receivables  | 貿易及其他應收款               | 11    | 886,965                           | 559,099                           |
| Pledged bank deposits  | 已抵押銀行存款                | 13    | 176,872                           | 95,557                            |
| Cash and cash equivalents  | 現金及現金等價物               | 14    | 154,716                           | 151,642                           |
|  |                        |       | <b>1,802,254</b>                  | 1,467,291                         |
| <b>Total assets</b>  | <b>總資產</b>             |       | <b>2,370,637</b>                  | 1,943,900                         |
| <b>EQUITY</b>  | <b>權益</b>              |       |                                   |                                   |
| <b>Capital and reserves attributable to the Company's equity holders</b> | <b>本公司股權持有人應佔股本及儲備</b> |       |                                   |                                   |
| Share capital  | 股本                     | 15    | 472,599                           | 468,709                           |
| Other reserves   | 其他儲備                   | 16    | 584,615                           | 631,488                           |
| Accumulated losses   | 累積虧損                   |       | (1,461,371)                       | (1,400,687)                       |
|  |                        |       | <b>(404,157)</b>                  | (300,490)                         |
| <b>Minority interests</b>  | <b>少數股東權益</b>          |       | <b>55,930</b>                     | 50,247                            |
| <b>Total equity</b>  | <b>權益總額</b>            |       | <b>(348,227)</b>                  | (250,243)                         |

# CONSOLIDATED BALANCE SHEET

## 綜合資產負債表

As at 31 December 2007  
於二零零七年十二月三十一日

As at 31 December  
於十二月三十一日

|  |                 | Note  | 2007<br>二零零七年<br>HK\$'000<br>港幣千元 | 2006<br>二零零六年<br>HK\$'000<br>港幣千元 |
|--|-----------------|-------|-----------------------------------|-----------------------------------|
|  |                 | 附註    |                                   |                                   |
| <b>LIABILITIES</b>                           | <b>負債</b>       |       |                                   |                                   |
| <b>Non-current liabilities</b>               | <b>非流動負債</b>    |       |                                   |                                   |
| Borrowings                                   | 貸款              | 17    | -                                 | 39,813                            |
| <b>Current liabilities</b>                   | <b>流動負債</b>     |       |                                   |                                   |
| Trade and other payables                     | 貿易及其他應付款        | 18    | <b>1,869,106</b>                  | 1,595,692                         |
| Due to related companies                     | 應付關聯公司款項        | 32(d) | <b>359,542</b>                    | 170,771                           |
| Current income tax liabilities               | 即期所得稅負債         |       | <b>537</b>                        | 214                               |
| Provision for warranty                       | 產品保養準備          | 20    | <b>73,003</b>                     | 36,304                            |
| Borrowings                                   | 貸款              | 17    | <b>416,676</b>                    | 351,349                           |
|  |                 |       | <b>2,718,864</b>                  | 2,154,330                         |
| <b>Total liabilities</b>                     | <b>總負債</b>      |       | <b>2,718,864</b>                  | 2,194,143                         |
| <b>Total equity and liabilities</b>          | <b>權益總額及負債</b>  |       | <b>2,370,637</b>                  | 1,943,900                         |
| <b>Net current liabilities</b>               | <b>流動負債淨額</b>   |       | <b>(916,610)</b>                  | (687,039)                         |
| <b>Total assets less current liabilities</b> | <b>總資產減流動負債</b> |       | <b>(348,227)</b>                  | (210,430)                         |

The notes on pages 68 to 163 are integral part of these financial statements.  
於第68至163頁的附註為此財務報表的一部份。

**Cai Qiwu**  
蔡其武  
Director  
董事

**Wu Zhiqiang**  
吳志強  
Director  
董事

# BALANCE SHEET

## 資產負債表

As at 31 December 2007  
於二零零七年十二月三十一日

As at 31 December  
於十二月三十一日

|  |                        | Note | 2007<br>二零零七年<br>HK\$'000<br>港幣千元 | 2006<br>二零零六年<br>HK\$'000<br>港幣千元 |
|--|------------------------|------|-----------------------------------|-----------------------------------|
|  |                        | 附註   |                                   |                                   |
| <b>ASSETS</b>  | <b>資產</b>              |      |                                   |                                   |
| <b>Non-current assets</b>  | <b>非流動資產</b>           |      |                                   |                                   |
| Property, plant and equipment  | 物業、廠房及設備               | 6    | 125                               | 166                               |
| Investments in subsidiaries  | 附屬公司投資                 | 9    | -                                 | -                                 |
|  |                        |      | 125                               | 166                               |
| <b>Current assets</b>  | <b>流動資產</b>            |      |                                   |                                   |
| Trade and other receivables  | 貿易及其他應收款               | 11   | 202                               | 202                               |
| Cash and cash equivalents  | 現金及現金等價物               | 14   | 2,688                             | 12,662                            |
|  |                        |      | 2,890                             | 12,864                            |
| <b>Total assets</b>  | <b>總資產</b>             |      | <b>3,015</b>                      | <b>13,030</b>                     |
| <b>EQUITY</b>  | <b>權益</b>              |      |                                   |                                   |
| <b>Capital and reserves attributable to the Company's equity holders</b> | <b>本公司股權持有人應佔股本及儲備</b> |      |                                   |                                   |
| Share capital  | 股本                     | 15   | 472,599                           | 468,709                           |
| Other reserves   | 其他儲備                   | 16   | 595,407                           | 591,160                           |
| Accumulated losses   | 累積虧損                   |      | (1,116,676)                       | (1,049,945)                       |
| <b>Total equity</b>  | <b>權益總額</b>            |      | <b>(48,670)</b>                   | <b>9,924</b>                      |
| <b>LIABILITIES</b>   | <b>負債</b>              |      |                                   |                                   |
| <b>Current liabilities</b>   | <b>流動負債</b>            |      |                                   |                                   |
| Trade and other payables   | 貿易及其他應付款               | 18   | 51,685                            | 3,106                             |
|  |                        |      | 51,685                            | 3,106                             |
| <b>Total equity and liabilities</b>                                      | <b>權益總額及負債</b>         |      | <b>3,015</b>                      | <b>13,030</b>                     |
| <b>Net current (liabilities)/assets</b>                                  | <b>流動(負債)/資產淨額</b>     |      | <b>(48,795)</b>                   | <b>9,758</b>                      |
| <b>Total assets less current liabilities</b>                             | <b>總資產減流動負債</b>        |      | <b>(48,670)</b>                   | <b>9,924</b>                      |

The notes on pages 68 to 163 are integral part of these financial statements.  
於第68至163頁的附註為此財務報表的一部份。

**Cai Qiwu**  
蔡其武  
Director  
董事

**Wu Zhiqiang**  
吳志強  
Director  
董事

# CONSOLIDATED INCOME STATEMENT

## 綜合收益表

For the year ended 31 December 2007  
截至二零零七年十二月三十一日止年度

Year ended 31 December  
截至十二月三十一日止年度

|  |   | Note<br>附註 | 2007<br>二零零七年<br>HK\$'000<br>港幣千元 | 2006<br>二零零六年<br>HK\$'000<br>港幣千元 |
|--|---|------------|-----------------------------------|-----------------------------------|
| Turnover   | 營業額   | 5          | 3,589,686                         | 2,286,387                         |
| Cost of goods sold   | 銷售貨品成本  |            | (3,304,475)                       | (2,022,474)                       |
| <b>Gross profit</b>  | <b>毛利</b>   |            | <b>285,211</b>                    | 263,913                           |
| Other gains/(losses) – net   | 其他收益／(虧損) — 淨額                                      | 21         | 23,737                            | (21,084)                          |
| Selling and marketing costs  | 銷售及市場推廣成本   |            | (176,917)                         | (188,998)                         |
| Administrative expenses  | 行政開支  |            | (144,402)                         | (118,396)                         |
| Other operating expenses   | 其他經營開支  |            | (3,168)                           | (10,952)                          |
| <b>Operating loss</b>  | <b>經營虧損</b>   |            | <b>(15,539)</b>                   | (75,517)                          |
| Finance income   | 融資收入  | 24         | 10,329                            | 7,856                             |
| Finance costs  | 融資成本  | 24         | (44,402)                          | (35,727)                          |
| Finance costs – net  | 融資成本 — 淨額   | 24         | (34,073)                          | (27,871)                          |
| <b>Loss before income tax</b>  | <b>扣除所得稅前虧損</b>                                     |            | <b>(49,612)</b>                   | (103,388)                         |
| Income tax expense   | 所得稅開支   | 25         | (5,389)                           | (2,352)                           |
| <b>Loss for the year</b>   | <b>本年度虧損</b>  |            | <b>(55,001)</b>                   | (105,740)                         |
| <b>Attributable to:</b>  | <b>以下應佔：</b>  |            |                                   |                                   |
| Equity holders of the Company  | 本公司股權持有人  |            | (60,684)                          | (112,647)                         |
| Minority interests   | 少數股東權益  |            | 5,683                             | 6,907                             |
|  |   |            | (55,001)                          | (105,740)                         |
| <b>Loss per share for loss attributable to the equity holders of the Company during the year</b><br>(expressed in HK cents per share)<br>– basic and diluted | <b>本年度本公司股權持有人應佔虧損之每股虧損</b><br>(以每股港仙列示)<br>— 基本及攤薄 | 27         | (1.28)                            | (2.68)                            |
| <b>Dividends</b>   | <b>股息</b>   | 28         | –                                 | –                                 |

The notes on pages 68 to 163 are integral part of these financial statements.  
於第68至163頁的附註為此財務報表的一部份。

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## 綜合權益變動表

For the year ended 31 December 2007  
截至二零零七年十二月三十一日止年度

|  |                              | Attributable to equity holders<br>of the Company<br>本公司股權持有人應佔 |                           |                               |                                 |                  |                  |
|--|------------------------------|--|---------------------------|-------------------------------|---------------------------------|------------------|------------------|
|  |                              | Share<br>capital<br>股本   | Other<br>reserves<br>其他儲備 | Accumulated<br>losses<br>累積虧損 | Minority<br>interests<br>少數股東權益 | Total<br>合計      |                  |
|  |                              | Note<br>附註   | HK\$'000<br>港幣千元          | HK\$'000<br>港幣千元              | HK\$'000<br>港幣千元                | HK\$'000<br>港幣千元 | HK\$'000<br>港幣千元 |
| <b>Balance at 1 January 2006</b>       | <b>於二零零六年一月一日<br/>之結餘</b>    |  | 397,009                   | 629,415                       | (1,288,040)                     | 43,336           | (218,280)        |
| Issuance of placing shares             | 發行配售股份                       | 15(a)  | 64,000                    | 19,200                        | -                               | -                | 83,200           |
| Share issuance expenses                | 股份發行費用                       | 16(a)  | -                         | (1,185)                       | -                               | -                | (1,185)          |
| (Loss)/profit for the year             | 本年度(虧損)/溢利                   |  | -                         | -                             | (112,647)                       | 6,907            | (105,740)        |
| Disposal of subsidiaries               | 出售附屬公司                       |  | -                         | (358)                         | -                               | 4                | (354)            |
| Employee share option scheme           | 僱員購股權計劃                      |  |                           |                               |                                 |                  |                  |
| - value of services provided           | - 所提供服務價值                    | 15(b)  | -                         | 4,125                         | -                               | -                | 4,125            |
| - proceeds from shares issued          | - 所發行股份之所得款項                 | 15(a)  | 7,700                     | 1,585                         | -                               | -                | 9,285            |
| Translation differences                | 滙兌差異                         |  | -                         | (21,294)                      | -                               | -                | (21,294)         |
| <b>Balance at<br/>31 December 2006</b> | <b>於二零零六年<br/>十二月三十一日之結餘</b> |  | 468,709                   | 631,488                       | (1,400,687)                     | 50,247           | (250,243)        |
| <b>Balance at 1 January 2007</b>       | <b>於二零零七年<br/>一月一日之結餘</b>    |  | 468,709                   | 631,488                       | (1,400,687)                     | 50,247           | (250,243)        |
| (Loss)/profit for the year             | 本年度(虧損)/溢利                   |  | -                         | -                             | (60,684)                        | 5,683            | (55,001)         |
| Employee share option scheme           | 僱員購股權計劃                      |  |                           |                               |                                 |                  |                  |
| - value of services provided           | - 所提供服務價值                    | 15(b)  | -                         | 3,453                         | -                               | -                | 3,453            |
| - proceeds from shares issued          | - 所發行股份之所得款項                 | 15(a)  | 3,890                     | 794                           | -                               | -                | 4,684            |
| Translation differences                | 滙兌差異                         |  | -                         | (51,120)                      | -                               | -                | (51,120)         |
| <b>Balance at 31 December 2007</b>     | <b>於二零零七年<br/>十二月三十一日之結餘</b> |  | 472,599                   | 584,615                       | (1,461,371)                     | 55,930           | (348,227)        |

The notes on pages 68 to 163 are integral part of these financial statements.  
於第68至163頁的附註為此財務報表的一部份。

# CONSOLIDATED CASH FLOW STATEMENT

## 綜合現金流量表

For the year ended 31 December 2007  
截至二零零七年十二月三十一日止年度

Year ended 31 December  
截至十二月三十一日止年度

|   | Note<br>附註 | 2007<br>二零零七年<br>HK\$'000<br>港幣千元 | 2006<br>二零零六年<br>HK\$'000<br>港幣千元 |
|---|------------|-----------------------------------|-----------------------------------|
| <b>Cash flows from operating activities</b>             |            |                                   |                                   |
| <b>經營活動之現金流量</b>  |            |                                   |                                   |
| Cash generated from/(used in) operations                | 29         | 190,388                           | (12,658)                          |
| Interest paid   |            | (23,399)                          | (20,455)                          |
| Interest received                                       |            | 10,329                            | 7,856                             |
| Income tax paid   |            | (5,066)                           | (4,716)                           |
| Bank handling charges paid                              |            | (4,267)                           | (3,444)                           |
| Net cash generated from/(used in) operating activities  |            | 167,985                           | (33,417)                          |
| <b>Cash flows from investing activities</b>             |            |                                   |                                   |
| <b>投資活動之現金流量</b>  |            |                                   |                                   |
| Purchases of property, plant and equipment              |            | (62,447)                          | (32,173)                          |
| Proceeds from disposal of property, plant and equipment | 29         | 20,872                            | 5,924                             |
| Increase in construction-in-progress                    |            | (21,452)                          | (35,747)                          |
| Payment for leasehold land and land use right           |            | (69,460)                          | -                                 |
| Net cash outflow for disposal of subsidiaries           |            | -                                 | (494)                             |
| Decrease/(increase) in other non-current assets         |            | 505                               | (269)                             |
| Receipt of government grants                            | 21         | 3,431                             | 4,437                             |
| Net cash used in investing activities                   |            | (128,551)                         | (58,322)                          |
| <b>Cash flows from financing activities</b>             |            |                                   |                                   |
| <b>融資活動之現金流量</b>  |            |                                   |                                   |
| Proceeds from issuance of ordinary shares               |            | 4,691                             | 92,485                            |
| Share issuance expenses                                 |            | (7)                               | (1,185)                           |
| Proceeds from borrowings                                |            | 412,809                           | 415,238                           |
| Repayment of borrowings                                 |            | (372,538)                         | (475,054)                         |
| (Increase)/decrease in pledged bank deposits            |            | (81,315)                          | 81,827                            |
| Net cash (used in)/generated from financing activities  |            | (36,360)                          | 113,311                           |
| <b>Net increase in cash and cash equivalents</b>        |            | 3,074                             | 21,572                            |
| Cash and cash equivalents at beginning of the year      | 14         | 151,642                           | 130,070                           |
| <b>Cash and cash equivalents at end of the year</b>     | 14         | 154,716                           | 151,642                           |

The notes on pages 68 to 163 are integral part of these financial statements.  
於第68至163頁的附註為此財務報表的一部份。



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 1 General Information

Welling Holding Limited (formerly known as Hualing Holdings Limited, the “Company”) and its subsidiaries (together the “Group”) manufactures, distributes and sells electrical household appliances, which include air-conditioners, refrigerators and mini-refrigerators. The Group has manufacturing plants in the People’s Republic of China (“PRC”) and sells mainly within the PRC and countries in Europe, Americas, Asia Pacific and Africa.

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

The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

These financial statements have been approved for issue by the board of directors on 22 April 2008.

### 2 Principal Accounting Policies

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

#### 2.1 Going Concern Basis

The Group incurred a loss attributable to the equity holders of the Company of HK\$60,684,000 for the year ended 31 December 2007. In addition, the Group had net current liabilities and net liabilities of HK\$916,610,000 and HK\$348,227,000, respectively, as at 31 December 2007. Nevertheless, the directors have adopted the going concern basis in the preparation of these consolidated financial statements based on the following:

### 1 基本資料

威靈控股有限公司(前稱華凌集團有限公司,「本公司」)及其附屬公司(統稱「本集團」)製造、分銷及銷售家庭電器,包括空調、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,產品主要於中國以及歐洲、美洲、亞太及非洲等國家銷售。

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主板上市。

本財務報表已於二零零八年四月二十二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應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 持續經營之基準

本集團於截至二零零七年十二月三十一日止年度錄得本公司股權持有人應佔虧損港幣60,684,000元。另外,本集團於二零零七年十二月三十一日之流動負債淨額及負債淨額分別為港幣916,610,000元及港幣348,227,000元。然而,該等綜合財務報表乃董事採納持續經營之基準,並基於下列各項編製而成:

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

## 2 Principal Accounting Policies (Continued)

### 2.1 Going Concern Basis (Continued)

- (i) The existence of financial support from Midea Group Co. Ltd (“Midea”), the Company’s ultimate holding company, as at 31 December 2007 which is in form of (a) guarantees of bank loans; (b) injection of money into the existing businesses throughout the Year; (c) the written undertaking of continuing financial support; and (d) undertaking of the Proposed Transaction (as defined in note (ii) below) whereby Midea will inject profitable businesses into as well as acquire the loss-making existing businesses (the “Disposed Companies as defined in note (ii) below) from the Group.
- (ii) On 23 November 2007, the Company and Welling Electric Holding (Cayman Islands) Limited (the “Vendor”), the wholly owned subsidiary of Midea entered into a sale and purchase agreement (the “Agreement”), pursuant to which the Company will conditionally: (a) acquire from the Vendor the entire issued share capital of Welling Holding (BVI) Limited (the “Welling”); (b) dispose of the Company’s entire interest in each of China Refrigeration Industry Co. Ltd., Hualing Technology Limited, Hualing (Far East) Limited, and Hualing (Guangzhou) Electrical Appliances Co. Ltd., (collectively the “Disposed Companies”) to the Vendor; (c) assign the Company’s right to certain net receivables due from the Disposed Companies and their subsidiaries to the Vendor; and (d) issue the consideration shares to the Vendor (collectively the “Proposed Transaction”).

## 2 主要會計政策 (續)

### 2.1 持續經營之基準 (續)

- (i) 美的集團有限公司(「美的」)(本公司最終控股公司)於二零零七年十二月三十一日按以下方式提供財務支援：(a)銀行貸款的擔保；(b)於本整個年度注資於現有業務；(c)持續財務支援的書面承諾；(d)建議交易(定義見下文附註(ii))的承諾，據此，美的將注入獲利業務以及向本集團收購虧損現有業務(下文附註(ii)界定的已出售公司)。
- (ii) 二零零七年十一月二十三日，本公司與美的的全資附屬公司威靈電機控股(開曼群島)有限公司(「賣方」)簽訂買賣協議(「該協議」)，據此，本公司有條件地同意(a)向賣方收購威靈控股(BVI)有限公司(「威靈」)的全部已發行股本；(b)出售本公司於中國雪櫃實業有限公司、華凌科技有限公司、華凌(遠東)有限公司及華凌(廣州)電器有限公司(統稱「已出售公司」)的全部權益予賣方；(c)授予賣方本公司應收已出售公司及其附屬公司若干應收款項淨額的權力；及(d)發行代價股份予賣方(統稱「建議交易」)。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 2 Principal Accounting Policies (Continued)

#### 2.1 Going Concern Basis (Continued)

(ii) (Continued)

The consideration for the acquisition of Welling is HK\$4,500,000,000 and would be satisfied by:

- (a) the transfer for the Company's entire interest in the Disposed Companies to the Vendor for an aggregate consideration of HK\$4;
- (b) the outstanding net amount due from the Disposed Companies and their subsidiaries to the Company as at the date of completion of the Proposed Transaction; and
- (c) the issue of consideration shares to the Vendor.

As at 31 December 2007, completion of the Proposed Transaction is conditional upon, among other things, the fulfilment of several conditions including the approval of the Proposed Transaction by the independent shareholders at the Company's extraordinary general meeting and the Stock Exchange of Hong Kong.

### 2 主要會計政策 (續)

#### 2.1 持續經營之基準 (續)

(ii) (續)

收購威靈之代價為港幣4,500,000,000元，以下列方式支付：

- (a) 向賣方轉讓本公司於已出售公司之全部權益，總代價為港幣4元；
- (b) 於建議交易完成日期已出售公司及其附屬公司尚欠本公司之款項淨額；及
- (c) 向賣方發行代價股份。

於二零零七年十二月三十一日，建議交易完成須待(其中包括)若干條件達成(包括獨立股東於本公司的股東特別大會上批准及香港聯交所批准建議交易)方可落實。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

## 2 Principal Accounting Policies (Continued)

### 2.1 Going Concern Basis (Continued)

(ii) (Continued)

On 25 February 2008, the Company despatched a circular related to the Proposed Transaction. On 18 March 2008, an extraordinary general meeting (the “EGM”) was held and the Proposed Transaction was approved by the independent shareholders as an ordinary resolution of the EGM.

Upon completion (the “Completion”) of the Proposed Transaction on 31 March 2008, the Company: (i) disposed of the Disposed Companies and their respective subsidiaries (together, the “Disposed Group”), which had net current liabilities and net liabilities of HK\$1,741,971,000 and HK\$1,173,946,000, respectively, as at 31 December 2007 on a combined basis; (ii) acquired Welling and its subsidiaries (together, the “Welling Group”), which had net current assets and net assets of RMB116,897,000 and RMB581,737,000, respectively, as at 31 December 2007, and a profit of RMB276,147,000 for the year ended 31 December 2007; and (iii) allotted and issued approximately 8,753,323,000 consideration shares to the Vendor. Subsequent to Completion, the bank guarantees provided by Midea to the Welling Group were released and Midea’s written undertaking of financial support is no longer considered necessary.

The consolidated balance sheet and income statement of the Welling Group and the combined balance sheet and income statement of the Disposed Group are disclosed in note 35.

## 2 主要會計政策 (續)

### 2.1 持續經營之基準 (續)

(ii) (續)

於二零零八年二月二十五日，本公司已寄發一份有關建議交易之通函。於二零零八年三月十八日，本公司舉行股東特別大會（「股東特別大會」），建議交易於股東特別大會上以普通決議案獲獨立股東批准。

建議交易於二零零八年三月三十一日完成（「完成」）後，本公司(i)出售已出售公司及其各自的附屬公司（統稱「已出售集團」），其按合併基準於二零零七年十二月三十一日的流動負債淨額及負債淨額分別為港幣1,741,971,000元及港幣1,173,946,000元；(ii)收購威靈及其附屬公司（統稱「威靈集團」），其於二零零七年十二月三十一日的流動資產淨額及資產淨額分別為人民幣116,897,000元及人民幣581,737,000元，截至二零零七年十二月三十一日止年度的利潤為人民幣276,147,000元；(iii)向賣方配發及發行約8,753,323,000股代價股份。於完成後，美的為威靈集團提供的銀行貸款擔保已獲解除，美的提供的持續財務支援書面承諾亦變得無需要。

威靈集團之綜合資產負債表及收益表以及已出售集團之合併資產負債表及收益表載於附註35。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

## 2 Principal Accounting Policies (Continued)

### 2.1 Going Concern Basis (Continued)

- (iii) As at 31 March 2008, the Welling Group had banking facilities of approximately RMB601,500,000, out of which the unutilised banking facilities were approximately RMB179,960,000, all of which were either secured by its own assets or guaranteed by subsidiaries within the Welling Group. The Directors are of the opinion that the existing banking facilities of the Welling Group will enable the Group, after completion of the Proposed Transaction, to fulfill its future working capital and financial requirements, and that the Group will succeed in negotiating with its bankers to renew its outstanding bank loans as they fall due.

In the opinion of the directors, in light of the above, the Group will have sufficient working capital to finance its operations and remain as a going concern in the foreseeable future after the Completion. Accordingly, the directors are of the view that it is appropriate to prepare the consolidation financial statements on a going concern basis.

### 2.2 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (the “HKFRSs”) under the historical cost convention, as modified by the revaluation of investment properties.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’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.

## 2 主要會計政策 (續)

### 2.1 持續經營之基準 (續)

- (iii) 於二零零八年三月三十一日，威靈集團的銀行信貸額約為人民幣601,500,000元，其中未動用銀行信貸額約為人民幣179,960,000元，所有銀行信貸額均以自有的資產抵押或由威靈集團內的附屬公司提供擔保。董事認為威靈集團的銀行信貸額能於建議交易完成後滿足本集團未來營運資金及財務需求，而本集團將與銀行就到期之未償還銀行貸款續簽成功磋商。

董事認為，基於上述措施，本集團將獲得充足之營運資金以支持本集團於完成後可見將來之經營需要及維持持續經營。因此，董事認為按持續經營之基準編製該等綜合財務報表乃屬恰當。

### 2.2 編製基準

本集團的綜合財務報表按歷史成本慣例按香港財務報告準則（「香港財務報告準則」）編製，並就重估投資物業作出修訂。

編製符合香港財務報告準則的綜合財務報表需要使用若干關鍵會計估計。管理層在運用本集團會計政策過程中亦須行使其判斷。涉及很大程度的判斷或複雜性的範圍，或對綜合財務報表有重大影響的假設及估計的範圍乃於附註4披露。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

## 2 Principal Accounting Policies (Continued)

### 2.2 Basis of preparation (Continued)

(a) *Standards, amendment and interpretations effective in 2007:*

- HKFRS 7, 'Financial instruments: Disclosures', and the complementary amendment to HKAS 1, 'Presentation of financial statements - Capital disclosures', introduces new disclosures relating to financial instruments and does not have any impact on the classification and valuation of the Group's financial instruments, or the disclosures relating to taxation and trade and other payables.
- HK(IFRIC) – Int 8, 'Scope of HKFRS 2', requires consideration of transactions involving the issuance of equity instruments, where the identifiable consideration received is less than the fair value of the equity instruments issued in order to establish whether or not they fall within the scope of HKFRS 2. This standard does not have any impact on the Group's financial statements.
- HK(IFRIC) – Int 10, 'Interim financial reporting and impairment', prohibits the impairment losses recognised in an interim period on goodwill and investments in equity instruments and in financial assets carried at cost to be reversed at a subsequent balance sheet date. This standard does not have any impact on the Group's financial statements.

## 2 主要會計政策 (續)

### 2.2 編製基準 (續)

(a) 於二零零七年生效之準則、修訂及詮釋

- 香港財務報告準則第7號，「金融工具：披露」以及香港會計準則第1號的補充修訂，「財務報表的呈列－資本披露」，引入有關金融工具之新披露規定，並對本集團之金融工具之分類及估值或有關稅項及貿易及其他應付款之披露並無任何影響。
- 香港（國際財務報告詮釋委員會）－詮釋第8號，「香港財務報告準則第2號的範圍」規定就發行股本工具而言，凡收取的可識別代價低於所發行股本工具的公平值，均須釐定有關代價，而不論該等交易是否屬於香港財務報告準則第2號的範圍內。該準則對本集團的財務報表並無任何影響。
- 香港（國際財務報告詮釋委員會）－詮釋第10號，「中期財務報告及減值」禁止在中期期間確認按成本值列賬的商譽、股本工具的投資和金融資產投資的減值虧損在之後的結算日撥回。該準則對本集團的財務報表並無任何影響。



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

## 2 Principal Accounting Policies (Continued)

### 2.2 Basis of preparation (Continued)

- (b) *Standards, amendments and interpretations effective in 2007 but not relevant*

The following standards, amendments and interpretations to published standards are mandatory for accounting periods beginning on or after 1 January 2007 but they are not relevant to the Group's operations:

- HK(IFRIC) – Int 7, 'Applying the restatement approach under HKAS 29, Financial reporting in hyper-inflationary economies';
- HK(IFRIC) – Int 9, 'Re-assessment of embedded derivatives'; and
- HK(IFRIC) – Int 11, HKFRS2-Group and treasury share transactions.

## 2 主要會計政策 (續)

### 2.2 編製基準 (續)

- (b) 於二零零七年生效但無關之準則、修訂及詮釋

以下準則、對已公佈準則之修訂及詮釋必須在二零零七年一月一日或之後開始之會計期間強制採納，但與本集團之業務無關：

- 香港(國際財務報告詮釋委員會)－詮釋第7號，「根據香港會計準則第29號嚴重通貨膨脹經濟體系的財務報告內重列法的應用」；
- 香港(國際財務報告詮釋委員會)－詮釋第9號，「重新評估附帶衍生工具」；及
- 香港(國際財務報告詮釋委員會)－詮釋第11號，「香港財務報告準則第2號－集團及庫存股份交易」。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

## 2 Principal Accounting Policies (Continued)

### 2.2 Basis of preparation (Continued)

- (c) *Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group*

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2008 or later periods, but the Group has not early adopted them:

- HKAS 1 (Revised), 'Presentation of financial statements' (effective from 1 January 2009). HKAS 1 (Revised) requires all owner changes in equity to be presented in a statement of changes in equity. All comprehensive income is presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). It requires presenting a statement of financial position as at the beginning of the earliest comparative period in a complete set of financial statements when there are retrospective adjustments or reclassification adjustments. However, it does not change the recognition, measurement or disclosure of specific transactions and other events required by other HKFRSs. The Group will apply HKAS 1 (Revised) from 1 January 2009.

## 2 主要會計政策 (續)

### 2.2 編製基準 (續)

- (c) 並未生效及未獲本集團提早採納之現有準則之準則、修訂及詮釋

以下準則、對現有準則之修訂及詮釋已公佈及必須在二零零八年一月一日或之後開始之會計期間強制採納，但本集團並未提早採納：

- 香港會計準則第1號(經修訂)「財務報表的呈列」(由二零零九年一月一日起生效)。香港會計準則第1號(經修訂)要求全部所有者之權益變動在權益變動表呈列。全部綜合收入須在一份綜合收入表或以兩份報表(一份單獨收益表及一份綜合收益表)呈列。其規定，當有追溯調整或重新分類調整時，須在一份於最早的比較期間開始之完整財務報表呈報財務狀況報表。然而，該準則並無改變特定交易及其他香港財務報告準則所規定其他事項之確認、計量或披露。本集團將由二零零九年一月一日起應用香港會計準則第1號(經修訂)。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

## 2 Principal Accounting Policies (Continued)

### 2.2 Basis of preparation (Continued)

(c) (Continued)

- HKAS 23 (Amendment), 'Borrowing costs' (effective from 1 January 2009). The amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The Group will apply HKAS 23 (Amended) from 1 January 2009 but is currently not applicable to the Group as there are no qualifying assets.
- HKAS 27 (Revised) 'Consolidated and separate financial statements' (effective from annual period beginning on or after 1 July 2009). The amendment requires non-controlling interests (i.e. minority interests) to be presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent. Total comprehensive income must be attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity. When control of a subsidiary is lost, the assets and liabilities and related equity components of the former subsidiary are derecognised. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at its fair value at the date when control is lost. The Group will apply HKAS 27 (Revised) from 1 January 2010.

## 2 主要會計政策 (續)

### 2.2 編製基準 (續)

(c) (續)

- 香港會計準則第23號(經修訂)「借貸成本」(由二零零九年一月一日起生效)。該修訂規定實體須將收購、建造或生產合資格資產(即需要一段長時間方可使用或銷售之資產)之直接應佔借貸成本資本化,作為該資產成本一部分。即時將有關借貸成本支銷之選擇權將予刪除。本集團將由二零零九年一月一日起應用香港會計準則第23號(經修訂),但目前並不適用於本集團,因為本集團並無合資格資產。
- 香港會計準則第27號(經修訂)「綜合及個別財務報表」(由二零零九年七月一日或之後開始之年度期間生效)。該修訂要求非控股股東權益(即少數股東權益)在綜合財務狀況報表中呈列為權益,獨立於母公司所有者之權益。綜合收入總額必須由母公司所有者及非控股股東權益分佔,即使由此引致非控股股東權益出現結餘赤字。不會引致失去控制權之母公司於附屬公司之所有者權益之變動於權益內入賬。當失去附屬公司之控制權時,前附屬公司之資產及負債以及相關權益部分均終止確認。任何盈虧於損益表確認。任何保留在前附屬公司之投資按其於失去控制權當日之公平價值計量。本集團將於二零一零年一月一日起應用香港會計準則第27號(經修訂)。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

## 2 Principal Accounting Policies (Continued)

### 2.2 Basis of preparation (Continued)

(c) (Continued)

- HKFRS 2 Amendment – Share-based payment vesting conditions and cancellations (effective from 1 January 2009). The amendment clarifies the definition of ‘vesting conditions’ and specifies the accounting treatment of ‘cancellations’ by the counterparty to a share-based payment arrangement. Vesting conditions are service conditions (which require a counterparty to complete a specified period of service) and performance conditions (which require a specified period of service and specified performance targets to be met) only. All “non-vesting conditions” and vesting conditions that are market conditions shall be taken into account when estimating the fair value of the equity instruments granted. All cancellations are accounted for as an acceleration of vesting and the amount that would otherwise have been recognised over the remainder of the vesting period is recognised immediately. The Group will apply HKFRS 2 Amendment from 1 January 2009, but it is not expected to have any impact on the Group’s financial statements.

## 2 主要會計政策 (續)

### 2.2 編製基準 (續)

(c) (續)

- 香港財務報告準則第2號(經修訂)–以股份為基礎的支出一歸屬條件及撤銷(於二零零九年一月一日生效)。經修訂釐清「歸屬條件」及闡明以股份為基礎之支出安排之對方對「註銷」之會計處理。歸屬條件乃僅限於服務條件(規定對方於指定期間完成服務)及表現條件(規定對方於指定期間完成服務，並達到指定之表現指標)。當評估授出之權益性工具之公平價值時，所有屬市場條件之「非歸屬條件」及「歸屬條件」須予考慮。所有註銷列賬為加速歸屬，而原於歸屬期餘下時間確認之金額即時確認。本集團將於二零零九年一月一日起採用香港財務報告準則第2號(經修訂)，惟預期對本集團之財務報表並無任何影響。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

## 2 Principal Accounting Policies (Continued)

### 2.2 Basis of preparation (Continued)

(c) (Continued)

- HKFRS 3 (Revised) 'Business combination' (effective for business combinations with acquisition date on or after the beginning of the first annual reporting period beginning on or after 1 July 2009). The amendment may bring more transactions into acquisition accounting as combinations by contract alone and combinations of mutual entities are brought into the scope of the standard and the definition of a business has been amended slightly. It now states that the elements are "capable of being conducted" rather than "are conducted and managed". It requires considerations (including contingent consideration), each identifiable asset and liability to be measured at its acquisition-date fair value, except leases and insurance contracts, reacquired right, indemnification assets as well as some assets and liabilities required to be measured in accordance with other HKFRSs. They are income taxes, employee benefits, share-based payment and non current assets held for sale and discontinued operations. Any non-controlling interest in an acquiree is measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets. The Group will apply HKFRS 3 (Revised) from 1 January 2010.

## 2 主要會計政策 (續)

### 2.2 編製基準 (續)

(c) (續)

- 香港財務報告準則第3號(經修訂)「業務合併」(適用於收購日期為於二零零九年七月一日或之後開始之首個年度報告期間期初或之後的業務合併)。由於純粹以合約進行之合併或互控實體之合併均屬本修訂範圍，而業務的定義已略作修訂，該修訂可能將更多交易納入收購會計範圍。該修訂現指該等元素為「可予進行」而非「予以進行及管理」。該準則規定代價(包括或然代價)、各項可予識別資產及負債須按其收購日期之公平值計量，惟租賃及保險合約、重新收購權利、彌償資產及須根據其它香港財務報告準則計量之若干資產及負債則除外，當中包括所得稅、僱員福利、股份支付及持作銷售的非流動資產及已終止業務。被收購公司之任何非控股股東權益按公平值或按該非控股股東權益佔被收購公司之可予識別資產淨值之比例計量。本集團將由二零一零年一月一日起應用香港財務報告準則第3號(經修訂)。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

## 2 Principal Accounting Policies (Continued)

### 2.2 Basis of preparation (Continued)

(c) (Continued)

- HKFRS 8, 'Operating segments' (effective from 1 January 2009). HKFRS 8 replaces HKAS 14 and aligns segment reporting with the requirements of the US standard SFAS 131, 'Disclosures about segments of an enterprise and related information'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The Group will apply HKFRS 8 from 1 January 2009, but it is not expected to have any impact on the Group's financial statements, as the Group has already been using principle consistent with HKFRS 8.
- HK(IFRIC) – Int 14, 'HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction' (effective from 1 January 2008). HK(IFRIC) – Int 14 provides guidance on assessing the limit in HKAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. The Group will apply HK(IFRIC) – Int 14 from 1 January 2008, but it is not expected to have any impact on the Group's financial statements.

## 2 主要會計政策 (續)

### 2.2 編製基準 (續)

(c) (續)

- 香港財務報告準則第8號「經營分部」(由二零零九年一月一日起生效)。香港財務報告準則第8號取代香港會計準則第14號，並將分部報告方式配合美國財務會計準則(US standard SFAS)第131號「有關企業分部及相關資料之披露」的規定。新準則規定須遵從「管理方針」，據此分部資料將按照內部申報所採用之相同基準呈列。本集團將由二零零九年一月一日起應用香港財務報告準則第8號，惟並不預期對本集團之財務報表有任何影響，因為本集團一直採用與香港財務報告準則第8號一致之原則。
- 香港(國際財務報告詮釋委員會) – 詮釋第14號「香港會計準則第19號 – 界定福利資產限額、最低資金規定及其相互關係」，(自二零零八年一月一日起生效)。該準則就評估香港會計準則第19號內有關可確認為資產之盈餘金額限制提供指引，並解釋退休金資產或負債如何受法定或合約最低資金規定影響。本集團將自二零零八年一月一日起應用香港(國際財務報告詮釋委員會) – 詮釋第14號，惟預期對集團之財務報表並無任何影響。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

## 2 Principal Accounting Policies (Continued)

### 2.2 Basis of preparation (Continued)

- (d) Interpretations to existing standards that are not yet effective and not relevant for the Group's operations

The following interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2008 or later periods but are not relevant for the Group's operations:

- HK(IFRIC) – Int 12, 'Service concession arrangements' (effective from 1 January 2008). HK(IFRIC) – Int 12 applies to contractual arrangements whereby a private sector operator participates in the development, financing, operation and maintenance of infrastructure for public sector services. HK(IFRIC) – Int 12 is not relevant to the Group's operations because none of the Group's companies provide for public sector services.
- HK(IFRIC) – Int 13, 'Customer loyalty programmes' (effective from 1 July 2008). HK(IFRIC) – Int 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. HK(IFRIC) – Int 13 is not relevant to the Group's operations because none of the Group's companies operate any loyalty programmes.

## 2 主要會計政策 (續)

### 2.2 編製基準 (續)

- (d) 尚未生效且與本集團業務無關之現行準則之詮釋

下列已頒佈現行準則之詮釋須於二零零八年一月一日或之後開始之本集團會計期間或往後期間強制採納，惟與本集團業務並不相關：

- 香港(國際財務報告詮釋委員會) – 詮釋第12號「服務特許權安排」，(自二零零八年一月一日起生效)。該準則適用於私人營運商參與公營服務基礎建設之開發、融資、營運及保養之合約安排。由於本集團旗下公司概無向公營機構提供服務，故香港(國際財務報告詮釋委員會) – 詮釋第12號與本集團業務無關。
- 香港(國際財務報告詮釋委員會) – 詮釋第13號「顧客長期支持計劃」，(於二零零八年七月一日起生效)。該準則闡明，倘貨品或服務連同顧客長期支持優惠售出(例如長期支持積分或贈品)，有關安排屬多元安排，應收客戶代價應按公平值於安排元素間分配。由於本集團旗下公司概無實行任何長期支持計劃，故香港(國際財務報告詮釋委員會) – 詮釋第13號與本集團業務無關。



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

## 2 Principal Accounting Policies (Continued)

### 2.3 Consolidation

The financial statements include the financial statements of the Company and all its subsidiaries made up to 31 December 2007.

#### (a) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

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 interest. 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 recognised directly in the income statement.

## 2 主要會計政策 (續)

### 2.3 綜合賬目

財務報表包括本公司及各附屬公司截至二零零七年十二月三十一日止之財務報表。

#### (a) 附屬公司

附屬公司指本集團有權規管其財務及經營政策、且一般擁有超過半數投票權之股權之所有實體。於評估本集團是否控制另一實體時，會考慮現時可行使或可兌換之潛在投票權的存在及其影響。

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、已發行權益性工具及所產生或承擔之負債之公平價值，加上收購直接產生之成本計量。於業務合併中收購之可識別資產與負債及或然負債初始按於收購日之公平價值計量，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之公平價值之數額列作商譽。倘收購成本低於所收購附屬公司資產淨值之公平價值，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 unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment 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 (Note 2.8). The results of subsidiaries are accounted by the Company on the basis of dividend received and receivable.

#### (b) Transactions and minority interests

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in the consolidated income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

## 2 主要會計政策 (續)

### 2.3 綜合賬目 (續)

#### (a) 附屬公司 (續)

集團內公司間之交易、集團公司交易之結餘及未變現收益予以對銷。除非交易作為所轉讓資產減值之憑證，否則未變現虧損亦予以對銷。附屬公司之會計政策已按需要作出改變，以確保與本集團採納之政策一致。

在本公司之資產負債表內，於附屬公司之投資乃按成本扣除減值虧損準備列賬(附註2.8)。本公司將附屬公司之業績按已收及應收股息為基準入賬。

#### (b) 交易及少數股東權益

本集團採納了一項政策，將其與少數股東權益進行的交易視為與本集團以外之人士進行的交易。向少數股東進行之出售而導致本集團的盈虧於綜合收益表列賬。向少數股東進行購置而導致的商譽，相當於所支付之任何代價與相關應佔所收購附屬公司淨資產之賬面值的差額。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

## 2 Principal Accounting Policies (Continued)

### 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.

### 2.5 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 financial statements are presented in Hong Kong Dollars, which is different from the Group's functional currency of Renminbi. 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 recognised in the income statement, except when deferred in equity as qualifying cash flow hedges or qualifying net investment hedges.

## 2 主要會計政策 (續)

### 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，而該組資產及業務之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，而該分部之風險及回報與在其他經濟環境經營之分部有別。

### 2.5 外幣換算

#### (a) 功能貨幣及呈列貨幣

本集團旗下各實體之財務報表所列項目均採用有關實體經營所在之主要經濟環境之通用貨幣（「功能貨幣」）計量。財務報表以港幣（與本集團之功能貨幣人民幣不同）呈列。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。此等交易結算及按年結日匯率換算外幣計值之貨幣資產及負債而產生之滙兌收益及虧損於收益表確認，惟作為合資格現金流量對沖或合資格淨投資對沖項目者，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 presentation currency are translated into the 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 recognised 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差異均列入公平價值損益之一部分，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，則於損益表內確認為公平價值損益之一部分。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呈列貨幣不一致(其中並無任何公司持有通脹嚴重之經濟體系之貨幣)，其業績及財務狀況均按以下方法換算為呈列貨幣：

- (i) 每項資產負債表內呈列之資產及負債均按照該資產負債表日期之收市匯率換算；
- (ii) 每項收益表之收入及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之累積影響，則按照交易日之匯率換算此等收入及支出)；及
- (iii) 所有產生之滙兌差異均確認為權益內之一個獨立分項。

# 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 partially disposed of or sold, exchange differences that were recorded in equity are recognised 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.

Subsequent costs are included in the asset's carrying amount or recognised 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. The carrying amount of the replaced part is derecognised. 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)

在編製綜合賬目時，換算海外公司投資淨額及換算被指定為此等投資之對沖工具之借貸及其他貨幣工具而產生之匯兌差異，均列入股東權益。當處置或出售部分海外業務時，記錄於權益之匯兌差異將於收益表內確認為出售收益或虧損之一部分。

### 2.6 物業、廠房及設備

物業、廠房及設備按歷史成本減折舊及減值虧損列賬。歷史成本包括收購該等項目直接產生之開支。

日後出現之成本只有在與該項目有關之未來經濟利益有可能流入本集團，而該項目之成本能可靠計量時，方會包括在資產之賬面值或確認為獨立資產(按適用)。被更換部份之賬面值將不再確認。所有其他維修及保養均需於產生之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)

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

|  | <b>Estimated<br/>useful lives</b> |
|--|-----------------------------------|
| Buildings                                      | 10-30 years                       |
| Plant and machinery                            | 10-20 years                       |
| Furniture, fixture and<br>electronic equipment | 5-10 years                        |
| Motor vehicles                                 | 5-10 years                        |
| Computer equipment                             | 5 years                           |
| Moulds and other equipment                     | 5-10 years                        |

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

Construction-in-progress represents the direct costs of construction incurred and machinery pending to installation plus interest capitalised up to date of completion of the construction of property, plant and equipment less any impairment losses. No provision for depreciation is made on construction in progress until such time and relevant assets are completed and put into use. Construction-in-progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

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 2.8).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other gains/(losses) – net, in the income statement.

### 2 主要會計政策 (續)

#### 2.6 物業、廠房及設備 (續)

物業、廠房及設備之折舊採用以下之估計可使用年期將成本按直線法分攤至剩餘價值計算：

|                | <b>估計<br/>可使用年期</b> |
|----------------|---------------------|
| 樓宇             | 10 - 30年            |
| 廠房及機器          | 10 - 20年            |
| 傢俬、裝置<br>及電子設備 | 5 - 10年             |
| 汽車             | 5 - 10年             |
| 電腦設備           | 5年                  |
| 模具及其他設備        | 5 - 10年             |

資產之剩餘價值及可使用年期在每個資產負債表日進行檢討及在適當時進行調整。

在建工程乃指興建物業、廠房及設備及有待安裝的機器所引起的直接成本並加上完工日前之資本化利息減去任何減值虧損。在建工程不予折舊，直至相關資產完成及可供使用為止。在建工程於完成並準備投入使用时重新分類為適當類別之物業、廠房及設備。

若資產之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2.8)。

出售收益及虧損會透過比較所得款項與賬面值而釐定，並於收益表中其他收益／(虧損)－淨額確認。

# 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 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，而並非由本集團旗下任何公司佔用之物業，均列作投資物業。

投資物業包括以經營租賃持有之土地及以融資租賃持有之樓宇。

根據經營租賃持有之土地如能符合投資物業之其餘定義，均分類並入賬為投資物業。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之近期價格或現金流量折現預測。該等估值每年由外部估值師審閱。現正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)現有租賃所提供之租金收入及按當前市況對未來租賃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 recognised as a liability, including finance lease liabilities in respect of land classified as investment property; others, including contingent rent payments, are not recognised in the financial statements.

Subsequent expenditure is charged to 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 recognised in the income statement.

### 2.8 Impairment of investments in subsidiaries and non-financial assets

Assets that have an indefinite useful life or have not yet available for use are not subject to amortisation and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised 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). Assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

## 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。該等流出部分確認為負債 (包括就已分類為投資物業之土地所承擔之融資租賃負債)，其餘部分 (包括或然租金) 則不在財務報表中確認。

日後出現之支出只有在與該項目所附帶之未來經濟利益有可能流入本集團，而該項目之成本能可靠計量時，方會包括在有關資產之賬面值。所有其他維修及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。

### 2.8 附屬公司投資及非金融資產之減值

無限可使用年期或未可使用之資產毋須攤銷，並會每年進行減值測試。本集團會於發生事件或情況有變顯示資產之賬面值可能無法收回時審閱資產減值。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。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 (現金產生單位) 之最低水平分類。出現減值之資產 (商譽除外) 須於各報告日期就潛在減值回撥進行檢討。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

## 2 Principal Accounting Policies (Continued)

### 2.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out 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 realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

### 2.10 Trade and other receivables

Trade and other receivables are recognised 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 carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within administrative expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against administrative expenses in the income statement.

## 2 主要會計政策 (續)

### 2.9 存貨

存貨按成本或可變現淨值兩者較低者列帳，成本按先進先出法釐定。製成品及半製成品成本包括設計成本、原材料、直接人工、其他直接成本及相關製造費用(以正常產能下計算)，但不包括借貸費用。可變現淨值按估計於日常業務過程中之售價減適用可變銷售費用計算。

### 2.10 貿易及其他應收款

貿易及其他應收款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計量。當出現客觀證據顯示本集團將不能根據應收款原有條款收回所有到期款項，將就貿易及其他應收款計提減值準備。

當債務人出現嚴重財務困難，或債務人可能破產或進行財務重組，以及拖欠還款可被視為應收貿易款減值之指標。準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。資產之賬面值透過使用準備賬扣減，而虧損金額會於收益表之行政費用中確認。若貿易應收款不能收回，則將貿易應收款從準備賬撇銷。其後撥回過往撇銷之金額會計入收益表之行政費用。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

## 2 Principal Accounting Policies (Continued)

### 2.11 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

### 2.12 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.

### 2.13 Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

### 2.14 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowing costs incurred for the construction of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

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)

### 2.11 現金及現金等價物

現金及現金等價物包括手頭現金、銀行活期存款及原定到期日為三個月或以下之其他短期高流通量投資。

### 2.12 股本

普通股份分類為權益。

與發行新股或購股權直接有關之遞增成本，列入權益作為所得款項扣除稅項之減項。

### 2.13 貿易應付款

貿易應付款初時以公平價值確認，其後以實際利率法按已攤銷成本計量。

### 2.14 借貸

借款初始以公平價值減去所產生之交易成本確認。借貸其後按已攤銷成本列賬。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貸期間在收益表確認。

凡與興建某項合資格資產直至完成及此資產達到預期可使用的狀態期間之有關之借貸成本，均資本化為該資產之部分成本。其他借貸成本在收益表支銷。

借貸歸類為流動負債，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 Current and deferred income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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 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. 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 realised or the deferred income tax liability is settled.

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

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 主要會計政策 (續)

### 2.15 即期及遞延所得稅

即期所得稅支出根據本公司及其附屬公司營運所在及產生應課稅收入的國家於結算日已頒佈或實質頒佈的稅務法例計算。管理層就適用稅務法例詮釋所規限的情況定期評估報稅表的狀況，並在適用情況下根據預期須向稅務機關支付的稅款設定撥備。

遞延所得稅採用負債法就資產及負債之稅基與其在財務報表之賬面值產生之暫時差異全數撥備。然而，若遞延所得稅來自在交易(不包括企業合併)中初步確認資產或負債而在交易時不影響會計損益或應課稅盈虧，則不作記賬。遞延所得稅採用結算日前已頒佈或實質頒佈，並在有關之遞延所得稅資產變現或遞延所得稅負債清償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溢利而就此可使用暫時差異而確認。

遞延所得稅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。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

## 2 Principal Accounting Policies (Continued)

### 2.16 Employee benefits

#### (a) 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.

#### (b) 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

#### (a) 退休金責任

本集團已安排其香港僱員參加一項由獨立受託人管理、名為強制性公積金計劃之既定供款計劃（「強積金計劃」）。

按照中國法律及當地社會保障機構頒布之有關法規，本集團於中國註冊成立之附屬公司為本集團當地員工向國家資助之既定供款計劃按月供款。

本集團向既定供款退休計劃之供款於供款產生時支銷。

#### (b) 以股份支付之酬金

本集團推行一項按權益結算、以股份支付酬金之計劃。為換取授出購股權而獲得之僱員服務按其公平價值確認為開支。於歸屬期內支銷之總金額乃參照已授出之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）之影響。非市場歸屬條件包括在假設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行使之購股權數目，並於收益表內確認修改原來估計數字之影響（如有），並對權益作相應調整。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

## 2 Principal Accounting Policies (Continued)

### 2.16 Employee benefits (Continued)

#### (b) 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

Provision for warranty is recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probably 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)

#### (b) 以股份支付之酬金 (續)

當購股權獲行使時，已收取之所得款項(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

當本集團因已發生之事件須承擔現有之法律性或推定性責任，而清償責任時有可能消耗資源，及金額能夠可靠地作出估算之情況下，需確立產品保養撥備。未來經營虧損不會確認撥備。

如有多項類似責任，其需要在清償中流出資源之可能性是根據責任之類別整體考慮。即使同一責任類別所包含之任何一個項目相關之資源流出之可能性極低，仍須確認撥備。

撥備以預期用以清償責任之開支，按反映當時市場對金錢時間價值之評估及該責任之特有風險之稅前率計算之現值計量。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.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

#### (a) Sales of goods

Sales of goods are recognised 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 recognised 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 recognised using the original effective interest rate.

## 2 主要會計政策 (續)

### 2.18 收益確認

收益包括本集團在日常業務過程中就出售貨品已收或應收之公平價值。收益按扣除增值稅、銷售退貨、回扣及折扣，以及抵銷本集團內部銷售後之淨值列示。

若收益金額能可靠地計量、未來經濟利益有可能流入該實體及下述本集團各項活動符合特定標準，則本集團會確認收益。於解決所有關於銷售之或然事項前不會將收益金額視為能可靠地計量。經考慮客戶種類、交易種類及各項安排的特點後，本集團根據過往業績作出估計。

#### (a) 貨品銷售

貨品銷售在本集團實體已將產品交付予客戶，客戶接收產品後，以及有關應收款之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確認。倘應收款出現減值，本集團會將賬面值減至其可收回金額（即按工具之原定實際利率折現之估計未來現金流量），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。



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

## 2 Principal Accounting Policies (Continued)

### 2.18 Revenue recognition (Continued)

#### (c) Operating lease rental income

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

### 2.19 Operating lease

#### (a) Leases (as the lessee)

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.

#### (b) Leases (as the lessor)

When assets are leased out under an operating lease, the asset is included in the balance sheet based on the nature of the asset. Lease income is recognised over the term of the lease on a straight-line basis.

### 2.20 Government grants

Grants from the government are recognised 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 recognised 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)

### 2.18 收益確認 (續)

#### (c) 經營租賃租金收入

經營租賃租金收入於租期內按直線法確認。

### 2.19 經營租賃

#### (a) 租賃(作為承租人)

如租賃資產之大部分擁有權之風險及回報由出租人保留，分類為經營租賃。根據經營租賃支付之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。

#### (b) 租賃(作為出租人)

當本集團根據經營租賃租出資產，該資產根據其性質包括在資產負債表內。租金收入於租賃期內以直線法確認。

### 2.20 政府補助

當能夠合理地保證將可收取政府補貼，而本集團將會符合所有附帶條件時，則會按公平價值確認政府提供之補助。

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 foreign exchange risk, cash flow and fair value interest rate risk and price risk), credit risk and liquidity 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 ("USD"), HK\$ and Euro ("EUR"), and the Group's presentation currency differs from the functional currency. The Group has negotiated sales contracts to manage the risk arising from certain recognised liabilities. The directors are of the opinion that the Group's exposure to foreign exchange risk is manageable.

At 31 December 2007, if RMB has weakened/strengthened by 3% against the USD with all other variables held constant, post-tax loss for the year would have been HK\$2,708,000 lower/higher, mainly as a result of foreign exchange gains/losses on translation of USD-denominated trade and other receivables and trade and other payables and due from/to related companies.

### 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、現金流量風險、公平價值利率風險及價格風險)、信貸風險及流動資金風險。本集團整體之風險管理集中於不可預測之金融市場及尋求降低對本集團財務表現之潛在不利因素。

(a) *市場風險*

(i) 外匯風險

由於本集團若干部分之業務活動以外幣(主要是美元(「美元」)、港幣及歐羅(「歐羅」))為單位，致使本集團面對外匯風險，本集團之呈列貨幣與功能貨幣不同。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。

於二零零七年十二月三十一日，如人民幣兌美元轉弱或轉強3%，而所有其他變數均不變，則本年度之稅後虧損會減少／增加港幣2,708,000元，主要由於換算以美元列值之貿易及其他應收款、貿易及其他應付款、應收／付關聯公司款項所產生之外匯收益或虧損。

# 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)

##### (a) Market risk (Continued)

##### (i) Foreign exchange risk (Continued)

At 31 December 2007, if RMB has weakened/strengthened by 3% against the EUR with all other variables held constant, post-tax loss for the year would have been HK\$123,000 lower/higher, mainly as a result of foreign exchange gains/losses on translation of Euro-denominated trade and other receivables and trade and other payables and due from/to related companies.

At 31 December 2007, if HK\$ has weakened/strengthened by 3% against the RMB with all other variables held constant, equity would have been HK\$20,709,000 lower/higher, arising mainly from foreign exchange translation difference arising from translation of the financial statements of subsidiaries in PRC.

### 3 財務風險管理 (續)

#### 3.1 財務風險因素 (續)

##### (a) 市場風險 (續)

##### (i) 外匯風險 (續)

於二零零七年十二月三十一日，如人民幣兌歐羅轉弱或轉強3%，而所有其他變數均不變，則本年度之稅後虧損會減少／增加港幣123,000元，主要由於換算以歐羅列值之貿易及其他應收款、貿易及其他應付款、應收／付關聯公司款項產生之外匯收益或虧損。

於二零零七年十二月三十一日，如港幣兌人民幣轉弱或轉強3%，而所有其他變數均不變，權益會減少／增加港幣20,709,000元，主要由於換算中國附屬公司之財務報表產生之外匯匯兌差額。

# 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)

##### (a) Market risk (Continued)

##### (ii) 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 borrowings bearing floating interest rates. The directors are of the opinion this risk is not material as at 31 December 2007.

At 31 December 2007, if interest rates on RMB-denominated borrowings had been 50 basis points higher/lower with all other variables held constant, post-tax loss for the year would have been HK\$1,618,000 lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

##### (iii) Price risk

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

### 3 財務風險管理 (續)

#### 3.1 財務風險因素 (續)

##### (a) 市場風險 (續)

##### (ii) 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，故本集團之收入及經營現金流量大致上與市場利率之變動無關。

本集團之利率風險主要來自按浮動利率計息之貸款。董事認為，於二零零七年十二月三十一日本項風險並不重大。

於二零零七年十二月三十一日，倘以人民幣列值借貸之利率上升／下跌50個基點而其他所有變數維持不變，本年度之稅後虧損將減少／增加港幣1,618,000元，主要由於浮息借貸之利息開支增加／減少。

##### (iii) 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。

# 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)

(b) *Credit risk*

The Group has no significant concentrations of credit risk. Credit risk arises from cash and cash equivalents, pledged bank deposit, due from related parties and trade and other receivables.

For bank deposits, management manages the credit risk by placing mainly the bank deposits with state-owned financial institutions and reputable banks which are all high-credit-quality financial institutions.

For trade and other receivables and due from related parties, the credit quality of the counterparties is assessed by taking into account their financial position, credit history and other factors. Individual credit limits are set based on the assessment of the credit quality. Given the constant repayment history, the directors are of the opinion that the risk of default by these counterparties is low.

(c) *Liquidity risk*

Liquidity risk management includes maintaining sufficient cash balance, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions.

### 3 財務風險管理 (續)

#### 3.1 財務風險因素 (續)

(b) 信貸風險

本集團並無高度集中之信貸風險。信貸風險來自現金及現金等價物、已抵押銀行存款、應收關聯方款項及貿易及其他應收款。

在銀行存款方面，管理層透過將銀行存款存於國有金融機構及信譽良好之銀行來管理信貸風險，(其為獲得高信貸評級之金融機構)。

在貿易及其他應收款以及應收關聯方款項方面，對方之信貸質素經計及其財務狀況、信貸記錄及其他因素後作評估。個別信貸限額乃根據評估信貸質素而設立。鑒於定期還款之記錄，董事認為該等對方拖欠還款之風險甚微。

(c) 流動資金風險

流動資金風險管理包括維持充足現金結餘、充足信貸融資提供之可動用資金及規避市場風險之能力。

# 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 (Continued)

The table below analyses the Group's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

### 3 財務風險管理 (續)

#### 3.1 財務風險因素 (續)

##### (c) 流動資金風險 (續)

下表為本集團金融負債按淨額支付，並按於結算日時金融負債相距合約到期日的剩餘期限分類。下表披露之金額為合約折現現金流量。由於折現之影響並不重大，於十二個月內到期之結餘與其賬面結餘相同。

|                                 |                           | <b>Less<br/>than 1 year</b> | <b>Between 1<br/>and 2 years</b> | <b>Over<br/>2 years</b> |
|---------------------------------|---------------------------|-----------------------------|----------------------------------|-------------------------|
|                                 |                           | 一年以下                        | 一年至兩年                            | 兩年以上                    |
|                                 |                           | HK\$'000                    | HK\$'000                         | HK\$'000                |
|                                 |                           | 港幣千元                        | 港幣千元                             | 港幣千元                    |
| <b>At 31 December 2007</b>      | <b>於二零零七年<br/>十二月三十一日</b> |                             |                                  |                         |
| <b>Bank borrowings</b>          | <b>銀行借貸</b>               | <b>432,700</b>              | -                                | -                       |
| <b>Trade and other payables</b> | <b>貿易及其他應付款</b>           | <b>1,869,106</b>            | -                                | -                       |
| <b>Due to related companies</b> | <b>應付關聯公司款項</b>           | <b>359,542</b>              | -                                | -                       |
| At 31 December 2006             | 於二零零六年<br>十二月三十一日         |                             |                                  |                         |
| Bank borrowings                 | 銀行借貸                      | 364,243                     | 40,026                           | -                       |
| Trade and other payables        | 貿易及其他應付款                  | 1,595,692                   | -                                | -                       |
| Due to related companies        | 應付關聯公司款項                  | 170,771                     | -                                | -                       |

# 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 (Continued)

The Group had net current liabilities of approximately HK\$916,610,000 as at 31 December 2007. Most of the bank financing of the Group is in the form of short-term bank loans. The Group has not experienced any difficulty in renewing the borrowings when they fell due. Besides, the Group has unutilised banking facilities of approximately HK\$408,077,000 at 31 December 2007, which the Group can utilise it to meet its short-term cash demands. As a result, the directors are of the opinion that the Group maintains an adequate liquidity reserve.

#### 3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide return for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may issue new shares or sell assets to reduce debt.

Consistence with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net Debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity, as shown in the consolidated balance sheet.

### 3 財務風險管理 (續)

#### 3.1 財務風險因素 (續)

##### (c) 流動資金風險 (續)

本集團於二零零七年十二月三十一日之流動負債淨額約為港幣916,610,000元。本集團大部份之銀行融資為短期銀行貸款。本集團於貸款到期時並無遇到續借之困難。此外，本集團於二零零七年十二月三十一日之未動用銀行信貸額度為港幣408,077,000元，本集團用作應付短期現金需求。故此，董事認為本集團維持充足之流動資金儲備。

#### 3.2 資本風險管理

本集團管理資本之目標為保障本集團持續經營之能力，為股東帶來回報，為其他股權持有人帶來利益，及維持適當的資本架構以減低資本成本。

本集團為維持或調整資本架構，或會發行新股或出售資產以減少債項。

與行內其他公司一樣，本集團根據資產負債比率監察資本。此比率以債項淨額除以總資本計算。債項淨額為總借貸減現金及現金等價物。總資本以權益計算，如綜合資產負債表所載。



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 3 Financial Risk Management (Continued)

#### 3.2 Capital risk management (Continued)

During the year ended 31 December 2007, the Group's strategy was to improve the gearing ratio towards a target of below 1. The gearing ratios as at 31 December 2006 and 2007 were as follows:

|                                 |            | 31 December<br>2007<br>二零零七年<br>十二月三十一日<br>HK\$'000<br>港幣千元 | 31 December<br>2006<br>二零零六年<br>十二月三十一日<br>HK\$'000<br>港幣千元 |
|---------------------------------|------------|---|---|
| Total borrowings                | 總借貸        | 416,676   | 391,162   |
| Less: Cash and cash equivalents | 減：現金及現金等價物 | (154,716)   | (151,642)   |
| Net debt                        | 債項淨額       | 261,960   | 239,520   |
| Total equity                    | 總權益        | (348,227)   | (250,243)   |
| Gearing ratio (times)           | 資產負債比率(倍)  | (0.75)  | (0.96)  |

#### 3.3 Fair value estimation

The nominal value less impairment provision of trade receivables and trade payables are a reasonable approximation of 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)

#### 3.2 資本風險管理 (續)

於截至二零零七年十二月三十一日止年度，本集團之策略為改善資產負債比率，以達到低於1之目標。於二零零六年及二零零七年十二月三十一日之資產負債比率如下：

#### 3.3 公平價值估計

貿易應收款及貿易應付款之面值減去減值準備之數額與公平價值相若。於披露金融負債之公平價值時，乃根據本集團就類似金融工具所得之當時市場利率折現之未來合約現金流量估計。

# 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 Group generally offers 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 Group's productivity and quality initiatives, as well as parts and labour costs. The estimates and judgments used are however not expected to have a significant risk of causing a material adjustment to the carrying amounts of the provision for warranty within the next financial year.

Should the estimated annual warranty expenses rate differ by 10% from management's estimates during the year ended 31 December 2007, the Group would have charged additional warranty expenses amount to approximately HK\$5,811,000 (2006: approximately HK\$2,734,000).

### 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之合理預期。

#### 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甚少相當於實際結果。以下所述為有相當風險之估計及假設，可以引致須於下一個財政年度大幅調整資產及負債之賬面值。

(a) *產品保養撥備*

本公司一般為其所售產品提供保養。管理層會基於過往保養賠款資料及可能顯示過去成本資料可能與未來賠款不同之最近趨勢，估計未來保養賠款之相關撥備。

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能否改善以及零件及人工成本。預期所使用的估計及判斷不會有重大風險，導致下一個財務年度大幅調整產品保養撥備的賬面值。

倘估計每年產品保養開支與管理層於截至二零零七年十二月三十一日止年度內的估計相差10%，本集團將額外計入產品保養開支約港幣5,811,000元（二零零六年：約港幣2,734,000元）。

# 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)*

##### (b) *Impairment of property, plant and equipment*

The Group performs annual impairment tests on property, plant and equipment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. The recoverable amounts of the property, plant and equipment were stated at the value in use since there is no active market for reference. The accuracy of the valuation and assessment rest on various estimates and assumptions employed in the compilation of a discounted projected cash flow model, which include projected growth of the industry, the economic development of the market, the impact of the assets conditions and any maintenance and overhaul activities to be undertaken, as well as the enterprise income tax rate and pre-tax discount rate. The Directors of the Company have made these assumptions based on the best estimates developed from the current market conditions.

Should the projected growth of the industry and economic development of the market differ by 10% from management's estimates during the years ended 31 December 2007, the Group would have charged additional impairment expenses amount to approximately HK\$124,000 (2006: approximately HK\$205,000).

### 4 重要會計估計及判斷 *(續)*

#### 4.1 重要會計估計及假設 *(續)*

##### (b) 物業、廠房及設備減值

本集團於事件發生或情況有變顯示物業、廠房及設備之賬面值可能無法收回時進行每年減值測試。由於並無活躍市場可作參考，故物業、廠房及設備之可收回金額按使用價值列賬。估值及評估是否準確會視乎多項編撰已貼現預測現金流量模型時所用之估計及假設而定，而已貼現預測現金流量模型包括預測行業增長、市場經濟發展、資產狀況影響及將進行之保養及整修活動，以及企業所得稅稅率及稅前貼現率。本公司之董事已根據按現行市況所得之最佳估計作出假設。

倘行業及經濟發展預測增長與管理層於截至二零零七年十二月三十一日止年度內的估計相差10%，本集團將額外計入減值開支約港幣124,000元(二零零六年：約港幣205,000元)。

# 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) 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.

### 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

公平價值之最佳憑證為同類租賃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(或受不同租賃或其他合約規限)之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之近期價格(須按自有關價格交易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賃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。

# 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) *Fair value of investment properties (Continued)*

The fair value of the investment properties of the Group were estimated as reported by a firm of independent qualified valuers.

Should the estimated monthly rental income differ by 10% from management's estimates during the year ended 31 December 2007, the carrying value of the investment properties will differ by approximately HK\$10,680,000 (2006: approximately HK\$10,122,000).

(d) *Classification of the Disposed Group as held for sale and discontinued operations*

As detailed in note 2.1(ii), the Company entered into a sale and purchase agreement with the Vendor for the Proposed Transaction in November 2007, pursuant to which the Company will dispose of its entire interest in the Disposed Companies to the Vendor as part of the consideration for the acquisition of Welling.

The Group follows the guidance of HKFRS 5- "Non-current assets held for sale and discontinued operations" to determine whether the Disposed Group should be classified as held for sale and discontinued operations as at 31 December 2007. Application of HKFRS 5 requires the disposal to be highly probable as at 31 December 2007, and determining whether the disposal is highly probable requires significant judgement. In making this judgement, the directors evaluate, among other factors, the likelihood that the disposal plan will be withdrawn subsequent to 31 December 2007.

### 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 *(續)*

本集團投資物業之公平價值根據一間獨立合資格估值公司之報告作出估計。

倘截至二零零七年十二月三十一日止年度內估計每月租金收入與管理層之估計相差10%，投資物業之賬面值將相差約港幣10,680,000元(二零零六年：約港幣10,122,000元)。

(d) 將已出售集團分類為持作出售及已終止經營之業務

如附註2.1(ii)所載，本公司與賣方於二零零七年十一月就建議交易訂立買賣協議，據此，本公司將向賣方出售已出售公司的全部權益，作為收購威靈之代價之一部份。

本集團遵守香港財務報告準則第5號－「持作出售及已終止經營業務之非流動資產」的指引，以釐定已出售集團應否於二零零七年十二月三十一日分類為持作出售及已終止經營之業務。採用香港財務報告準則第5號規定出售須於二零零七年十二月三十一日極可能進行，而釐定出售是否極有可能進行需要重大判斷。董事於進行判斷時評估(其中包括)，出售計劃於二零零七年十二月三十一日以後撤回的可能性。

# 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)

- (d) *Classification of the Disposed Group as held for sale and discontinued operations (Continued)*

In this respect, the directors have taken into account one of the conditions precedent underlying the sale and purchase agreement which requires, the Company's independent shareholders approval for the Proposed Transaction at an EGM of the shareholders, and they consider there is possibility this approval cannot be obtained due to the lack of discussions with independent shareholders prior to the EGM, and therefore the Proposed Transaction may not proceed. Accordingly, the directors have concluded that the Company should not account for the assets and liabilities of the Disposal Group as held for sale at 31 December 2007, and its results as discontinued operations for the year then ended.

Had the respective assets and liabilities of the Disposal Group been classified as held for sale, the total and net current assets of the Group as at 31 December 2007 would have been increased by HK\$568,025,000, and the non-current assets of the Group as at 31 December 2007 would have been decreased by HK\$568,025,000 as a result of the reclassification of the non current assets of the Disposed Group being reclassified to current assets. In addition, had the respective operating results of the Disposal Group been classified as profit from discontinued operations, the loss for the year from continuing operations would have been HK\$11,703,000, and the profit from the discontinued operations would have been HK\$11,703,000, as result of the presentation of the results of the Disposed Group as a separate line on the face of the consolidated income statement.

### 4 重要會計估計及判斷 (續)

#### 4.1 重要會計估計及假設 (續)

- (d) 將已出售集團分類為持作出售及已終止經營之業務 (續)

董事就此考慮買賣協議其中一個先決條件，即要求本公司之獨立股東於股東特別大會（「股東特別大會」）批准建議交易，董事亦認為由於在股東特別大會前與獨立股東未有充分討論，故或未能取得批准，而建議或未能進行。故此，董事認為不應於二零零七年十二月三十一日將已出售集團的資產及負債列作持作出售，亦不應將其業績於截至該日止年度列作已終止經營之業務。

假設已出售集團之個別資產及負債列作持作出售，由於已出售集團的非流動資產重新分類為流動資產，本集團於二零零七年十二月三十一日的流動資產總額及流動資產淨額將增加港幣568,025,000元，本集團於二零零七年十二月三十一日的非流動資產將減少港幣568,025,000元。此外，假設已出售集團的經營業績分類為已終止經營之業務溢利，由於已出售集團的業績已於綜合收益表中獨立分行列示，故持續經營業務之本年度虧損將港幣11,703,000元，而已終止經營之業務溢利將為港幣11,703,000元。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 5 Segment Information

#### 5.1 Primary reporting format – business segments

As at 31 December 2007, 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 |

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

#### 5.1 主要分部報告形式 – 業務分部

於二零零七年十二月三十一日，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 |

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。



# 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)

The segment information for the year ended 31 December 2007 is as follow:

### 5 分部資料 (續)

#### 5.1 主要分部報告形式 – 業務分部 (續)

截至二零零七年十二月三十一日止年度之分部資料如下：

|  |                                  | Refrigerator<br>business          | Air-<br>conditioner<br>business   | Mini-<br>refrigerator<br>business<br>小型<br>冰箱業務 | Other<br>businesses<br>其他業務       | Group<br>集團                       |
|--|----------------------------------|-----------------------------------|-----------------------------------|---|-----------------------------------|-----------------------------------|
|  |                                  | 2007<br>二零零七年<br>HK\$'000<br>港幣千元 | 2007<br>二零零七年<br>HK\$'000<br>港幣千元 | 2007<br>二零零七年<br>HK\$'000<br>港幣千元               | 2007<br>二零零七年<br>HK\$'000<br>港幣千元 | 2007<br>二零零七年<br>HK\$'000<br>港幣千元 |
| Turnover   | 營業額                              | 509,509                           | 2,132,017                         | 948,160   | -                                 | 3,589,686                         |
| Segment results  | 分部業績                             | (29,895)                          | 38,914                            | 26,198  | (3,412)                           | 31,805                            |
| Unallocated costs  | 未分配成本                            |                                   |                                   |   |                                   | (47,344)                          |
| Operating loss   | 經營虧損                             |                                   |                                   |   |                                   | (15,539)                          |
| Finance costs – net  | 融資成本 – 淨額                        | (11,617)                          | (18,239)                          | (6,840)   | 2,623                             | (34,073)                          |
| Loss before income tax   | 扣除所得稅前虧損                         |                                   |                                   |   |                                   | (49,612)                          |
| Income tax expense   | 所得稅開支                            |                                   |                                   |   |                                   | (5,389)                           |
| Loss for the year  | 本年度虧損                            |                                   |                                   |   |                                   | (55,001)                          |
| Segment assets   | 分部資產                             | 411,674                           | 1,227,494                         | 621,210   | -                                 | 2,260,378                         |
| Unallocated assets   | 未分配資產                            |                                   |                                   |   |                                   | 110,259                           |
| Total assets   | 總資產                              |                                   |                                   |   |                                   | 2,370,637                         |
| Segment liabilities  | 分部負債                             |                                   |                                   |   |                                   |                                   |
| Unallocated liabilities  | 未分配負債                            | 570,058                           | 1,606,665                         | 483,542   | -                                 | 2,660,265                         |
| Total liabilities  | 總負債                              |                                   |                                   |   |                                   | 58,599                            |
|  |                                  |                                   |                                   |   |                                   | 2,718,864                         |
| Capital expenditures   | 資本性開支                            | 20,611                            | 12,111                            | 51,166  | 11                                | 83,899                            |
| Depreciation   | 折舊                               | 22,197                            | 23,747                            | 16,945  | 45                                | 62,934                            |
| Other non-cash expenses/<br>(income)   | 其他非現金開支/<br>(收入)                 |                                   |                                   |   |                                   |                                   |
| - Provision for inventory<br>obsolescence  | - 存貨跌價及<br>殘次準備                  | 5,023                             | 20,677                            | 1,500   | -                                 | 27,200                            |
| - Provision for doubtful trade<br>and other receivables  | - 貿易及其他應收款<br>呆賬準備               | 4,783                             | 31,518                            | 627   | -                                 | 36,928                            |
| - Impairment charge/<br>(reversal of impairment<br>charge) on property,<br>plant and equipment | - 物業、廠房<br>及設備<br>之減值開支/<br>(撥回) | 5,242                             | (4,000)                           | -   | -                                 | 1,242                             |
| - Surplus on revaluation of<br>investment properties   | - 投資物業<br>重估盈餘                   | -                                 | -                                 | -   | (5,576)                           | (5,576)                           |

# 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)

The segment information for the year ended 31 December 2006 is as follow:

|  |                              | Refrigerator<br>business                  | Air-<br>conditioner<br>business           | Mini-<br>refrigerator<br>business<br>小型   | Other<br>businesses                       | Group                                   |
|--|------------------------------|---|---|---|---|---|
|  |                              | 冰箱業務<br>2006<br>二零零六年<br>HK\$'000<br>港幣千元 | 空調業務<br>2006<br>二零零六年<br>HK\$'000<br>港幣千元 | 冰箱業務<br>2006<br>二零零六年<br>HK\$'000<br>港幣千元 | 其他業務<br>2006<br>二零零六年<br>HK\$'000<br>港幣千元 | 集團<br>2006<br>二零零六年<br>HK\$'000<br>港幣千元 |
| Turnover   | 營業額                          | 333,198                                   | 1,231,048                                 | 722,141                                   | -   | 2,286,387                               |
| Segment results  | 分部業績                         | (30,333)                                  | (53,217)                                  | 19,783                                    | (1,215)                                   | (64,982)                                |
| Unallocated costs  | 未分配成本                        |   |   |   |   | (10,535)                                |
| Operating loss   | 經營虧損                         |   |   |   |   | (75,517)                                |
| Finance costs – net  | 融資成本 – 淨額                    | (10,785)                                  | (17,704)                                  | (130)                                     | 7   | (28,612)                                |
| Finance cost unallocated   | 未分配融資成本                      |   |   |   |   | 741                                     |
| Loss before income tax   | 扣除所得稅前虧損                     |   |   |   |   | (103,388)                               |
| Income tax expense   | 所得稅開支                        |   |   |   |   | (2,352)                                 |
| Loss for the year  | 本年度虧損                        |   |   |   |   | (105,740)                               |
| Segment assets   | 分部資產                         | 377,284                                   | 1,092,270                                 | 395,151                                   | -   | 1,864,705                               |
| Unallocated assets   | 未分配資產                        |   |   |   |   | 79,195                                  |
| Total assets   | 總資產                          |   |   |   |   | 1,943,900                               |
| Segment liabilities  | 分部負債                         | 434,150                                   | 1,422,954                                 | 328,567                                   | -   | 2,185,671                               |
| Unallocated liabilities  | 未分配負債                        |   |   |   |   | 8,472                                   |
| Total liabilities  | 總負債                          |   |   |   |   | 2,194,143                               |
| Capital expenditures   | 資本性開支                        | 10,693                                    | 5,217                                     | 52,010                                    | -   | 67,920                                  |
| Depreciation   | 折舊                           | 22,619                                    | 27,850                                    | 9,387                                     | 154                                       | 60,010                                  |
| Other non-cash expenses/<br>(income)                                     | 其他非現金開支/<br>(收入)             |   |   |   |   |   |
| - Provision for inventory<br>obsolescence                                | - 存貨跌價及<br>殘次準備              | 34,344                                    | 2,389                                     | 597                                       | -   | 37,330                                  |
| - Provision for/(reversal of)<br>doubtful trade and other<br>receivables | - 貿易及其他應收款<br>呆賬準備/<br>(撥回)  | 318                                       | (6,454)                                   | 11,197                                    | -   | 5,061                                   |
| - (Reversal of)/impairment<br>charge on property,<br>plant and equipment | - 物業、廠房及設備<br>之(撥回)/減值<br>開支 | (2,358)                                   | 4,281                                     | 123                                       | -   | 2,046                                   |
| - Deficit on revaluation of<br>investment properties                     | - 投資物業重估虧絀                   | -   | -   | -   | 2,754                                     | 2,754                                   |

### 5 分部資料 (續)

#### 5.1 主要分部報告形式 – 業務分部 (續)

截至二零零六年十二月三十一日止年度之分部資料如下：

# 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

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

|                           |   |   |
|---------------------------|---|---|
| PRC                       | – | manufacture and sale of electrical household appliances |
| Other countries in Europe | – | sale of electrical household appliances                 |
| Asia-Pacific              | – | sale of electrical household appliances                 |
| Americas                  | – | sale of electrical household appliances                 |
| Africa                    | – | sale of electrical household 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:

### 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     | – | 家用電器製造及銷售 |
| 其他歐洲國家 | – | 家用電器銷售    |
| 亞太     | – | 家用電器銷售    |
| 美洲     | – | 家用電器銷售    |
| 非洲     | – | 家用電器銷售    |

地區分部之間並無買賣活動。按地區分部劃分之財務資料分析如下：

- (a) 按地區劃分在中國國內及對國外出口之冰箱銷售分析如下：

|                    |        | 2007<br>二零零七年<br>HK\$'000<br>港幣千元 | 2006<br>二零零六年<br>HK\$'000<br>港幣千元 |
|--------------------|--------|-----------------------------------|-----------------------------------|
| Domestic sales     | 國內銷售   | <b>330,439</b>                    | 231,831                           |
| Export sales       | 出口銷售   |                                   |                                   |
| Europe             | 歐洲     | <b>99,609</b>                     | 18,130                            |
| Asia-Pacific       | 亞太     | <b>38,728</b>                     | 69,454                            |
| Americas           | 美洲     | <b>35,466</b>                     | 10,642                            |
| Africa             | 非洲     | <b>5,267</b>                      | 3,141                             |
| Total export sales | 出口銷售總額 | <b>179,070</b>                    | 101,367                           |
| Total              | 合計     | <b>509,509</b>                    | 333,198                           |

# 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:

|                    |        | 2007<br>二零零七年<br>HK\$'000<br>港幣千元 | 2006<br>二零零六年<br>HK\$'000<br>港幣千元 |
|--------------------|--------|-----------------------------------|-----------------------------------|
| Domestic sales     | 國內銷售   | <b>1,739,998</b>                  | 708,635                           |
| Export sales       | 出口銷售   |                                   |                                   |
| Europe             | 歐洲     | <b>138,155</b>                    | 151,744                           |
| Asia-Pacific       | 亞太     | <b>75,451</b>                     | 70,453                            |
| Americas           | 美洲     | <b>178,413</b>                    | 300,216                           |
| Total export sales | 出口銷售總額 | <b>392,019</b>                    | 522,413                           |
| Total              | 合計     | <b>2,132,017</b>                  | 1,231,048                         |

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

|                    |        | 2007<br>二零零七年<br>HK\$'000<br>港幣千元 | 2006<br>二零零六年<br>HK\$'000<br>港幣千元 |
|--------------------|--------|-----------------------------------|-----------------------------------|
| Domestic sales     | 國內銷售   | <b>157,357</b>                    | 148,190                           |
| Export sales       | 出口銷售   |                                   |                                   |
| Europe             | 歐洲     | <b>208,824</b>                    | 160,893                           |
| Asia-Pacific       | 亞太     | <b>210,250</b>                    | 171,719                           |
| Americas           | 美洲     | <b>267,195</b>                    | 218,354                           |
| Africa             | 非洲     | <b>104,534</b>                    | 22,985                            |
| Total export sales | 出口銷售總額 | <b>790,803</b>                    | 573,951                           |
| Total              | 合計     | <b>948,160</b>                    | 722,141                           |

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)

- (b) 按地區劃分在中國國內及對國外出口之空調銷售分析如下：

- (c) 按地區劃分在中國國內及對國外出口之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值及資本性支出皆位於中國／在中國產生，故並無呈列資產總值及資本性支出之地區分部分析。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 6 Property, Plant and Equipment

#### (a) Group

|  |                       | Construction-<br>in-progress | Buildings        | Plant and<br>machinery | Furniture,<br>fixtures and<br>electronic<br>equipment | Motor<br>vehicles | Moulds<br>and other<br>equipment | Total            |
|--|-----------------------|------------------------------|------------------|------------------------|---|-------------------|----------------------------------|------------------|
|  |                       | 在建工程                         | 樓宇               | 廠房<br>及機器              | 傢俬、裝置<br>及電子設備  | 汽車                | 模具<br>及其他設備                      | 合計               |
|  |                       | HK\$'000<br>港幣千元             | HK\$'000<br>港幣千元 | HK\$'000<br>港幣千元       | HK\$'000<br>港幣千元                                      | HK\$'000<br>港幣千元  | HK\$'000<br>港幣千元                 | HK\$'000<br>港幣千元 |
| At 1 January 2006                                | 於二零零六年一月一日            |                              |                  |                        |   |                   |                                  |                  |
| Cost   | 成本                    | 20,156                       | 229,705          | 631,024                | 67,458  | 14,649            | 256,072                          | 1,219,064        |
| Impairment                                       | 減值                    | (411)                        | (23,793)         | (59,635)               | (4,081)   | (190)             | (38,956)                         | (127,066)        |
| 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          |
| Year ended 31 December 2006                      | 截至二零零六年<br>十二月三十一日止年度 |                              |                  |                        |   |                   |                                  |                  |
| Opening net book amount                          | 年初賬面淨值                | 19,745                       | 100,855          | 186,478                | 21,766  | 4,179             | 19,863                           | 352,886          |
| Additions  | 添置                    | 35,747                       | 1,870            | 10,039                 | 6,231   | 2,005             | 12,028                           | 67,920           |
| Transfers  | 轉撥                    | (38,620)                     | 32,198           | 3,792                  | 1,077   | 135               | 1,418                            | -                |
| Disposal of subsidiaries                         | 出售附屬公司                | -                            | -                | -                      | (25)  | (355)             | -                                | (380)            |
| Other disposals                                  | 其他出售                  | (3,025)                      | (11,028)         | (5,929)                | (120)   | (734)             | (4,765)                          | (25,601)         |
| Depreciation                                     | 折舊                    | -                            | (14,218)         | (28,319)               | (4,745)   | (1,595)           | (11,133)                         | (60,010)         |
| (Provision for)/reversal of<br>impairment charge | 減值開支(準備)/撥回           | -                            | (1,011)          | 488                    | 396   | (123)             | (1,796)                          | (2,046)          |
| Foreign exchange adjustments                     | 滙兌調整                  | 707                          | 3,604            | 6,663                  | 748   | 149               | 770                              | 12,641           |
| Closing net book amount                          | 年終賬面淨值                | 14,554                       | 112,270          | 173,212                | 25,328  | 3,661             | 16,385                           | 345,410          |
| At 31 December 2006                              | 於二零零六年十二月三十一日         |                              |                  |                        |   |                   |                                  |                  |
| Cost   | 成本                    | 14,554                       | 254,022          | 592,171                | 64,486  | 10,049            | 208,398                          | 1,143,680        |
| Impairment                                       | 減值                    | -                            | (23,782)         | (54,032)               | (2,627)   | (60)              | (29,053)                         | (109,554)        |
| Accumulated depreciation                         | 累積折舊                  | -                            | (117,970)        | (364,927)              | (36,531)  | (6,328)           | (162,960)                        | (688,716)        |
| Net book amount                                  | 賬面淨值                  | 14,554                       | 112,270          | 173,212                | 25,328  | 3,661             | 16,385                           | 345,410          |
| Year ended 31 December 2007                      | 截至二零零七年<br>十二月三十一日止年度 |                              |                  |                        |   |                   |                                  |                  |
| Opening net book amount                          | 年初賬面淨值                | 14,554                       | 112,270          | 173,212                | 25,328  | 3,661             | 16,385                           | 345,410          |
| Additions  | 添置                    | 21,452                       | 4,062            | 31,387                 | 5,377   | 1,071             | 20,550                           | 83,899           |
| Disposals  | 出售                    | (1,458)                      | (5,402)          | (18,482)               | (3,223)   | (436)             | (72)                             | (29,073)         |
| Depreciation                                     | 折舊                    | -                            | (15,687)         | (24,956)               | (8,577)   | (963)             | (12,751)                         | (62,934)         |
| Reversal of/(provision for)<br>impairment charge | 減值開支撥回/(準備)           | -                            | 612              | (2,072)                | (616)   | -                 | 834                              | (1,242)          |
| Foreign exchange adjustments                     | 滙兌調整                  | 1,068                        | 8,243            | 12,713                 | 1,847   | 269               | 1,206                            | 25,346           |
| Closing net book amount                          | 年終賬面淨值                | 35,616                       | 104,098          | 171,802                | 20,136  | 3,602             | 26,152                           | 361,406          |
| At 31 December 2007                              | 於二零零七年十二月三十一日         |                              |                  |                        |   |                   |                                  |                  |
| Cost   | 成本                    | 35,616                       | 262,774          | 576,162                | 50,731  | 8,605             | 232,188                          | 1,166,076        |
| Impairment                                       | 減值                    | -                            | (22,909)         | (59,241)               | (3,322)   | (63)              | (27,165)                         | (112,700)        |
| Accumulated depreciation                         | 累積折舊                  | -                            | (135,767)        | (345,119)              | (27,273)  | (4,940)           | (178,871)                        | (691,970)        |
| Net book amount                                  | 賬面淨值                  | 35,616                       | 104,098          | 171,802                | 20,136  | 3,602             | 26,152                           | 361,406          |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 6 Property, Plant and Equipment (Continued)

#### (a) Group (Continued)

Depreciation expense of HK\$46,321,000 (2006: HK\$45,373,000) has been charged in cost of sales, HK\$5,000 (2006: HK\$184,000) in selling and marketing costs and HK\$16,608,000 (2006: HK\$14,453,000) in administrative expenses.

At 31 December 2007, property, plant and equipment with net book value of approximately HK\$114,315,000 (2006: HK\$63,847,000) were pledged as security for the Group's short-term bank borrowings (Note 17).

In current year, the Group recognised impairment provision of approximately HK\$1,242,000 (2006: HK\$2,046,000) in its financial statements.

#### (b) Company

### 6 物業、廠房及設備 (續)

#### (a) 本集團 (續)

折舊開支港幣46,321,000元(二零零六年：港幣45,373,000元)已計入銷售成本，港幣5,000元(二零零六年：港幣184,000元)已計入銷售及市場推廣成本，港幣16,608,000元(二零零六年：港幣14,453,000元)已計入行政開支。

於二零零七年十二月三十一日，賬面淨值約港幣114,315,000元(二零零六年：港幣63,847,000元)之物業、廠房及設備已作抵押，作為本集團短期銀行借貸之擔保(附註17)。

於本年度，本集團於財務報表內確認約港幣1,242,000元(二零零六年：港幣2,046,000元)之減值準備。

#### (b) 本公司

|                             |                   | Furniture, fixtures<br>and electronic<br>equipment<br>傢俬、裝置<br>及電子設備<br>HK\$'000<br>港幣千元 |
|-----------------------------|-------------------|--|
| At 1 January 2006           | 於二零零六年一月一日        |  |
| Cost                        | 成本                | 637  |
| Accumulated depreciation    | 累積折舊              | (208)  |
| Net book amount             | 賬面淨值              | 429  |
| Year ended 31 December 2006 | 截至二零零六年十二月三十一日止年度 |  |
| Opening net book amount     | 年初賬面淨值            | 429  |
| Disposals                   | 出售                | (205)  |
| Depreciation                | 折舊                | (58)   |
| Closing net book amount     | 年終賬面淨值            | 166  |
| At 31 December 2006         | 於二零零六年十二月三十一日     |  |
| Cost                        | 成本                | 338  |
| Accumulated depreciation    | 累積折舊              | (172)  |
| Net book amount             | 賬面淨值              | 166  |
| Year ended 31 December 2007 | 截至二零零七年十二月三十一日止年度 |  |
| Opening net book amount     | 年初賬面淨值            | 166  |
| Additions                   | 添置                | 7  |
| Disposals                   | 出售                | (6)  |
| Depreciation                | 折舊                | (42)   |
| Closing net book amount     | 年終賬面淨值            | 125  |
| At 31 December 2007         | 於二零零七年十二月三十一日     |  |
| Cost                        | 成本                | 278  |
| Accumulated depreciation    | 累積折舊              | (153)  |
| Net book amount             | 賬面淨值              | 125  |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 7 Investment Properties

|                        |             | Group<br>本集團                      |                                   |
|------------------------|-------------|-----------------------------------|-----------------------------------|
|                        |             | 2007<br>二零零七年<br>HK\$'000<br>港幣千元 | 2006<br>二零零六年<br>HK\$'000<br>港幣千元 |
| Beginning of the year  | 年初          | 101,224                           | 103,978                           |
| Fair value gain/(loss) | 公平價值收益／(虧損) | 5,576                             | (2,754)                           |
| End of the year        | 年終          | 106,800                           | 101,224                           |

The investment properties represent 11 floors and 12 car parking spaces in Guo Xin Building, located in Guangzhou, the PRC.

The investment properties were revalued at 31 December 2007 by Vigers Hong Kong Limited, a firm of independent qualified valuers. Valuation was based on current prices in an active market for all properties by virtue of the investment approach. The increase in revaluation in current year was credited to income statement.

該等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。

該等投資物業於二零零七年十二月三十一日由一間獨立合資格估值公司威格斯香港有限公司評估，估值乃根據所有物業之活躍市場現價以投資法進行。年內重估增值已在收益表中列賬。

### 8 Leasehold Land and Land Use Rights

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:

|   |                   | Group<br>本集團                      |                                   |
|---|-------------------|-----------------------------------|-----------------------------------|
|   |                   | 2007<br>二零零七年<br>HK\$'000<br>港幣千元 | 2006<br>二零零六年<br>HK\$'000<br>港幣千元 |
| Outside Hong Kong, held on leases of 10 to 50 years | 香港以外，以10至50年之租賃持有 | 100,177                           | 29,470                            |

### 8 租賃土地及土地使用權

本集團於租賃土地及土地使用權之權益為預付經營租賃款，其賬面淨值分析如下：



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 8 Leasehold Land and Land Use Rights

(Continued)

|  |                | Group<br>本集團                      |                                   |
|--|----------------|-----------------------------------|-----------------------------------|
|  |                | 2007<br>二零零七年<br>HK\$'000<br>港幣千元 | 2006<br>二零零六年<br>HK\$'000<br>港幣千元 |
| Opening  | 年初             | 29,470                            | 34,889                            |
| Additions  | 添置             | 69,460                            | -                                 |
| Amortisation of prepaid<br>operating lease payment | 預付經營租賃款<br>之攤銷 | (916)                             | (711)                             |
| Write off  | 撇銷             | -                                 | (5,956)                           |
| Exchange difference                                | 匯兌差異           | 2,163                             | 1,248                             |
|  |                | <b>100,177</b>                    | 29,470                            |

At 31 December 2007, leasehold land and land use rights with net book value of approximately HK\$28,737,000 (2006: HK\$17,488,000) have been pledged as security for the Group's short-term bank borrowings (Note 17).

二零零七年十二月三十一日，賬面淨值約港幣28,737,000元（二零零六年：港幣17,488,000元）之租賃土地及土地使用權已作抵押，作為本集團短期銀行貸款之擔保（附註17）。

### 9 Investments in Subsidiaries

|                                    |            | Company<br>本公司                    |                                   |
|------------------------------------|------------|-----------------------------------|-----------------------------------|
|                                    |            | 2007<br>二零零七年<br>HK\$'000<br>港幣千元 | 2006<br>二零零六年<br>HK\$'000<br>港幣千元 |
| Unlisted equity interests, at cost | 非上市股權，按成本值 | 30,997                            | 30,997                            |
| Due from subsidiaries              | 應收附屬公司款項   | 878,648                           | 880,393                           |
|                                    |            | <b>909,645</b>                    | 911,390                           |
| Less: Provision                    | 減：準備       | (909,645)                         | (911,390)                         |
|                                    |            | -                                 | -                                 |

The amounts due from subsidiaries are interest-free and are repayable on demand.

應收附屬公司款項均為免息且需於要求時還款。

# 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 2007 are:

附屬公司於二零零七年十二月三十一日之詳情如下：

| Name<br>公司名稱   | Place of incorporation/<br>establishment and kind<br>of legal entity<br>註冊成立/成立<br>地點及公司類型 | Principal activities and<br>place of operation<br>主要業務<br>及經營地點   | Particulars of<br>issued share capital/<br>registered capital<br>已發行股本/<br>註冊資本詳情 | Effective<br>interest<br>held<br>所持<br>有效權益 |
|--|--|---|---|---|
| <b>Directly Held:</b><br>直接持有：   |  |   |   |   |
| China Refrigeration Industry Co., Ltd. ("China Refrigeration")<br>中國雪櫃實業有限公司(「中國雪櫃」) | PRC, limited liability company<br>中國·有限責任公司  | Manufacture and sale of refrigerators in the PRC<br>於中國製造及銷售冰箱    | Registered capital US\$10,000,000<br>註冊資本10,000,000美元                             | 95%   |
| Hualing Technology Limited<br>華凌科技有限公司   | Hong Kong, limited liability company<br>香港·有限責任公司  | Investment holding in Hong Kong<br>於香港投資控股                        | 10 ordinary shares of HK\$1 each<br>10股每股港幣1元之普通股                                 | 100%  |
| Hualing Investments Limited *<br>華凌投資有限公司*   | Hong Kong, limited liability company<br>香港·有限責任公司  | Dormant<br>已無業務   | 2 ordinary shares of HK\$1 each<br>2股每股港幣1元之普通股                                   | 100%  |
| Hualing International Limited*<br>華凌國際有限公司*  | Hong Kong, limited liability company<br>香港·有限責任公司  | Dormant<br>已無業務   | 2 ordinary shares of HK\$1 each<br>2股每股港幣1元之普通股                                   | 100%  |
| Hualing Refrigerant Engineering Limited*<br>華凌製冷工程有限公司*                              | Hong Kong, limited liability company<br>香港·有限責任公司  | Dormant<br>已無業務   | 2 ordinary shares of HK\$1 each<br>2股每股港幣1元之普通股                                   | 100%  |
| Hualing (Far East) Limited<br>華凌(遠東)有限公司   | British Virgin Islands, limited liability company<br>英屬處女群島·有限責任公司                         | Investment holding in Hong Kong<br>於香港投資控股                        | 1 ordinary share of US\$1<br>1股1美元之普通股  | 100%  |
| Hualing (Guangzhou) Electrical Appliances Co., Ltd.<br>華凌(廣州)電器有限公司                  | PRC, limited liability company<br>中國·有限責任公司  | Distribution of HUALING brand products in the PRC<br>於中國分銷華凌品牌之產品 | Registered capital HK\$10,000,000<br>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<br>公司名稱  | Place of incorporation/<br>establishment and kind<br>of legal entity<br>註冊成立/成立<br>地點及公司類型 | Principal activities and<br>place of operation<br>主要業務<br>及經營地點                                      | Particulars of<br>issued share capital/<br>registered capital<br>已發行股本/<br>註冊資本詳情 | Effective<br>interest<br>held<br>所持<br>有效權益 |
|---|--|--|---|---|
| <b>Indirectly Held:</b><br>間接持有：  |  |  |   |   |
| Guangzhou Hualing Air-conditioning<br>& Equipment Co., Ltd.<br>("Guangzhou Air-conditioning")<br>廣州華凌空調設備<br>有限公司(「華凌空調」) | PRC, limited liability<br>company<br>中國·有限責任公司   | Manufacture and sale of<br>air-conditioners and electronic<br>appliances in the PRC<br>於中國製造及銷售空調及家電 | Registered capital<br>US\$60,000,000<br>註冊資本60,000,000美元                          | 100%  |
| Guangzhou Hualing Electrical<br>Household Appliance<br>Enterprise Co., Ltd.<br>廣州華凌家電企業<br>有限公司                           | PRC, limited liability<br>company<br>中國·有限責任公司   | Dormant<br>已無業務  | Registered capital<br>RMB3,000,000<br>註冊資本人民幣3,000,000元                           | 95.5%                                       |
| Hefei Hualing Co., Ltd.<br>合肥華凌股份有限公司   | PRC, limited liability<br>company<br>中國·有限責任公司   | Manufacture and sale of<br>mini-refrigerators<br>in the PRC<br>於中國製造及銷售小型冰箱                          | Registered capital<br>RMB91,200,000<br>註冊資本人民幣<br>91,200,000元                     | 50.05%                                      |
| Growth Plus Properties Ltd.   | British Virgin Islands,<br>limited liability company<br>英屬處女群島·<br>有限責任公司                  | Investment holding<br>投資控股   | 1 ordinary share of<br>US\$1 each<br>1股1美元之普通股                                    | 100%  |
| Guangzhou Hualing Refrigeration<br>Co., Ltd.*<br>廣州華凌雪櫃有限公司*  | PRC, limited liability<br>company<br>中國·有限責任公司   | Dormant<br>已無業務  | Registered capital<br>US\$6,600,000<br>註冊資本6,600,000美元                            | 96.25%                                      |
| Hualing Technology (Investment)<br>Limited*<br>華凌科技(投資)有限公司*  | British Virgin Islands,<br>limited liability company<br>英屬處女群島·<br>有限責任公司                  | Dormant<br>已無業務  | 1 ordinary share<br>of US\$1<br>1股1美元之普通股   | 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<br>公司名稱  | Place of incorporation/<br>establishment and kind<br>of legal entity<br>註冊成立/成立<br>地點及公司類型 | Principal activities and<br>place of operation<br>主要業務<br>及經營地點         | Particulars of<br>issued share capital/<br>registered capital<br>已發行股本/<br>註冊資本詳情 | Effective<br>interest<br>held<br>所持<br>有效權益 |
|---|--|---|---|---|
| <b>Indirectly Held: (Continued)</b><br>間接持有：(續)   |  |   |   |   |
| Guangdong Hualing Commercial<br>Air-conditioning Equipment<br>Co., Ltd.<br>廣東華凌中央空調設備有限公司                 | PRC, limited liability<br>company<br>中國，有限責任公司   | Dormant<br>已無業務   | Registered capital<br>RMB30,000,000<br>註冊資本人民幣<br>30,000,000元                     | 100%  |
| Chengdu Hualing Electrical<br>Household Appliance Co., Ltd. *<br>成都華凌家電有限公司*                              | PRC, limited liability<br>company<br>中國，有限責任公司   | Dormant<br>已無業務   | Registered capital<br>RMB2,500,000<br>註冊資本人民幣<br>2,500,000元                       | 95%   |
| Foshan City Shunde District<br>Hualing Electrical Appliance<br>Sales Co., Ltd. *<br>佛山市順德區華凌<br>電器銷售有限公司* | PRC, limited liability<br>company<br>中國，有限責任公司   | Distribution of HUALING<br>brand products<br>in the PRC<br>於中國分銷華凌品牌之產品 | Registered capital<br>RMB5,000,000<br>註冊資本人民幣<br>5,000,000元                       | 99.5%                                       |

\* As at 31 December 2007, these subsidiaries were winding up.

\* 於二零零七年十二月三十一日，此等附屬公司已經清算。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 10 Inventories

### 10 存貨

|                  |     | Group<br>本集團                      |                                   |
|------------------|-----|-----------------------------------|-----------------------------------|
|                  |     | 2007<br>二零零七年<br>HK\$'000<br>港幣千元 | 2006<br>二零零六年<br>HK\$'000<br>港幣千元 |
| Raw materials    | 原材料 | 100,988                           | 76,598                            |
| Work-in-progress | 在製品 | 11,709                            | 18,824                            |
| Finished goods   | 製成品 | 287,007                           | 396,487                           |
|                  |     | <b>399,704</b>                    | 491,909                           |

The cost of inventories recognised as expense and included in cost of goods sold amounted to HK\$3,104,010,000 (2006: HK\$1,873,598,000).

確認為支出並計入銷售貨品成本之存貨成本達港幣3,104,010,000元(二零零六年：港幣1,873,598,000元)。

The Group charged HK\$27,200,000 of inventory provision in 2007 (2006: HK\$37,330,000). The amount charged has been included in cost of goods sold in the income statement.

本集團於二零零七年支銷港幣27,200,000元(二零零六年：港幣37,330,000元)存貨準備。支銷金額已計入損益表之銷貨成本。

### 11 Trade and Other Receivables

### 11 貿易及其他應收款

|   |                       | Group<br>本集團                      |                                   | Company<br>本公司                    |                                   |
|---|-----------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
|   |                       | 2007<br>二零零七年<br>HK\$'000<br>港幣千元 | 2006<br>二零零六年<br>HK\$'000<br>港幣千元 | 2007<br>二零零七年<br>HK\$'000<br>港幣千元 | 2006<br>二零零六年<br>HK\$'000<br>港幣千元 |
| Trade receivables (Note (a))                                      | 貿易應收款(附註(a))          | 300,989                           | 220,691                           | -                                 | -                                 |
| Less: provision for impairment of trade receivables (Note (b, c)) | 減：貿易應收款減值準備(附註(b, c)) | (59,957)                          | (44,424)                          | -                                 | -                                 |
| Trade receivables – net   | 貿易應收款 – 淨額            | 241,032                           | 176,267                           | -                                 | -                                 |
| Notes receivable (Note (a,d))                                     | 應收票據(附註(a,d))         | 554,931                           | 262,563                           | -                                 | -                                 |
| Prepayments and other receivables                                 | 預付賬款及其他應收款            | 81,555                            | 100,571                           | 202                               | 202                               |
| Prepaid value-added tax (Note 12)                                 | 預付增值稅(附註12)           | 9,447                             | 19,698                            | -                                 | -                                 |
|   |                       | <b>886,965</b>                    | 559,099                           | <b>202</b>                        | 202                               |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 11 Trade and Other Receivables (Continued)

As at 31 December 2006 and 2007, the fair value of trade and other receivables of the Group and the Company approximated their carrying amounts.

As at 31 December 2006 and 2007, trade and other receivables of the Company are denominated in Hong Kong dollars. Trade and other receivables of the Group as at 31 December 2006 and 2007 are denominated in the following currencies:

### 11 貿易及其他應收款 (續)

於二零零六年及二零零七年十二月三十一日，本集團及本公司貿易及其他應收款之公平價值與其賬面值相若。

於二零零六年及二零零七年十二月三十一日，本公司之貿易及其他應收款以港元列值，本集團於二零零六年及二零零七年十二月三十一日之貿易及其他應收款以下列貨幣列值：

|      |     | <b>Group</b><br>本集團                      |                                   |
|------|-----|--|-----------------------------------|
|      |     | <b>2007</b><br>二零零七年<br>HK\$'000<br>港幣千元 | 2006<br>二零零六年<br>HK\$'000<br>港幣千元 |
| RMB  | 人民幣 | <b>723,646</b>                           | 362,083                           |
| HK\$ | 港幣  | <b>728</b>                               | 202                               |
| USD  | 美元  | <b>162,093</b>                           | 196,334                           |
| EUR  | 歐羅  | <b>498</b>                               | 480                               |
|      |     | <b>886,965</b>                           | 559,099                           |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 11 Trade and Other Receivables (Continued)

- (a) The majority of the Group's export sales is on letter of credit or documents against payment, or covered by customers' standby letters of credit or bank guarantees. The remaining amounts are with credit terms of 30 days to 270 days. As at 31 December 2007, the ageing analysis of the gross trade receivables and notes receivables are as follows:

|                    |      |
|--------------------|------|
| Within one year    | 一年以內 |
| In the second year | 第二年內 |
| Over two years     | 兩年以上 |

- (b) As at 31 December 2006 and 2007, no trade receivables were past due but not impaired.

### 11 貿易及其他應收款 (續)

- (a) 本集團之出口銷售大部分為信用證或付款交單，或由客戶之備用信用證或銀行擔保。其餘之信貸期為30日至270日。於二零零七年十二月三十一日，貿易應收款及應收票據總額之賬齡分析如下：

#### Group 本集團

|                    | 2007<br>二零零七年<br>HK\$'000<br>港幣千元 | 2006<br>二零零六年<br>HK\$'000<br>港幣千元 |
|--------------------|-----------------------------------|-----------------------------------|
| Within one year    | 800,743                           | 440,244                           |
| In the second year | 25,062                            | 20,237                            |
| Over two years     | 30,115                            | 22,773                            |
|                    | <b>855,920</b>                    | 483,254                           |

- (b) 於二零零六年及二零零七年十二月三十一日，概無已逾期但未減值之貿易應收款。



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 11 Trade and Other Receivables (Continued)

(c) As at 31 December 2006 and 2007, trade receivables of approximately HK\$50,250,000 and HK\$121,781,000 were impaired. The provision in relation thereof was HK\$44,424,000 and HK\$59,957,000, respectively. The individual impaired receivables mainly relate to wholesalers, which are in unexpected difficult economic situations. It was assessed that a portion of the receivables is expected to be recovered. The ageing of these receivables is as follows:

### 11 貿易及其他應收款 (續)

(c) 於二零零六年及二零零七年十二月三十一日，貿易應收款約港幣50,250,000元及港幣121,781,000元已減值。有關準備分別為港幣44,424,000元及港幣59,957,000元。個別減值之應收款主要與陷入突發之經濟困境的批發商有關。經評估後，預期部份應收款可收回。該等應收款之賬齡分析如下：

|                    |      | Group<br>本集團                      |                                   |
|--------------------|------|-----------------------------------|-----------------------------------|
|                    |      | 2007<br>二零零七年<br>HK\$'000<br>港幣千元 | 2006<br>二零零六年<br>HK\$'000<br>港幣千元 |
| Within one year    | 一年以內 | 66,604                            | 7,240                             |
| In the second year | 第二年內 | 25,062                            | 20,237                            |
| Over two years     | 兩年以上 | 30,115                            | 22,773                            |
|                    |      | <b>121,781</b>                    | 50,250                            |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 11 Trade and Other Receivables (Continued)

(c) (Continued)

Movements on the provision for impairment of trade receivables are as follows:

|   |              | 31 December<br>2007<br>二零零七年<br>十二月三十一日<br>HK\$'000<br>港幣千元 | 31 December<br>2006<br>二零零六年<br>十二月三十一日<br>HK\$'000<br>港幣千元 |
|---|--------------|---|---|
| Beginning of the year                   | 年初           | 44,424  | 70,720  |
| Provision for receivable impairment     | 應收款減值準備      | 37,335  | 18,555  |
| Receivables written off during the year | 年內撇銷之<br>應收款 | (18,300)  | (30,805)  |
| Unused amounts reversed                 | 撥回未動用款項      | (3,502)   | (14,046)  |
| End of the year                         | 年終           | 59,957  | 44,424  |

The creation and release of provision for impaired receivables have been included in administrative expenses in the income statement (Note 22). Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The unused amounts reversed represented the subsequent collection of previously provided impaired amounts.

The other classes within trade and other receivables do not contain impaired assets.

### 11 貿易及其他應收款 (續)

(c) (續)

貿易應收款之減值準備變動如下：

新增及解除減值應收款之準備已計入收益表之行政費用內(附註22)。倘預期不能收回額外現金，計入準備賬之金額一般會撇銷。

撥回之未動用金額為日後收取之過往撥備減值金額。

貿易及其他應收款之其他類別不包括已減值資產。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 11 Trade and Other Receivables *(Continued)*

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

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables mentioned above. The Group does not hold any collateral as security.

### 12 Prepaid Value-Added Tax – Net

The Group has paid input value-added taxes (“VAT”) to the State Tax Bureau for the finished goods purchased from its suppliers. In accordance with the relevant PRC tax regulations, these VAT can be offset with the output VAT arising from the sales in the future but are not refundable. The balances at 31 December 2006 and 2007 represented net input VAT after offsetting the output VAT payable by the Group for the domestic sales made in current year.

### 13 Pledged Bank Deposits

These represented bank balances pledged against bank acceptance notes issued by the Group (Note 18(b)), to be released upon the maturity of the bank acceptance notes issued, bearing interest of bank saving rate of 0.72%.

### 11 貿易及其他應收款 (續)

- (d) 結餘為六個月內到期之銀行承兌匯票。

於報告日期之最大信貸風險為上述各類應收款之公平值。本集團並無任何抵押作擔保。

### 12 預付增值稅—淨額

本集團為購自供應商之製成品向國家稅務局支付進項增值稅(「增值稅」)。根據中國稅收法規，該等增值稅可用於抵扣未來銷售產品之銷項增值稅，但不可退還。於二零零六年及二零零七年十二月三十一日之餘額乃進項增值稅扣除本集團於年內於中國境內銷售產生之銷項增值稅後之淨額。

### 13 已抵押銀行存款

該數額為抵押本集團開出之銀行承兌匯票(附註18(b))之銀行存款結餘，於銀行承兌匯票到期日解除，按銀行存款利率0.72%計息。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 14 Cash and Cash Equivalents

### 14 現金及現金等價物

|  |                     | Group<br>本集團                      |                                   | Company<br>本公司                    |                                   |
|--|---------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
|  |                     | 2007<br>二零零七年<br>HK\$'000<br>港幣千元 | 2006<br>二零零六年<br>HK\$'000<br>港幣千元 | 2007<br>二零零七年<br>HK\$'000<br>港幣千元 | 2006<br>二零零六年<br>HK\$'000<br>港幣千元 |
| Cash at bank and on hand                 | 銀行存款及手頭現金           | <b>331,588</b>                    | 247,199                           | <b>2,688</b>                      | 12,662                            |
| Less: Pledged bank deposits<br>(Note 13) | 減：已抵押銀行存款<br>(附註13) | <b>(176,872)</b>                  | (95,557)                          | -                                 | -                                 |
|  |                     | <b>154,716</b>                    | 151,642                           | <b>2,688</b>                      | 12,662                            |

At 31 December 2007, cash at bank and in hand of the Group (including pledged deposits) amounted to approximately HK\$328,331,000 (2006: HK\$234,515,000), were kept in bank accounts opened with banks in the PRC of which the remittance of funds were subject to foreign exchange control.

The effective interest rate on bank deposits was 0.72% (2006: 0.72%).

於二零零七年十二月三十一日，本集團存放於銀行及手頭現金(包括用作抵押之存款)約港幣328,331,000元(二零零六年：港幣234,515,000元)，為存放於在中國開立的銀行賬戶中，該等資金的匯出須受外匯管制規限。

銀行存款之實際利率為0.72%(二零零六年：0.72%)。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 15 Share Capital

#### (a) Share capital

|  |                         | <b>Issued and fully paid<br/>ordinary shares of HK\$0.1 each</b> |          |
|--|-------------------------|--|----------|
|  |                         | <b>已發行及繳足股本<br/>普通股每股面值港幣0.1元</b>                                |          |
|  |                         | Number of shares   |          |
|  |                         | ('000)   | HK\$'000 |
|  |                         | 股份數目<br>(千股)   | 港幣千元     |
| At 1 January 2006                      | 於二零零六年一月一日              | 3,970,091  | 397,009  |
| Issue of ordinary shares               | 發行普通股                   | 640,000  | 64,000   |
| Employee share option scheme           | 僱員購股權計劃                 |  |          |
| – proceeds from shares issued          | – 發行股份所得款項              | 77,000   | 7,700    |
| At 31 December 2006 and 1 January 2007 | 於二零零六年十二月三十一日及二零零七年一月一日 | 4,687,091  | 468,709  |
| Employee share option scheme           | 僱員購股權計劃                 |  |          |
| – proceeds from shares issued (i)      | – 發行股份所得款項(i)           | 38,900   | 3,890    |
| At 31 December 2007                    | 於二零零七年十二月三十一日           | 4,725,991  | 472,599  |

The total authorised number of ordinary shares is 10,000,000,000 shares (2006: 10,000,000,000 shares) with a par value of HK\$0.1 per share (2006: HK\$0.1 per share). All issued shares are fully paid.

(i) The share options exercised by the directors and employees of the Group during the year (Note 15(b) below), resulted in 38,900,000 shares being issued at HK\$0.1206, yielding proceeds after transaction costs of approximately HK\$4,684,000.

普通股之法定總數為10,000,000,000股(二零零六年: 10,000,000,000股), 面值為每股港幣0.1元(二零零六年: 每股港幣0.1元)。所有已發行股份已繳足。

(i) 本集團董事及僱員於年內已行使之購股權(下文附註15(b))導致38,900,000股股份按港幣0.1206元發行, 扣除交易成本後之所得款項約為港幣4,684,000元。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 15 Share Capital *(Continued)*

#### (b) Share options

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 in accordance with the scheme adopted by the Company on 27 June 2003 (the “2003 Share Option Scheme”).

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 (續)

#### (b) 購股權

購股權是根據本公司於二零零三年六月二十七日採納之計劃(「二零零三年購股權計劃」)，就本公司董事及本集團若干僱員向本集團提供服務而授予彼等。

二零零三年購股權計劃之目的，是讓本公司招攬、挽留及鼓勵有才幹之參與者為本集團之未來發展及擴展出力，以及使本公司有更靈活之方法向參與者提供獎勵、獎賞、酬勞、報酬及／或福利。二零零三年購股權計劃之合資格參與者包括本集團之董事(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士、本集團供應商或客戶之僱員或董事、本集團僱員或董事所設立之全權信託之任何全權受益人(由董事會在上述人士中全權酌情決定)。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 15 Share Capital *(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.

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.

### 15 股本 (續)

#### (b) 購股權 (續)

根據二零零三年購股權計劃及本公司採納之任何其他購股權計劃授出而尚未行使之所有購股權獲行使時，可予發行之最高股份數目不得超過不時已發行股份之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授出之所有購股權獲行使時，可予發行之股份總數合共不得超過二零零三年六月二十七日本公司已發行股份之10%，惟本公司可於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授出之購股權獲行使時，已發行及將發行予每名參與者之股份總數不得超過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。



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 15 Share Capital *(Continued)*

#### (b) Share options *(Continued)*

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.

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.

### 15 股本 (續)

#### (b) 購股權 (續)

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之購股權，須獲本公司獨立非執行董事(不包括身為購股權承授人之任何獨立非執行董事)批准。此外，於截至授出日期(包括該日)止之任何十二個月期間，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，倘若超過任何時間本公司已發行股份0.1%，或總值(根據本公司於各授出日期之股份收市價計算)超過港幣5,000,000元，則須獲股東於本公司股東大會批准。

購股權之行使價將不低於下列之最高者(i)於授出購股權日期(該日必須為營業日)本公司股份在聯交所每日報價表中所列之收市價；(ii)緊接授出購股權之日期(該日必須為營業日)前五個營業日，本公司股份於聯交所每日報價表中所列之平均收市價；及(iii)股份之面值。

授出之購股權可於緊隨購股權被視作授出及接納當日後隨時行使，而其屆滿日期將由董事會釐定及發出通知，惟不得超過購股權被視作授出及接納當日起計十年。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。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 15 Share Capital (Continued)

#### (b) Share options (Continued)

On 30 July 2007, 9,500,000 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 immediately on its grant day, and will be lapsed on 29 July 2017, at an exercise price of HK\$0.78 per share.

The fair value of options granted on 30 July 2007 was determined using the Binomial Model. The key assumptions used in the valuation include: (i) an expected dividend yield of 0% per annum, (ii) volatility of share price of 65.38% per annum (expressed as weighted average volatility used in the modelling of Binomial Model, which is the annualised standard deviation of the continuously compounded rate of return on the share over a period of time), (iii) a risk free rate of interest on options of 4.13% per annum, and (iv) the expected time to exercise is 5.23 years. Based on the valuation, the fair value of the 9,500,000 share options granted in year 2007 was approximately HK\$3,453,000, which was recognised as employee benefit expense (Note 23) and a corresponding increase in share option reserve (Note 16).

### 15 股本 (續)

#### (b) 購股權 (續)

於二零零七年七月三十日，本公司董事及本集團若干僱員因其向本集團提供服務而獲授9,500,000份購股權。該等購股權可於其授出日期即時按每股港幣0.78元之行使價行使，並於二零一七年七月二十九日失效。

於二零零七年七月三十日所授出之購股權公平價值乃採用二項模式釐定。估值所採用之主要假設包括：(i)預期股息率每年0%，(ii)股價波幅每年65.38% (二項模式採用加權平均波幅列示，有關波幅為於一段期間股份之持續複合回報率之年度化標準差)，(iii)購股權之無風險年利率為4.13%，及(iv)預期行使期為5.23年。根據估值，於二零零七年已授出之9,500,000份購股權之公平價值約為港幣3,453,000元，有關金額已確認為僱員福利開支(附註23)及於購股權儲備中相應增加(附註16)。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 15 Share Capital (Continued)

#### (b) Share options (Continued)

Movements of the share options granted under the 2003 Share Option Scheme during the year are as follows:

| Name              | 姓名         | Options held at 1 January 2007<br>於二零零七年一月一日<br>購股權數目 | Options granted during the period (i)<br>期內授出之購股權(i) | Options exercised during the period (ii)<br>期內行使之購股權(ii) | Options held at 31 December 2007<br>於二零零七年十二月三十一日<br>購股權數目 | Exercise price<br>HK\$<br>行使價<br>港幣元 | Grant date<br>授出日期 | Exercisable from<br>行使期由 | Exercisable until<br>行使期至 |
|-------------------|------------|---|--|--|--|--------------------------------------|--------------------|--------------------------|---------------------------|
| <b>Directors:</b> | <b>董事：</b> |   |  |  |  |                                      |                    |                          |                           |
| Mr. Fang Hongbo   | 方洪波先生      | 25,000,000  | -  | (25,000,000)   | -  | 0.1206                               | 23/1/2006          | 23/1/2006                | 22/1/2016                 |
| Mr. Li Jianwei    | 栗建偉先生      | 5,000,000   | -  | (5,000,000)  | -  | 0.1206                               | 23/1/2006          | 23/1/2006                | 22/1/2016                 |
| Ms. Yuan Liqun    | 袁利群女士      | 3,900,000   | -  | (3,900,000)  | -  | 0.1206                               | 23/1/2006          | 23/1/2006                | 22/1/2016                 |
| Mr. Chan Wai Dune | 陳維端先生      | -   | 2,000,000  | -  | 2,000,000  | 0.78                                 | 30/7/2007          | 30/7/2007                | 29/7/2017                 |
| Mr. Lam Ming Yung | 林明勇先生      | -   | 2,000,000  | -  | 2,000,000  | 0.78                                 | 30/7/2007          | 30/7/2007                | 29/7/2017                 |
| Ms. Chen Chunhua  | 陳春花女士      | -   | 2,000,000  | -  | 2,000,000  | 0.78                                 | 30/7/2007          | 30/7/2007                | 29/7/2017                 |
| Employees         | 僱員         | 5,000,000   | -  | (5,000,000)  | -  | 0.1206                               | 23/1/2006          | 23/1/2006                | 22/1/2016                 |
| Employees         | 僱員         | -   | 3,500,000  | -  | 3,500,000  | 0.78                                 | 30/7/2007          | 30/7/2007                | 29/7/2017                 |
|                   |            | 38,900,000  | 9,500,000  | (38,900,000)   | 9,500,000  |                                      |                    |                          |                           |

### 15 股本 (續)

#### (b) 購股權 (續)

本年度內，根據二零零三年購股權計劃授出之購股權變動如下：

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 15 Share Capital (Continued)

#### (b) Share options (Continued)

Note:

- (i) The closing price of the shares of the Company immediately before the date of grant (as of 27 July 2007) was HK\$0.77.

Total consideration received during the year from the grantees for taking up the share options granted amounted to HK\$5 (2006: HK\$15).

- (ii) The closing price of the shares of the Company immediately before the date on which the share options were exercised (as of 8 January 2007) was HK\$0.315.

Options exercised in the year resulted in 38,900,000 shares being issued at HK\$0.1206 each. The related weighted average share price at the time of exercise was HK\$0.345 per share which resulted in the issue of 38,900,000 additional ordinary shares for a total cash consideration, before expenses, of approximately HK\$4,691,000 was raised. The related transaction costs amounting to HK\$7,000 have been netted off with the proceeds received.

### 15 股本 (續)

#### (b) 購股權 (續)

附註：

- (i) 本公司股份於緊接授出日期前(二零零七年七月二十七日)之收市價為港幣0.77元。

本年度內，收取承授人接納所授出購股權之總代價為港幣5元(二零零六年：港幣15元)。

- (ii) 本公司股份於緊接購股權獲行使日期前(二零零七年一月八日)之收市價為港幣0.315元。

年內獲行使之購股權產生按每股港幣0.1206元發行38,900,000股股份。行使時之相關加權平均股價為每股港幣0.345元，導致額外發行38,900,000股普通股，於扣除開支前現金總代價約港幣4,691,000元。相關交易成本港幣7,000元已於收取之所得款項內扣減。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 16 Other Reserves

### 16 其他儲備

|   |                         | Share<br>premium | General<br>reserve<br>fund | Enterprise<br>expansion<br>fund | Exchange<br>reserve | Share<br>option<br>reserve | Total            |
|---|-------------------------|------------------|----------------------------|---------------------------------|---------------------|----------------------------|------------------|
|   |                         | 股份溢價             | 一般儲備<br>基金                 | 企業發展<br>基金                      | 匯兌儲備                | 購股權<br>儲備                  | 總額               |
|   |                         | HK\$'000<br>港幣千元 | HK\$'000<br>港幣千元           | HK\$'000<br>港幣千元                | HK\$'000<br>港幣千元    | HK\$'000<br>港幣千元           | HK\$'000<br>港幣千元 |
| <b>(a) Group</b>                              | <b>(a) 本集團</b>          |                  |                            |                                 |                     |                            |                  |
| Balances as at<br>1 January 2006              | 於二零零六年<br>一月一日餘額        | 567,435          | 31,537                     | 16,958                          | 13,485              | –                          | 629,415          |
| Disposal of subsidiaries                      | 出售附屬公司                  | –                | (358)                      | –                               | –                   | –                          | (358)            |
| Translation differences                       | 匯兌差異                    | –                | –                          | –                               | (21,294)            | –                          | (21,294)         |
| Issue of ordinary shares<br>(Note 15(a))      | 發行普通股<br>(附註15(a))      | 19,200           | –                          | –                               | –                   | –                          | 19,200           |
| Share issuance expenses<br>(Note 15(a))       | 股份發行費用<br>(附註15(a))     | (1,185)          | –                          | –                               | –                   | –                          | (1,185)          |
| Employee share option<br>scheme               | 僱員購股權計劃                 |                  |                            |                                 |                     |                            |                  |
| – value of services provided<br>(Note 15(b))  | – 已提供的服務價值<br>(附註15(b)) | –                | –                          | –                               | –                   | 4,125                      | 4,125            |
| – proceeds from shares<br>issued (Note 15(a)) | – 發行股份所得款項<br>(附註15(a)) | 1,585            | –                          | –                               | –                   | –                          | 1,585            |
| Balances as at<br>31 December 2006            | 於二零零六年十二月<br>三十一日餘額     | 587,035          | 31,179                     | 16,958                          | (7,809)             | 4,125                      | 631,488          |
| Balances as at<br>1 January 2007              | 於二零零七年<br>一月一日餘額        | 587,035          | 31,179                     | 16,958                          | (7,809)             | 4,125                      | 631,488          |
| Translation differences                       | 匯兌差異                    | –                | –                          | –                               | (51,120)            | –                          | (51,120)         |
| Employee share option<br>scheme               | 僱員購股權計劃                 |                  |                            |                                 |                     |                            |                  |
| – value of services provided<br>(Note 15(b))  | – 已提供的服務價值<br>(附註15(b)) | –                | –                          | –                               | –                   | 3,453                      | 3,453            |
| – proceeds from shares<br>issued (Note 15(a)) | – 發行股份所得款項<br>(附註15(a)) | 794              | –                          | –                               | –                   | –                          | 794              |
| Balances as at<br>31 December 2007            | 於二零零七年<br>十二月三十一日餘額     | 587,829          | 31,179                     | 16,958                          | (58,929)            | 7,578                      | 584,615          |

# 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<br>premium<br>股份溢價<br>HK\$'000<br>港幣千元 | Share option<br>reserve<br>購股權<br>儲備<br>HK\$'000<br>港幣千元 | Total<br>總額<br>HK\$'000<br>港幣千元 |
|---|-------------------------|--|--|---------------------------------|
| <b>(b) Company</b>                            | <b>(b) 本公司</b>          |  |  |                                 |
| Balances as at<br>1 January 2006              | 於二零零六年<br>一月一日餘額        | 567,435                                      | –  | 567,435                         |
| Issue of ordinary shares<br>(Note 15(a))      | 發行普通股份<br>(附註15(a))     | 19,200                                       | –  | 19,200                          |
| Share issuance expenses<br>(Note 15(a))       | 股份發行費用<br>(附註15(a))     | (1,185)                                      | –  | (1,185)                         |
| Employee share option<br>scheme               | 僱員購股權計劃                 |  |  |                                 |
| – value of services provided<br>(Note 15(b))  | – 已提供服務的價值<br>(附註15(b)) | –  | 4,125  | 4,125                           |
| – proceeds from shares<br>issued (Note 15(a)) | – 發行股份所得款項<br>(附註15(a)) | 1,585  | –  | 1,585                           |
| Balance as at<br>31 December 2006             | 於二零零六年十二月<br>三十一日餘額     | 587,035                                      | 4,125  | 591,160                         |
| Balance as at 1 January<br>2007               | 於二零零七年<br>一月一日餘額        | 587,035                                      | 4,125  | 591,160                         |
| Employee share option<br>scheme               | 僱員購股權計劃                 |  |  |                                 |
| – value of services provided<br>(Note 15(b))  | – 已提供的服務價值<br>(附註15(b)) | –  | 3,453  | 3,453                           |
| – proceeds from shares<br>issued (Note 15(a)) | – 發行股份所得款項<br>(附註15(a)) | 794  | –  | 794                             |
| Balances as at<br>31 December 2007            | 於二零零七年<br>十二月三十一日餘額     | 587,829                                      | 7,578  | 595,407                         |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 16 Other Reserves (Continued)

- (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.

### 16 其他儲備 (續)

- (c) 本公司在中國之附屬公司須遵守中國法律和法規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之純利中提取。該純利根據按中國內地企業適用之會計準則及相關財務法規而編製之國內法定賬目計算。此等中國之附屬公司須將其純利最少10%分配至儲備基金，直至該儲備基金結餘達至其註冊資本之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。

### 17 Borrowings

### 17 貸款

|  |              | Group<br>本集團                      |                                   |
|--|--------------|-----------------------------------|-----------------------------------|
|  |              | 2007<br>二零零七年<br>HK\$'000<br>港幣千元 | 2006<br>二零零六年<br>HK\$'000<br>港幣千元 |
| <b>Non-current</b>                               | <b>非即期</b>   |                                   |                                   |
| Bank borrowings, secured                         | 銀行貸款，已抵押     | <b>32,052</b>                     | 94,556                            |
| Less: current portion                            | 減：即期部份       | <b>(32,052)</b>                   | (54,743)                          |
|  |              | -                                 | 39,813                            |
| <b>Current</b>                                   | <b>即期</b>    |                                   |                                   |
| Short term bank borrowings, secured              | 短期銀行貸款，已抵押   | <b>384,624</b>                    | 221,956                           |
| Short term bank borrowings, unsecured            | 短期銀行貸款，無抵押   | -                                 | 74,650                            |
| Current portion of long term borrowings, secured | 長期貸款之即期部份已抵押 | <b>32,052</b>                     | 54,743                            |
|  |              | <b>416,676</b>                    | 351,349                           |
|  |              | <b>416,676</b>                    | 391,162                           |



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 17 Borrowings (Continued)

At 31 December 2007, the Group's bank borrowings were repayable as follows:

|                    |      | Group<br>本集團                      |                                   |
|--------------------|------|-----------------------------------|-----------------------------------|
|                    |      | 2007<br>二零零七年<br>HK\$'000<br>港幣千元 | 2006<br>二零零六年<br>HK\$'000<br>港幣千元 |
| Within one year    | 一年以內 | 416,676                           | 351,349                           |
| In the second year | 第二年内 | -                                 | 39,813                            |
|                    |      | <b>416,676</b>                    | 391,162                           |

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates are as follows:

|                  |        | Group<br>本集團                      |                                   |
|------------------|--------|-----------------------------------|-----------------------------------|
|                  |        | 2007<br>二零零七年<br>HK\$'000<br>港幣千元 | 2006<br>二零零六年<br>HK\$'000<br>港幣千元 |
| 6 months or less | 六個月或以下 | 416,676                           | 391,162                           |

The effective interest rates of the above floating rate borrowings at the balance sheet date were 6.36% per annum (2006: 7.47% per annum).

As at 31 December 2007, approximately HK\$416,676,000 (2006: HK\$316,512,000) of the loans were guaranteed by Midea or a subsidiary of Midea.

Property, plant and equipment, leasehold land and land use right with net book value of approximately HK\$143,052,000 (2006: HK\$81,335,000) have been pledged as security for the Group's short-term bank borrowings (Note 6 and 8).

### 17 貸款 (續)

於二零零七年十二月三十一日，本集團銀行借貸之還款情況如下：

|                    |      | Group<br>本集團                      |                                   |
|--------------------|------|-----------------------------------|-----------------------------------|
|                    |      | 2007<br>二零零七年<br>HK\$'000<br>港幣千元 | 2006<br>二零零六年<br>HK\$'000<br>港幣千元 |
| Within one year    | 一年以內 | 416,676                           | 351,349                           |
| In the second year | 第二年内 | -                                 | 39,813                            |
|                    |      | <b>416,676</b>                    | 391,162                           |

本集團借貸所承擔之利率變動及合約重新定價日如下：

|                  |        | Group<br>本集團                      |                                   |
|------------------|--------|-----------------------------------|-----------------------------------|
|                  |        | 2007<br>二零零七年<br>HK\$'000<br>港幣千元 | 2006<br>二零零六年<br>HK\$'000<br>港幣千元 |
| 6 months or less | 六個月或以下 | 416,676                           | 391,162                           |

於結算日上述浮息貸款之實際利率為每年6.36% (二零零六年：每年7.47%)。

於二零零七年十二月三十一日，約港幣416,676,000元 (二零零六年：港幣316,512,000元) 之貸款由美的或美的之一間附屬公司作出擔保。

賬面淨值約港幣143,052,000元 (二零零六年：港幣81,335,000元) 之物業、廠房及設備以及租賃土地及土地使用權已抵押作為本集團短期銀行貸款之擔保 (附註6及8)。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 17 Borrowings (Continued)

The carrying amounts of short-term borrowings approximate their fair value. The fair values are based on cash flows discounted using a rate based on the borrowings rate of 6.87% (2006: 5.36%). The carrying amounts of the borrowings are denominated in the Renminbi.

### 17 貸款 (續)

短期借貸之賬面值與其公平價值相近。公平價值根據以貸款利率6.87% (二零零六年：5.36%) 折現之現金流量釐定。貸款之賬面值以人民幣列值。

### 18 Trade and Other Payables

### 18 貿易及其他應付款

|                                       |                  | Group<br>本集團                      |                                   | Company<br>本公司                    |                                   |
|---------------------------------------|------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
|                                       |                  | 2007<br>二零零七年<br>HK\$'000<br>港幣千元 | 2006<br>二零零六年<br>HK\$'000<br>港幣千元 | 2007<br>二零零七年<br>HK\$'000<br>港幣千元 | 2006<br>二零零六年<br>HK\$'000<br>港幣千元 |
| Trade payables (Note (a))             | 貿易應付款 (附註(a))    | 947,607                           | 929,729                           | -                                 | -                                 |
| Provision for staff welfare and bonus | 員工福利及花紅準備        | 3,511                             | 3,240                             | 370                               | 78                                |
| Accruals                              | 預提費用             | 134,405                           | 87,451                            | 50,876                            | -                                 |
| Advances from customers               | 預收客戶賬款           | 194,752                           | 118,037                           | -                                 | -                                 |
| Notes payable (Note (a),(b))          | 應付票據 (附註(a),(b)) | 521,544                           | 401,185                           | -                                 | -                                 |
| Others                                | 其他               | 67,287                            | 56,050                            | 439                               | 3,028                             |
|                                       |                  | <b>1,869,106</b>                  | 1,595,692                         | <b>51,685</b>                     | 3,106                             |

(a) At 31 December 2007, the ageing analysis of the trade payables and note payables of the Group was as follows:

(a) 於二零零七年十二月三十一日，本集團之貿易應付款及應付票據之賬齡分析如下：

|                    |      | Group<br>本集團                      |                                   |
|--------------------|------|-----------------------------------|-----------------------------------|
|                    |      | 2007<br>二零零七年<br>HK\$'000<br>港幣千元 | 2006<br>二零零六年<br>HK\$'000<br>港幣千元 |
| Within one year    | 一年內  | 1,446,107                         | 1,304,704                         |
| In the second year | 第二年內 | 6,368                             | 11,518                            |
| Over two years     | 兩年以上 | 16,676                            | 14,692                            |
|                    |      | <b>1,469,151</b>                  | 1,330,914                         |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 18 Trade and Other Payables (Continued)

- (b) The balance represents non-interest bearing bank acceptance notes issued by the Group with maturity periods of less than six months. At 31 December 2007, the notes payable were pledged by bank deposits of approximately HK\$176,872,000 (2006: HK\$95,557,000).

### 19 Deferred Income Tax

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

At the balance sheet date, deferred income tax assets arising from the 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. There was no material unprovided deferred tax liabilities.

Temporary differences are mainly arising from:

### 18 貿易及其他應付款 (續)

- (b) 該餘額為本集團開出之免息銀行承兌匯票，均在六個月內到期。於二零零七年十二月三十一日，為應付票據作抵押之銀行存款約港幣176,872,000元（二零零六年：港幣95,557,000元）。

### 19 遞延所得稅

遞延所得稅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。

於結算日，並未確認來自臨時差額之遞延所得稅資產，原因是未能確定可供動用臨時差額之未來應課稅溢利。並無重大未撥備遞延稅項負債。

暫時差異主要來自：

|   |               | Group<br>本集團                      |                                   |
|---|---------------|-----------------------------------|-----------------------------------|
|   |               | 2007<br>二零零七年<br>HK\$'000<br>港幣千元 | 2006<br>二零零六年<br>HK\$'000<br>港幣千元 |
| Accumulated losses of certain subsidiaries carried forward      | 若干附屬公司之累積虧損結轉 | 1,132,182                         | 1,118,666                         |
| Provision for inventory obsolescence                            | 存貨跌價及殘次準備     | 36,688                            | 58,438                            |
| Provision for doubtful trade and other receivables              | 貿易及其他應收款呆賬準備  | 72,140                            | 53,511                            |
| Provision of impairment charge of property, plant and equipment | 物業、廠房及設備之減值準備 | 116,416                           | 109,554                           |
| Provision for warranty  | 產品保養準備        | 73,003                            | 36,304                            |
|   |               | <b>1,430,429</b>                  | 1,376,473                         |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 19 Deferred Income Tax (Continued)

The potential deferred income tax assets not provided for in the financial statements amounted to:

### 19 遞延所得稅 (續)

未在財務報表中撥備之潛在遞延所得稅資產金額如下：

|   |               | Group<br>本集團                      |                                   |
|---|---------------|-----------------------------------|-----------------------------------|
|   |               | 2007<br>二零零七年<br>HK\$'000<br>港幣千元 | 2006<br>二零零六年<br>HK\$'000<br>港幣千元 |
| Accumulated losses of certain subsidiaries carried forward      | 若干附屬公司之累積虧損   | 216,404                           | 289,962                           |
| Provisions for inventory obsolescence                           | 存貨跌價及殘次準備     | 8,784                             | 15,422                            |
| Provision for doubtful trade and other receivables              | 貿易及其他應收款呆賬準備  | 17,080                            | 14,406                            |
| Provision of impairment charge of property, plant and equipment | 物業、廠房及設備之減值準備 | 29,075                            | 28,985                            |
| Provision for warranty  | 產品保養準備        | 18,251                            | 11,980                            |
|   |               | <b>289,594</b>                    | 360,755                           |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 19 Deferred Income Tax (Continued)

The expiry date of deferred tax assets not provided as at 31 December 2007 is as follows:

|                       |        | Group<br>本集團                      |                                   |
|-----------------------|--------|-----------------------------------|-----------------------------------|
|                       |        | 2007<br>二零零七年<br>HK\$'000<br>港幣千元 | 2006<br>二零零六年<br>HK\$'000<br>港幣千元 |
| Expire within 1 year  | 一年內到期  | 23,119                            | 30,682                            |
| Expire in 1 – 2 years | 一至兩年到期 | 61,265                            | 30,517                            |
| Expire in 2 – 3 years | 兩至三年到期 | 73,734                            | 80,870                            |
| Expire in 3 – 4 years | 三至四年到期 | 52,124                            | 90,217                            |
| Expire in 4 – 5 years | 四至五年到期 | 6,159                             | 57,676                            |
| No expiry date        | 無到期日   | 73,193                            | 70,793                            |
|                       |        | <b>289,594</b>                    | 360,755                           |

According to relevant regulations on PRC Enterprise Income Tax, tax losses of the PRC subsidiaries of the Group can be carried forward to offset future assessable profit for a period of 5 years.

### 20 Provision for Warranty

The movement of warranty provision was analysed as follows:

|                               |            | Group<br>本集團                      |                                   |
|-------------------------------|------------|-----------------------------------|-----------------------------------|
|                               |            | 2007<br>二零零七年<br>HK\$'000<br>港幣千元 | 2006<br>二零零六年<br>HK\$'000<br>港幣千元 |
| Beginning of the year         | 年初         | 36,304                            | 30,352                            |
| Charge for the year (Note 22) | 本年計提(附註22) | 58,113                            | 27,339                            |
| Less: Amounts utilised        | 減：已動用款項    | (21,414)                          | (21,387)                          |
| End of the year               | 年終         | <b>73,003</b>                     | 36,304                            |

### 19 遞延所得稅 (續)

於二零零七年十二月三十一日，未撥備之遞延稅項資產到期日如下：

根據中國企業所得稅相關條例，本集團中國附屬公司之稅項虧損可予結轉，以抵銷未來五年之應課稅利潤。

### 20 產品保養準備

產品保養準備之變動分析如下：

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 20 Provision for Warranty (Continued)

The Group provides free repair and replacement services. 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 recognised. As at 31 December 2007, the Group had provided for expected warranty claims on electrical household appliance items sold, which are payable upon valid requests raised by customers on defects in the products.

### 20 產品保養準備 (續)

本集團提供免費維修及零件更換服務。本集團因產品缺損而提供之保養責任成本，於相關銷售確認時計提。於二零零七年十二月三十一日，本集團對已出售之家用電器計提預期保養準備，於產品出現問題客戶提出有效要求時支付。

### 21 Other Gains/(Losses) – Net

### 21 其他收益／(虧損) — 淨額

|  |                      | 2007<br>二零零七年<br>HK\$'000<br>港幣千元 | 2006<br>二零零六年<br>HK\$'000<br>港幣千元 |
|--|----------------------|-----------------------------------|-----------------------------------|
| Rental income  | 租金收入                 | 4,106                             | 5,523                             |
| Less: expenses in respect<br>of the above rental income  | 減：有關上述租金收入<br>之開支    | (483)                             | (2,386)                           |
|  |                      | <b>3,623</b>                      | 3,137                             |
| Fair value gain/(loss) on investment<br>properties       | 投資物業之公平價值<br>收益／(虧損) | 5,576                             | (2,754)                           |
| Government grants (a)                                    | 政府補貼(a)              | 3,431                             | 4,437                             |
| Gain/(loss) on sales of<br>scrap materials               | 廢料銷售收益／(虧損)          | 7,851                             | (5,429)                           |
| Loss on disposal of leasehold land<br>and land use right | 出售租賃土地及土地<br>使用權之虧損  | -                                 | (5,956)                           |
| Loss on disposal of subsidiaries                         | 出售附屬公司虧損             | -                                 | (520)                             |
| Loss on disposal of property,<br>plant and equipment     | 出售物業、廠房及<br>設備虧損     | (8,201)                           | (19,677)                          |
| Write-off of long outstanding<br>payables (b)            | 撇銷長期尚未償還<br>應付款(b)   | -                                 | 5,929                             |
| Waiver of bank loan and interest<br>payable (c)          | 豁免應付銀行貸款<br>及利息(c)   | 14,757                            | -                                 |
| Others   | 其他                   | (3,300)                           | (251)                             |
|  |                      | <b>23,737</b>                     | (21,084)                          |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 21 Other Gains/(Losses) – Net (Continued)

- (a) Amount represents the subsidy granted by and received from local government authorities in the PRC for encouragement of export.
- (b) The amount represented certain write-off of long outstanding payables during the year ended 31 December 2006.
- (c) The balance represented a waiver of bank loan and interest payable to a financial institution of PRC in favour of China Refrigeration, a subsidiary, according to a loan restructuring contract.

### 21 其他收益／(虧損) — 淨額 (續)

- (a) 數額為收到中國當地政府機關為鼓勵出口提供之補貼。
- (b) 有關金額指撇銷截至二零零六年十二月三十一日止年度之若干長期未償還應付款。
- (c) 有關結餘指中國一間金融機構根據一項貸款重組合約向一間附屬公司中國雪櫃作出的銀行貸款及應付利息之豁免。

### 22 Expenses by Nature

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

### 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：

|  |                         | 2007<br>二零零七年<br>HK\$'000<br>港幣千元 | 2006<br>二零零六年<br>HK\$'000<br>港幣千元 |
|--|-------------------------|-----------------------------------|-----------------------------------|
| Cost of inventories recognised as expense  | 確認為開支之存貨成本              | <b>3,104,010</b>                  | 1,873,598                         |
| Employee benefit expenses (Note 23)  | 僱員福利開支 (附註23)           | <b>131,635</b>                    | 94,160                            |
| Depreciation (Note 6)  | 折舊 (附註6)                | <b>62,934</b>                     | 60,010                            |
| Provision for warranty (Note 20)   | 產品保養準備 (附註20)           | <b>58,113</b>                     | 27,339                            |
| Professional fee and printing cost related to the Proposed Transaction (Note 35) | 建議交易之專業服務費用及印刷成本 (附註35) | <b>53,983</b>                     | –                                 |
| Provision for impairment of trade and other receivables                          | 貿易及其他應收款之減值準備           | <b>36,928</b>                     | 5,061                             |
| Provision for inventory obsolescence   | 存貨跌價及殘次準備               | <b>27,200</b>                     | 37,330                            |
| Operating leases rental for land and buildings                                   | 土地及樓宇之經營租賃租金            | <b>12,038</b>                     | 14,643                            |
| Auditors' remuneration   | 核數師酬金                   | <b>3,798</b>                      | 3,995                             |
| Provision for impairment charge of property, plant and equipment (Note 6)        | 物業、廠房及設備之減值準備 (附註6)     | <b>1,242</b>                      | 2,046                             |
| Research and development costs   | 研究及開發費用                 | <b>1,018</b>                      | 1,803                             |



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 23 Employee Benefit Expenses

### 23 僱員福利開支

|   |                      | Group<br>本集團                      |                                   |
|---|----------------------|-----------------------------------|-----------------------------------|
|   |                      | 2007<br>二零零七年<br>HK\$'000<br>港幣千元 | 2006<br>二零零六年<br>HK\$'000<br>港幣千元 |
| Wages and salaries  | 工資及薪金                | 116,520                           | 81,814                            |
| Share options granted to directors and employees (Note 15(b)) | 授予董事及僱員之購股權(附註15(b)) | 3,453                             | 4,125                             |
| Pension costs (Note a)  | 退休金成本(附註a)           | 11,662                            | 8,221                             |
|   |                      | <b>131,635</b>                    | 94,160                            |

(a) The Group has arranged for its Hong Kong employees to join the MPF Scheme. 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 2007, no contribution was forfeited (2006: Nil).

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 2007 amounted to approximately HK\$11,662,000 (2006: HK\$8,221,000).

(a) 本集團已安排其香港僱員參加一項強積金計劃。根據強積金計劃，集團每間公司(僱主)及其僱員分別須按照強制性公積金法例規定，每月將僱員入息之5%作為計劃供款。僱主及僱員各自之供款上限為每月港幣1,000元，其後均為自願供款。截至二零零七年十二月三十一日止年度，概無沒收之供款(二零零六年：無)。

本公司於中國成立之附屬公司均參與中國本地退休金計劃。根據有關規例，本集團現須每月支付相當於全職及臨時僱員月薪15%至28%之供款。於截至二零零七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11,662,000元(二零零六年：港幣8,221,000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 the directors for the year ended 31 December 2007 is set out below:

每位董事於截至二零零七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<br>袍金<br>HK\$'000<br>港幣千元 | Salary<br>薪金<br>HK\$'000<br>港幣千元 | Discretionary<br>bonuses<br>酌情花紅<br>HK\$'000<br>港幣千元 | Inducement<br>fees<br>加盟酬金<br>HK\$'000<br>港幣千元 | Other<br>benefits (i)<br>其他福利(i)<br>HK\$'000<br>港幣千元 | Employer's Compensation  | Total |
|--|-------------|--------------------------------|----------------------------------|--|--|--|--|-------|
|  |             |                                |                                  |  |  |  | contribution<br>to pension<br>scheme<br>退休金計劃之<br>僱主供款<br>HK\$'000<br>港幣千元 |       |
| <b>Executive Directors</b> 執行董事                    |             |                                |                                  |  |  |  |  |       |
| Mr. Fang Hongbo                                    | 方洪波先生       | -                              | -                                | -  | -  | -  | -  | -     |
| Mr. Zhang Quan                                     | 張權先生        | -                              | -                                | -  | -  | -  | -  | *     |
| Ms. Yuan Liqun (v)                                 | 袁利群女士 (v)   | -                              | -                                | -  | -  | -  | -  | -     |
| Mr. Li Jianwei                                     | 栗建偉先生       | -                              | -                                | -  | -  | -  | -  | -     |
| Mr. Li Donglai (iii)                               | 李東來先生 (iii) | -                              | -                                | -  | -  | -  | -  | -     |
| <b>Non-executive Directors</b> 非執行董事               |             |                                |                                  |  |  |  |  |       |
| Mr. Zhang Xinhua                                   | 張新華先生       | -                              | -                                | -  | -  | -  | -  | -     |
| Mr. Chen Yuhang (iv)                               | 陳宇航先生(iv)   | -                              | -                                | -  | -  | -  | -  | -     |
| <b>Independent non-executive Directors</b> 獨立非執行董事 |             |                                |                                  |  |  |  |  |       |
| Mr. Chan Wai Dune                                  | 陳維端先生       | 180                            | -                                | -  | -  | 727  | -  | 907   |
| Mr. Lam Ming Yung                                  | 林明勇先生       | 180                            | -                                | -  | -  | 727  | -  | 907   |
| Ms. Chen Chunhua                                   | 陳春花女士       | 180                            | -                                | -  | -  | 727  | -  | 907   |
|  |             | 540                            | -                                | -  | -  | 2,181  | -  | 2,721 |

# 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)

Except for Ms. Yuan Liqun, Mr. Li Jianwei and Mr. Zhang Xinhua, all of the other executive directors and non-executive directors mentioned above resigned on 31 March 2008. The following directors were appointed on 31 March 2008:

Executive directors:

- Mr. Wu Zhiqiang
- Mr. Qu Fei
- Mr. Gao Fazhong
- Mr. Zheng Weikang

Non-executive director:

- Mr. Cai Qiwu

The executive directors and non-executive director appointed on 31 March 2008 did not get any emoluments from the Group for the year ended 31 December 2007.

### 23 僱員福利開支 (續)

#### (b) 董事及高級管理人員酬金 (續)

除袁利群女士、栗建偉先生及張新華先生外，上述所有執行董事及非執行董事已於二零零八年三月三十一日辭任。下列董事已於二零零八年三月三十一日獲委任：

執行董事：

- 吳志強先生
- 瞿飛先生
- 郜發忠先生
- 鄭偉康先生

非執行董事：

- 蔡其武先生

於二零零八年三月三十一日獲委任之執行董事及非執行董事並無於截至二零零七年十二月三十一日止年度獲取本集團任何酬金。

# 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)

The remuneration of the directors for the year ended 31 December 2006 is set out below:

| Name of Director                           | 董事姓名        | Fees           | Salary   | Discretionary bonuses | Inducement fees | Other benefits (i) | Employer's Compensation        | office as director | Total    |
|--|-------------|----------------|----------|-----------------------|-----------------|--------------------|--------------------------------|--------------------|----------|
|  |             |                |          |                       |                 |                    | contribution to pension scheme |                    |          |
|  |             | HK\$'000       | HK\$'000 | HK\$'000              | HK\$'000        | HK\$'000           | 退休金計劃之<br>僱主供款                 | 董事離職之<br>補償        | HK\$'000 |
|  |             | 港幣千元           | 港幣千元     | 港幣千元                  | 港幣千元            | 港幣千元               | 港幣千元                           | 港幣千元               | 港幣千元     |
| <b>Executive Directors</b>                 |             | <b>執行董事</b>    |          |                       |                 |                    |                                |                    |          |
| Mr. Fang Hongbo                            | 方洪波先生       | -              | -        | -                     | -               | 932                | -                              | -                  | 932      |
| Mr. Zhang Quan                             | 張權先生        | -              | -        | -                     | -               | 932                | -                              | -                  | 932      |
| Mr. Wang Wei (ii)                          | 王偉先生 (ii)   | -              | 55       | -                     | -               | 932                | -                              | -                  | 987      |
| Mr. Li Jianwei                             | 栗建偉先生       | -              | -        | -                     | -               | 202                | -                              | -                  | 202      |
| Mr. Li Donglai (iii)                       | 李東來先生 (iii) | -              | -        | -                     | -               | 18                 | -                              | -                  | 18       |
| <b>Non-executive Directors</b>             |             | <b>非執行董事</b>   |          |                       |                 |                    |                                |                    |          |
| Ms. Yuan Liqun (v)                         | 袁利群女士 (v)   | -              | -        | -                     | -               | 161                | -                              | -                  | 161      |
| Mr. Zhang Xinhua                           | 張新華先生       | -              | -        | -                     | -               | 128                | -                              | -                  | 128      |
| Mr. Chen Yuhang                            | 陳宇航先生       | -              | -        | -                     | -               | 128                | -                              | -                  | 128      |
| <b>Independent non-executive Directors</b> |             | <b>獨立非執行董事</b> |          |                       |                 |                    |                                |                    |          |
| Mr. Chan Wai Dune                          | 陳維端先生       | 180            | -        | -                     | -               | 18                 | -                              | -                  | 198      |
| Mr. Lam Ming Yung                          | 林明勇先生       | 180            | -        | -                     | -               | 18                 | -                              | -                  | 198      |
| Ms. Chen Chunhua                           | 陳春花女士       | 180            | -        | -                     | -               | 18                 | -                              | -                  | 198      |
|  |             | 540            | 55       | -                     | -               | 3,487              | -                              | -                  | 4,082    |

Notes:

- (i) Other benefits include leave pay, share based payments and insurance premium.
- (ii) Appointed on 17 January 2006 and resigned on 16 August 2006.
- (iii) Appointed on 16 August 2006 and resigned on 31 March 2008.
- (iv) Resigned on 30 July 2007.
- (v) Ms. Yuan Liqun, who was a non-executive Director, was redesignated as an executive Director on 4 January 2007.

附註：

- (i) 其他福利包括有薪假期、以股份付款及保費。
- (ii) 於二零零六年一月十七日獲委任，於二零零六年八月十六日辭任。
- (iii) 於二零零六年八月十六日獲委任及於二零零八年三月三十一日辭任。
- (iv) 於二零零七年七月三十日辭任。
- (v) 非執行董事袁利群女士已於二零零七年一月四日調任為執行董事。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 23 Employee Benefit Expenses (Continued)

#### (c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include three (2006: three) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining two (2006: two) individuals during the year are as follows:

|   | 2007<br>二零零七年<br>HK\$'000<br>港幣千元 | 2006<br>二零零六年<br>HK\$'000<br>港幣千元 |
|---|-----------------------------------|-----------------------------------|
| Basic salaries, housing allowances, other allowances and benefits in kind | 2,551                             | 927                               |
| Contribution to pension schemes   | 55                                | 47                                |
|   | <b>2,606</b>                      | 974                               |

The emoluments fell within the following bands:

#### Emolument bands 酬金組別

|                               | 2007<br>二零零七年 | 2006<br>二零零六年 |
|-------------------------------|---------------|---------------|
| Nil – HK\$1,000,000           | –             | 2             |
| HK\$1,000,000 – HK\$1,500,000 | 2             | –             |

### 23 僱員福利開支 (續)

#### (c) 五位最高薪酬人士

本年度集團內五位最高薪酬人士包括三位(二零零六年：三位)董事，其酬金已載於上文分析。本年度餘下兩位(二零零六年：兩位)最高薪酬人士之酬金分析如下：

最高薪酬人士之酬金組別如下：

#### Number of individuals 人數

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 24 Finance Costs – Net

### 24 融資成本 — 淨額

|   |                   | 2007<br>二零零七年<br>HK\$'000<br>港幣千元 | 2006<br>二零零六年<br>HK\$'000<br>港幣千元 |
|---|-------------------|-----------------------------------|-----------------------------------|
| Interest expense and bank handling charges                  | 利息開支及銀行手續費        | 27,666                            | 23,899                            |
| Exchange loss   | 匯兌虧損              | 16,736                            | 11,828                            |
| Finance cost  | 融資成本              | 44,402                            | 35,727                            |
| Finance income – interest income on short-term bank deposit | 融資收入 – 短期銀行存款利息收入 | (10,329)                          | (7,856)                           |
| Net finance cost  | 融資成本淨額            | 34,073                            | 27,871                            |

### 25 Income Tax Expense

### 25 所得稅開支

- (a) No Hong Kong profits tax has been provided as the Group did not have any assessable profit in Hong Kong. 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.

- (a) 由於本集團並無於香港賺取任何應課稅利潤，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度之估計應課稅利潤按各司法權區之現行稅率計算。

|                       |       | 2007<br>二零零七年<br>HK\$'000<br>港幣千元 | 2006<br>二零零六年<br>HK\$'000<br>港幣千元 |
|-----------------------|-------|-----------------------------------|-----------------------------------|
| Enterprise income tax | 企業所得稅 | 5,389                             | 2,352                             |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 25 Income Tax Expense (Continued)

(a) (Continued)

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the entities as follows:

|   |                             | 2007<br>二零零七年<br>HK\$'000<br>港幣千元 | 2006<br>二零零六年<br>HK\$'000<br>港幣千元 |
|---|-----------------------------|-----------------------------------|-----------------------------------|
| Loss before taxation  | 扣除稅項前虧損                     | <b>(49,612)</b>                   | (103,388)                         |
| Calculated at the PRC statutory tax rate of 33% (2006: 33%) | 按中國法定稅率33%計算<br>(二零零六年：33%) | <b>(16,372)</b>                   | (34,118)                          |
| Effect of different tax rates (i)                           | 稅率差異影響(i)                   | <b>11,382</b>                     | 3,457                             |
| Expenses not deductible for taxation purposes               | 不可用作扣減稅項之費用                 | <b>10,051</b>                     | 2,723                             |
| Unrecognised deferred tax assets                            | 未確認遞延稅項資產                   | <b>328</b>                        | 30,290                            |
| Taxation charge   | 稅項支出                        | <b>5,389</b>                      | 2,352                             |

(i) According to the relevant income tax laws of the PRC, the subsidiaries of the Group are subject to income tax rates of 15%, 27% or 33%, mainly due to different places of incorporation/establishment (See note (b) for further details).

The unprovided deferred taxation as at 31 December 2007 was detailed in Note 19.

### 25 所得稅開支 (續)

(a) (續)

本集團就除稅前溢利之應課稅項與採用適用於實體之加權平均稅率計算之理論稅款差異如下：

(i) 根據相關中國所得稅法，本集團之附屬公司須按15%、27%或33%稅率繳付所得稅，主要由於註冊成立、成立地點不同(詳情請參閱附註(b))。

於二零零七年十二月三十一日之未撥備遞延稅項詳情見附註19。



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 25 Income Tax Expense (Continued)

#### (b) Changes in Enterprise Income Tax Law in the PRC

Pursuant to the PRC Enterprise Income Tax Law passed by the Tenth National People's Congress on 16 March 2007, the new enterprise income tax for domestic and foreign enterprises is unified at 25%, effective 1 January 2008. In addition, The PRC Enterprise Income Tax Law also provides a five-year transitional period starting from its effective date for those enterprises which were established before the promulgation date of the new tax law and which were entitled to a preferential lower income tax rates under the then effective tax laws or regulations.

### 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\$66,731,000 (2006: HK\$84,563,000).

### 27 Loss Per Share

#### Basic

The calculations of basic loss per share are based on Group's loss attributable to equity holders of the Company of approximately HK\$60,684,000 (2006: HK\$112,647,000) and the weighted average number of 4,725,032,230 shares (2006: 4,196,798,257 shares) ordinary shares in issue during the year.

#### Diluted

For the year ended 31 December 2007 and 2006, potential dilutive ordinary shares are not included in the calculation of diluted loss per share because they are anti-dilutive.

### 25 所得稅開支 (續)

#### (b) 中國企業所得稅法之變動

根據第十屆全國人民代表大會於二零零七年三月十六日通過的中國企業所得稅法，本地及外資企業的新企業所得稅率統一訂定為25%，於二零零八年一月一日起生效。此外，中國企業所得稅法亦規定新稅法頒佈日期之前成立的企業享受自該稅法生效日期起五年的過渡期，其有權按照當時的稅務法律或法規享受較低的優惠所得稅率。

### 26 本公司股權持有人應佔虧損

計入本公司財務報表之本公司股權持有人應佔虧損約為港幣66,731,000元(二零零六年：港幣84,563,000元)。

### 27 每股虧損

#### 基本

每股基本虧損是根據本公司股權持有人應佔本集團虧損約港幣60,684,000元(二零零六年：港幣112,647,000元)計算及按年內已發行普通股之加權平均數4,725,032,230股(二零零六年：4,196,798,257股)計算。

#### 攤薄

截至二零零七年及二零零六年十二月三十一日止年度，由於潛在攤薄普通股並無攤薄效應，故在計算每股攤薄虧損時並無將潛在攤薄普通股計算在內。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 28 Dividends

The directors do not recommend the payment of a dividend for the year ended 31 December 2007 (2006: Nil).

### 28 股息

董事不建議派發截至二零零七年十二月三十一日止年度之股息(二零零六年：無)。

### 29 Cash Generated From/(Used In) Operations

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

### 29 經營產生／(動用)之現金

經營虧損與經營活動之現金流入／(流出)淨額對賬表：

|  |                   | 2007<br>二零零七年<br>HK\$'000<br>港幣千元 | 2006<br>二零零六年<br>HK\$'000<br>港幣千元 |
|--|-------------------|-----------------------------------|-----------------------------------|
| Loss before income tax                                   | 扣除所得稅前虧損          | (49,612)                          | (103,388)                         |
| Adjustments for:   | 調整：               |                                   |                                   |
| - Depreciation   | - 折舊              | 62,934                            | 60,010                            |
| - Amortisation of leasehold land and land use right      | - 租賃土地及土地使用權攤銷    | 916                               | 711                               |
| - Impairment of property, plant and equipment            | - 物業、廠房及設備減值      | 1,242                             | 2,046                             |
| - (Surplus)/deficit revaluation of investment properties | - 投資物業重估(盈餘)／虧絀   | (5,576)                           | 2,754                             |
| - Loss on disposals of property, plant and equipment     | - 出售物業、廠房及設備之虧損   | 8,201                             | 19,677                            |
| - Loss on write off leasehold land and land use rights   | - 撇銷租賃土地及土地使用權之虧損 | -                                 | 5,956                             |
| - Loss on disposal of subsidiaries                       | - 出售附屬公司之虧損       | -                                 | 520                               |
| - Share-based payment expenses                           | - 以股份付款開支         | 3,453                             | 4,125                             |
| - Waiver of bank loan                                    | - 豁免銀行貸款          | (14,757)                          | -                                 |
| - Government grants                                      | - 政府補貼            | (3,431)                           | (4,437)                           |
| - Interest income  | - 利息收入            | (10,329)                          | (7,856)                           |
| - Interest expense                                       | - 利息支出            | 23,399                            | 20,455                            |
| - Bank handling charges                                  | - 銀行手續費           | 4,267                             | 3,444                             |
| - Effect of foreign exchange translation                 | - 外幣匯兌影響          | (78,629)                          | (35,183)                          |
| Changes in working capital:                              | 營運資金變動：           |                                   |                                   |
| - Inventories  | - 存貨              | 92,205                            | (127,090)                         |
| - Due from related companies                             | - 應收關聯公司款項        | (14,913)                          | (163,658)                         |
| - Trade and other receivables                            | - 貿易及其他應收款        | (338,117)                         | 113,617                           |
| - Prepaid value-added tax                                | - 預付增值稅           | 10,251                            | 35,991                            |
| - Provision for warranty                                 | - 產品保養準備          | 36,699                            | 5,952                             |
| - Due to related companies                               | - 應付關聯公司款項        | 188,771                           | 27,426                            |
| - Trade and other payables                               | - 貿易及其他應付款        | 273,414                           | 126,270                           |
| Cash generated from/(used in) operations                 | 經營產生／(動用)之現金      | 190,388                           | (12,658)                          |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 29 Cash Generated From/(Used In) 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:

|   |                     | 2007<br>二零零七年<br>HK\$'000<br>港幣千元 | 2006<br>二零零六年<br>HK\$'000<br>港幣千元 |
|---|---------------------|-----------------------------------|-----------------------------------|
| Net book value disposed (Note 6)                        | 出售之賬面淨值(附註6)        | 29,073                            | 25,601                            |
| Loss on sale of property, plant and equipment (Note 21) | 出售物業、廠房及設備之虧損(附註21) | (8,201)                           | (19,677)                          |
| Proceeds from sale of property, plant and equipment     | 出售物業、廠房及設備所得款項      | 20,872                            | 5,924                             |

### 30 Contingent Liabilities

An action was brought by a subsidiary of the Group, Guangzhou Air-conditioning against a customer for an outstanding accounts receivable amounting to approximately Euro 2,141,000, in the Multi Member Court of First Instance of Thessalonica, Greece. The said customer brought an action against Guangzhou Air-conditioning for an alleged breach of contract in respect of compensation for loss and damage of reputation, totalling approximately Euro 13,681,000.

As at the date of this report, the trial has not yet commenced and the parties are negotiating to settle the above case out of the court. Having sought independent legal advice, the Directors consider that the possibility of the success of claim by the said customer is remote. Accordingly, no provision has been made in the accounts in respect of the above claim. The aforesaid outstanding receivables from this customer have been fully provided for.

### 29 經營產生／(動用)之現金(續)

(a) 經營虧損與經營活動之現金流入／(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：

### 30 或然負債

本集團一家附屬公司華凌空調在希臘薩洛尼卡多法官一審法庭就一名客戶未償還應收款約2,141,000歐元作出起訴。該客戶對華凌空調作出起訴，指稱其違約，就損失及對其聲譽受損而尋求賠償，總額約13,681,000歐元。

於本報告日，審訊尚未展開，而各方正就庭外和解進行磋商。董事於取得獨立法律意見後，認為上述客戶申索獲判勝訴的機會不大。因此，賬目中並無就上述申索提撥任何準備。上述客戶未償還應收款已全數作撥備。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 31 Commitments

- (a) Capital commitments for purchases of property, plant and equipment:

|                                 |         | Group<br>本集團                      |                                   |
|---------------------------------|---------|-----------------------------------|-----------------------------------|
|                                 |         | 2007<br>二零零七年<br>HK\$'000<br>港幣千元 | 2006<br>二零零六年<br>HK\$'000<br>港幣千元 |
|                                 |         | <b>58,376</b>                     | 54,381                            |
| Contracted but not provided for | 已簽約但未撥備 |                                   |                                   |

- (b) Commitments under operating leases – Group as the lessee

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

|   |           | Group<br>本集團                      |                                   |
|---|-----------|-----------------------------------|-----------------------------------|
|   |           | 2007<br>二零零七年<br>HK\$'000<br>港幣千元 | 2006<br>二零零六年<br>HK\$'000<br>港幣千元 |
| Not later than one year                           | 第一年內      | <b>6,439</b>                      | 717                               |
| Later than one year and not later than five years | 第一年後至第五年內 | -                                 | 572                               |
|   |           | <b>6,439</b>                      | 1,289                             |

### 31 承擔

- (a) 購買物業、廠房及設備之資本承擔：

- (b) 經營租賃承擔－本集團作為承租人

根據不可撤銷之經營租賃而於未來應付之最低租賃付款總額如下：

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 32 Related Party Transactions

Save as disclosed in other notes to the financial statements, the material related party transactions are as follows:

#### (a) Name and relationship with related parties

| Name  | Relationship  |
|---|---|
| Foshan Midea Household Appliance Co., Ltd. ("Midea Household Appliance")                              | Controlled by the ultimate holding company of the Company |
| Hefei Midea-Royalstar Electrical Equipment Marketing Co., Ltd. ("Midea-Royalstar")                    | Controlled by the ultimate holding company of the Company |
| Guangdong Welling Motor Manufacturing Company Limited ("Welling Motor")                               | Controlled by the ultimate holding company of the Company |
| Midea Group Wuhan Refrigeration Equipment Co., Ltd. ("Midea Wuhan")                                   | Controlled by the ultimate holding company of the Company |
| Guangdong Midea Wuhu Air-conditioning Equipment Co., Ltd. ("Midea Wuhu")                              | Controlled by the ultimate holding company of the Company |
| Guangdong Midea Commercial Air Conditioner & Equipment Co., Ltd. ("Midea Commercial Air Conditioner") | Under common significant influence                        |
| Guangdong Midea Air Conditioning Equipment Co., Ltd. ("Midea Air Conditioning")                       | Under common significant influence                        |
| Guangdong Meizhi Compressor Limited ("Meizhi Compressor")   | Under common significant influence                        |

### 32 關聯方交易

除在本財務報表中其他附註所披露外，重大關聯方交易詳情如下：

#### (a) 關聯方之名稱及關係

| 名稱                       | 關係            |
|--------------------------|---------------|
| 佛山市美的家用電器有限公司(「美的家電」)    | 受本公司之最終控股公司控制 |
| 合肥榮事達美的電器營銷有限公司(「美的榮事達」) | 受本公司之最終控股公司控制 |
| 廣東威靈電機製造有限公司(「威靈電機」)     | 受本公司之最終控股公司控制 |
| 美的集團武漢製冷設備有限公司(「美的武漢」)   | 受本公司之最終控股公司控制 |
| 廣東美的蕪湖製冷設備有限公司(「美的蕪湖」)   | 受本公司之最終控股公司控制 |
| 廣東美的商用空調設備有限公司(「美的商用空調」) | 受共同重大影響       |
| 廣東美的製冷設備有限公司(「美的製冷」)     | 受共同重大影響       |
| 廣東美芝製冷設備有限公司(「美芝製冷」)     | 受共同重大影響       |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 32 Related Party Transactions (Continued)

- (b) The following transactions were carried out with related parties in accordance with the terms mutually agreed by the respective parties:

### 32 關聯方交易 (續)

- (b) 與關聯方依據各方共同協定之條款進行之交易如下：

|   |                    | 2007<br>二零零七年<br>HK\$'000<br>港幣千元 | 2006<br>二零零六年<br>HK\$'000<br>港幣千元 |
|---|--------------------|-----------------------------------|-----------------------------------|
| Sales of finished goods:  | 銷售製成品：             |                                   |                                   |
| – Midea Commercial Air Conditioner  | – 美的商用空調           | 1,104                             | –                                 |
| – Midea-Royalstar   | – 美的榮事達            | 188,990                           | 35,358                            |
| – Midea Wuhu  | – 美的蕪湖             | 759                               | –                                 |
| – Midea Wuhan   | – 美的武漢             | 749                               | –                                 |
| – Midea Air Conditioning  | – 美的製冷             | 1,280,802                         | 152,298                           |
|   |                    | <b>1,472,404</b>                  | 187,656                           |
| Purchases of household appliances, semi-finished goods and materials and spare parts: | 購買家用電器、半製成品、物料及零件： |                                   |                                   |
| – Midea Household Appliance   | – 美的家電             | 51,970                            | 9,310                             |
| – Welling Motor   | – 威靈電機             | 101,477                           | 58,996                            |
| – Midea Wuhu  | – 美的蕪湖             | 267                               | –                                 |
| – Midea Wuhan   | – 美的武漢             | 9,234                             | –                                 |
| – Midea Commercial Air Conditioner  | – 美的商用空調           | –                                 | 450                               |
| – Midea Air Conditioning  | – 美的製冷             | 203,411                           | 153,743                           |
| – Meizhi Compressor   | – 美芝製冷             | 286,738                           | 69,772                            |
|   |                    | <b>653,097</b>                    | 292,271                           |

# 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) Key management compensation

#### (c) 主要管理人員酬金

|                                      | 2007<br>二零零七年<br>HK\$'000<br>港幣千元 | 2006<br>二零零六年<br>HK\$'000<br>港幣千元 |
|--------------------------------------|-----------------------------------|-----------------------------------|
| Salaries and other employee benefits | 2,081                             | 1,370                             |
| Share-based payments                 | 3,453                             | 3,763                             |
|                                      | <b>5,534</b>                      | 5,133                             |

#### (d) Balances with related companies:

#### (d) 與關聯公司之餘額：

|                                    | 2007<br>二零零七年<br>HK\$'000<br>港幣千元 | 2006<br>二零零六年<br>HK\$'000<br>港幣千元 |
|------------------------------------|-----------------------------------|-----------------------------------|
| Due from related companies:        |                                   |                                   |
| – Midea Wuhan                      | 1,054                             | –                                 |
| – Midea Wuhu                       | 601                               | –                                 |
| – Midea-Royalstar                  | 8,447                             | 27,258                            |
| – Midea Commercial Air Conditioner | 1,341                             | –                                 |
| – Midea Air Conditioning           | 172,554                           | 141,826                           |
|                                    | <b>183,997</b>                    | 169,084                           |
| Due to related companies           |                                   |                                   |
| – Midea Household Appliance        | 43,577                            | 3,216                             |
| – Welling Motor                    | 43,869                            | 21,241                            |
| – Midea Air Conditioning           | 70,011                            | 114,422                           |
| – Meizhi Compressor                | 202,085                           | 23,065                            |
| – Midea Commercial Air Conditioner | –                                 | 8,827                             |
|                                    | <b>359,542</b>                    | 170,771                           |

The balances due from/to related companies are interest free and are repayable on demand. No balance due from related companies are impaired or past due.

應收／應付關聯公司餘額乃免息及按通知還款。概無應收關聯公司款項減值或逾期。



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 33 Ultimate Holding Company

The directors regard Midea, a company incorporated in the PRC, as being the ultimate holding company.

### 34 Comparative Figures

Loss on disposal of property, plant and equipment are included in other gains/(losses) – net (Note 21) whereas in 2006 this amount had been classified in cost of goods sold. Accordingly, comparative figures have been reclassified so as to confirm with the current year's presentation.

### 35 Subsequent Events

On 23 November 2007, the Company and the Vendor entered into the Agreement. On 31 March 2008, the Proposed Transaction was completed. Details are disclosed in Note 2.1(ii).

On 15 April 2008, the Company changed its name from Hualing Holdings Limited to Welling Holding Limited.

Given that the Company and the Vendor are both indirect subsidiaries of Midea and under common control of Midea before and after the Proposed Transaction, the Company will apply the principles of merger accounting, as prescribed in Hong Kong Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the Hong Kong Institute of Certified Public Accountants in preparing the financial statement of the Group after the transactions as mention above.

#### (a) Financial information of the Welling Group

The following are the consolidated balance sheet and consolidated income statement of the Welling Group as at 31 December 2006 and 2007 and for each of the years then ended.

### 33 最終控股公司

董事認為最終控股公司為在中國註冊成立之美的。

### 34 比較數字

出售物業、廠房及設備之虧損已於本年度計入其他收益／(虧損)－淨額(附註21)，而二零零六年度該等金額已計入銷售貨品成本。因此，比較數字已經重新分類，與本年度之呈報一致。

### 35 結算日後事項

於二零零七年十一月二十三日，本公司與賣方訂立協議。於二零零八年三月三十一日，建議交易完成。詳情載於附註2.1(ii)。

於二零零八年四月十五日，本公司已將其名稱由華凌集團有限公司更改為威靈控股有限公司。

鑒於本公司與賣方均為美的之間接附屬公司，於建議交易前後受美的的共同控制，故本公司於編製上述交易後本集團之財務報表時已採用香港會計師公會頒佈的香港會計指引第5號「共同控制合併的合併會計法」所載的合併會計法原則。

#### (a) 威靈集團之財務資料

以下為於二零零六年及二零零七年十二月三十一日及截至該等日期止年度各年威靈集團之綜合資產負債表及綜合收益表：

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 35 Subsequent Events (Continued)

#### (a) Financial information of the Welling Group (Continued)

##### Consolidated balance sheets of the Welling Group

|  |                        | As at 31 December<br>於十二月三十一日     |                                   |
|--|------------------------|-----------------------------------|-----------------------------------|
|  |                        | 2007<br>二零零七年<br>RMB'000<br>人民幣千元 | 2006<br>二零零六年<br>RMB'000<br>人民幣千元 |
| <b>ASSETS</b>  | <b>資產</b>              |                                   |                                   |
| <b>Non-current assets</b>  | <b>非流動資產</b>           |                                   |                                   |
| Land use rights  | 土地使用權                  | 86,896                            | 104,768                           |
| Property, plant and equipment  | 物業、廠房及設備               | 358,213                           | 451,695                           |
| Intangible assets  | 無形資產                   | 19,731                            | 19,840                            |
| Available-for-sale financial assets                                      | 可供出售金融資產               | -                                 | 3,030                             |
|  |                        | <b>464,840</b>                    | 579,333                           |
| <b>Current assets</b>  | <b>流動資產</b>            |                                   |                                   |
| Inventories  | 存貨                     | 442,962                           | 421,186                           |
| Due from related companies   | 應收關聯公司款項               | 874,041                           | 1,357,898                         |
| Trade and other receivables  | 貿易及其他應收款               | 1,053,286                         | 1,274,201                         |
| Pledged bank deposits  | 已抵押銀行存款                | 92,805                            | 286,198                           |
| Cash and cash equivalents  | 現金及現金等價物               | 320,420                           | 167,413                           |
|  |                        | <b>2,783,514</b>                  | 3,506,896                         |
| <b>Total assets</b>  | <b>總資產</b>             | <b>3,248,354</b>                  | 4,086,229                         |
| <b>EQUITY</b>  | <b>權益</b>              |                                   |                                   |
| <b>Capital and reserves attributable to the Company's equity holders</b> | <b>本公司股權持有人應佔股本及儲備</b> |                                   |                                   |
| Share capital  | 股本                     | 83                                | 83                                |
| Other reserves   | 其他儲備                   | 87,162                            | 77,989                            |
| Retained earnings  | 保留盈利                   | 494,492                           | 229,906                           |
|  |                        | <b>581,737</b>                    | 307,978                           |
| <b>Minority interests</b>  | <b>少數股東權益</b>          | -                                 | 13,590                            |
| <b>Total equity</b>  | <b>總權益</b>             | <b>581,737</b>                    | 321,568                           |
| <b>LIABILITIES</b>   | <b>負債</b>              |                                   |                                   |
| <b>Current liabilities</b>   | <b>流動負債</b>            |                                   |                                   |
| Trade and other payables   | 貿易及其他應付款               | 1,349,142                         | 1,782,517                         |
| Due to related companies   | 應付關聯公司款項               | 953,214                           | 737,745                           |
| Current income tax liabilities   | 即期所得稅負債                | 4,372                             | 1,769                             |
| Borrowings   | 貸款                     | 359,889                           | 1,242,630                         |
|  |                        | <b>2,666,617</b>                  | 3,764,661                         |
| <b>Total liabilities</b>   | <b>總負債</b>             | <b>2,666,617</b>                  | 3,764,661                         |
| <b>Total equity and liabilities</b>                                      | <b>總權益及負債</b>          | <b>3,248,354</b>                  | 4,086,229                         |
| <b>Net current assets/(liabilities)</b>                                  | <b>流動資產/(負債)淨額</b>     | <b>116,897</b>                    | (257,765)                         |
| <b>Total assets less current liabilities</b>                             | <b>總資產減流動負債</b>        | <b>581,737</b>                    | 321,568                           |

### 35 結算日後事項 (續)

#### (a) 威靈集團之財務資料 (續)

##### 威靈集團之綜合資產負債表

As at 31 December  
於十二月三十一日

|  |                        | As at 31 December<br>於十二月三十一日     |                                   |
|--|------------------------|-----------------------------------|-----------------------------------|
|  |                        | 2007<br>二零零七年<br>RMB'000<br>人民幣千元 | 2006<br>二零零六年<br>RMB'000<br>人民幣千元 |
| <b>ASSETS</b>  | <b>資產</b>              |                                   |                                   |
| <b>Non-current assets</b>  | <b>非流動資產</b>           |                                   |                                   |
| Land use rights  | 土地使用權                  | 86,896                            | 104,768                           |
| Property, plant and equipment  | 物業、廠房及設備               | 358,213                           | 451,695                           |
| Intangible assets  | 無形資產                   | 19,731                            | 19,840                            |
| Available-for-sale financial assets                                      | 可供出售金融資產               | -                                 | 3,030                             |
|  |                        | <b>464,840</b>                    | 579,333                           |
| <b>Current assets</b>  | <b>流動資產</b>            |                                   |                                   |
| Inventories  | 存貨                     | 442,962                           | 421,186                           |
| Due from related companies   | 應收關聯公司款項               | 874,041                           | 1,357,898                         |
| Trade and other receivables  | 貿易及其他應收款               | 1,053,286                         | 1,274,201                         |
| Pledged bank deposits  | 已抵押銀行存款                | 92,805                            | 286,198                           |
| Cash and cash equivalents  | 現金及現金等價物               | 320,420                           | 167,413                           |
|  |                        | <b>2,783,514</b>                  | 3,506,896                         |
| <b>Total assets</b>  | <b>總資產</b>             | <b>3,248,354</b>                  | 4,086,229                         |
| <b>EQUITY</b>  | <b>權益</b>              |                                   |                                   |
| <b>Capital and reserves attributable to the Company's equity holders</b> | <b>本公司股權持有人應佔股本及儲備</b> |                                   |                                   |
| Share capital  | 股本                     | 83                                | 83                                |
| Other reserves   | 其他儲備                   | 87,162                            | 77,989                            |
| Retained earnings  | 保留盈利                   | 494,492                           | 229,906                           |
|  |                        | <b>581,737</b>                    | 307,978                           |
| <b>Minority interests</b>  | <b>少數股東權益</b>          | -                                 | 13,590                            |
| <b>Total equity</b>  | <b>總權益</b>             | <b>581,737</b>                    | 321,568                           |
| <b>LIABILITIES</b>   | <b>負債</b>              |                                   |                                   |
| <b>Current liabilities</b>   | <b>流動負債</b>            |                                   |                                   |
| Trade and other payables   | 貿易及其他應付款               | 1,349,142                         | 1,782,517                         |
| Due to related companies   | 應付關聯公司款項               | 953,214                           | 737,745                           |
| Current income tax liabilities   | 即期所得稅負債                | 4,372                             | 1,769                             |
| Borrowings   | 貸款                     | 359,889                           | 1,242,630                         |
|  |                        | <b>2,666,617</b>                  | 3,764,661                         |
| <b>Total liabilities</b>   | <b>總負債</b>             | <b>2,666,617</b>                  | 3,764,661                         |
| <b>Total equity and liabilities</b>                                      | <b>總權益及負債</b>          | <b>3,248,354</b>                  | 4,086,229                         |
| <b>Net current assets/(liabilities)</b>                                  | <b>流動資產/(負債)淨額</b>     | <b>116,897</b>                    | (257,765)                         |
| <b>Total assets less current liabilities</b>                             | <b>總資產減流動負債</b>        | <b>581,737</b>                    | 321,568                           |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 35 Subsequent Events (Continued)

#### (a) Financial information of the Welling Group (Continued)

#### Consolidated income statement of the Welling Group

|  |                                  | Year ended 31 December<br>截至十二月三十一日止年度 |                                   |
|--|----------------------------------|--|-----------------------------------|
|  |                                  | 2007<br>二零零七年<br>RMB'000<br>人民幣千元      | 2006<br>二零零六年<br>RMB'000<br>人民幣千元 |
| <b>Continuing operations:</b>                                  | <b>持續經營業務：</b>                   |  |                                   |
| Turnover   | 營業額                              | <b>4,510,287</b>                       | 3,264,569                         |
| Cost of sales  | 銷售成本                             | <b>(4,038,787)</b>                     | (2,950,841)                       |
| <b>Gross profit</b>  | <b>毛利</b>                        | <b>471,500</b>                         | 313,728                           |
| Other income, net  | 其他收入，淨額                          | <b>6,105</b>                           | 2,478                             |
| Selling and marketing costs                                    | 銷售及市場推廣成本                        | <b>(83,446)</b>                        | (61,023)                          |
| Administrative expenses  | 行政開支                             | <b>(107,821)</b>                       | (77,626)                          |
| <b>Operating profit</b>  | <b>經營利潤</b>                      | <b>286,338</b>                         | 177,557                           |
| Finance income/(costs) – net                                   | 融資收入／(成本) – 淨額                   | <b>4,368</b>                           | (163)                             |
| <b>Profit before income tax</b>                                | <b>扣除所得稅前利潤</b>                  | <b>290,706</b>                         | 177,394                           |
| Income tax expense   | 所得稅開支                            | <b>(24,121)</b>                        | (2,568)                           |
| <b>Profit for the year from continuing operations</b>          | <b>來自持續經營業務的<br/>本年度利潤</b>       | <b>266,585</b>                         | 174,826                           |
| <b>Discontinued operations:</b>                                | <b>已終止經營業務：</b>                  |  |                                   |
| <b>Profit/(loss) for the year from discontinued operations</b> | <b>來自已終止經營業務的<br/>本年度利潤／(虧損)</b> | <b>9,562</b>                           | (7,566)                           |
| <b>Profit for the year</b>                                     | <b>本年度利潤</b>                     | <b>276,147</b>                         | 167,260                           |

### 35 結算日後事項 (續)

#### (a) 威靈集團之財務資料 (續)

#### 威靈集團之綜合收益表

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 35 Subsequent Events (Continued)

#### (b) Financial information of the Disposed Group

The following are the combined balance sheet and combined income statement of the Disposed Group as at 31 December 2006 and 2007 and for each of the years then ended:

#### Combined balance sheet of the Disposed Group

|  |                        | As at 31 December<br>於十二月三十一日     |                                   |
|--|------------------------|-----------------------------------|-----------------------------------|
|  |                        | 2007<br>二零零七年<br>HK\$'000<br>港幣千元 | 2006<br>二零零六年<br>HK\$'000<br>港幣千元 |
| <b>ASSETS</b>  | <b>資產</b>              |                                   |                                   |
| <b>Non-current assets</b>  | <b>非流動資產</b>           |                                   |                                   |
| Property, plant and equipment  | 物業、廠房及設備               | <b>361,048</b>                    | 345,011                           |
| Investment properties  | 投資物業                   | <b>106,800</b>                    | 101,224                           |
| Leasehold land and land use rights                                       | 租賃土地及土地使用權             | <b>100,177</b>                    | 29,470                            |
| Other non-current assets   | 其他非流動資產                | -                                 | 505                               |
|  |                        | <b>568,025</b>                    | 476,210                           |
| <b>Current assets</b>  | <b>流動資產</b>            |                                   |                                   |
| Inventories  | 存貨                     | <b>399,704</b>                    | 491,909                           |
| Due from related companies   | 應收關聯公司款項               | <b>183,997</b>                    | 169,084                           |
| Trade and other receivables  | 貿易及其他應收款               | <b>886,123</b>                    | 558,257                           |
| Pledged bank deposits  | 已抵押銀行存款                | <b>176,872</b>                    | 95,557                            |
| Cash and cash equivalents  | 現金及現金等價物               | <b>152,007</b>                    | 138,960                           |
|  |                        | <b>1,798,703</b>                  | 1,453,767                         |
| <b>Total assets</b>  | <b>總資產</b>             | <b>2,366,728</b>                  | 1,929,977                         |
| <b>OWNERS' EQUITY</b>  | <b>擁有人權益</b>           |                                   |                                   |
| <b>Capital and reserves attributable to the Company's equity holders</b> | <b>本公司股權持有人應佔股本及儲備</b> |                                   |                                   |
| Share capital  | 股本                     | <b>88,000</b>                     | 88,000                            |
| Other reserves   | 其他儲備                   | <b>(67,796)</b>                   | (16,675)                          |
| Accumulated losses   | 累積虧損                   | <b>(1,250,080)</b>                | (1,256,100)                       |
|  |                        | <b>(1,229,876)</b>                | (1,184,775)                       |
| <b>Minority interests</b>  | <b>少數股東權益</b>          | <b>55,930</b>                     | 50,247                            |
| <b>Total equity</b>  | <b>總權益</b>             | <b>(1,173,946)</b>                | (1,134,528)                       |

### 35 結算日後事項 (續)

#### (b) 已出售集團之財務資料

已出售集團於二零零六年及二零零七年十二月三十一日及截至該日期止各年度之合併資產負債表及合併收益表如下：

#### 已出售集團之合併資產負債表

As at 31 December  
於十二月三十一日

| 2007<br>二零零七年<br>HK\$'000<br>港幣千元 | 2006<br>二零零六年<br>HK\$'000<br>港幣千元 |
|-----------------------------------|-----------------------------------|
| <b>361,048</b>                    | 345,011                           |
| <b>106,800</b>                    | 101,224                           |
| <b>100,177</b>                    | 29,470                            |
| -                                 | 505                               |
| <b>568,025</b>                    | 476,210                           |
| <b>399,704</b>                    | 491,909                           |
| <b>183,997</b>                    | 169,084                           |
| <b>886,123</b>                    | 558,257                           |
| <b>176,872</b>                    | 95,557                            |
| <b>152,007</b>                    | 138,960                           |
| <b>1,798,703</b>                  | 1,453,767                         |
| <b>2,366,728</b>                  | 1,929,977                         |
| <b>88,000</b>                     | 88,000                            |
| <b>(67,796)</b>                   | (16,675)                          |
| <b>(1,250,080)</b>                | (1,256,100)                       |
| <b>(1,229,876)</b>                | (1,184,775)                       |
| <b>55,930</b>                     | 50,247                            |
| <b>(1,173,946)</b>                | (1,134,528)                       |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 35 Subsequent Events (Continued)

#### (b) Financial information of the Disposed Group (Continued)

#### Combined balance sheet of the Disposed Group (Continued)

### 35 結算日後事項 (續)

#### (b) 已出售集團之財務資料 (續)

#### 已出售集團之合併資產負債表 (續)

As at 31 December  
於十二月三十一日

|  |                 | 2007<br>二零零七年<br>HK\$'000<br>港幣千元 | 2006<br>二零零六年<br>HK\$'000<br>港幣千元 |
|--|-----------------|-----------------------------------|-----------------------------------|
| <b>LIABILITIES</b>                           | <b>負債</b>       |                                   |                                   |
| <b>Non-current liabilities</b>               | <b>非流動負債</b>    |                                   |                                   |
| Borrowings                                   | 貸款              | -                                 | 39,813                            |
| <b>Current liabilities</b>                   | <b>流動負債</b>     |                                   |                                   |
| Trade and other payables                     | 貿易及其他應付款        | <b>1,814,792</b>                  | 1,588,185                         |
| Due to the Company                           | 應付本公司款項         | <b>876,124</b>                    | 877,869                           |
| Due to related companies                     | 應付關聯公司款項        | <b>359,542</b>                    | 170,771                           |
| Current income tax liabilities               | 即期所得稅負債         | <b>537</b>                        | 214                               |
| Provision for warranty                       | 產品保養準備          | <b>73,003</b>                     | 36,304                            |
| Borrowings                                   | 貸款              | <b>416,676</b>                    | 351,349                           |
|  |                 | <b>3,540,674</b>                  | 3,024,692                         |
| <b>Total liabilities</b>                     | <b>負債總額</b>     | <b>3,540,674</b>                  | 3,064,505                         |
| <b>Total equity and liabilities</b>          | <b>權益及負債總額</b>  | <b>2,366,728</b>                  | 1,929,977                         |
| <b>Net current liabilities</b>               | <b>流動負債淨額</b>   | <b>(1,741,971)</b>                | (1,570,925)                       |
| <b>Total assets less current liabilities</b> | <b>總資產減流動負債</b> | <b>(1,173,946)</b>                | (1,094,715)                       |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 35 Subsequent Events (Continued)

#### (b) Financial information of the Disposed Group (Continued)

#### Combined income statement of the Disposed Group

|                                   |                   | Year ended 31 December<br>截至十二月三十一日止年度 |                                   |
|-----------------------------------|-------------------|--|-----------------------------------|
|                                   |                   | 2007<br>二零零七年<br>HK\$'000<br>港幣千元      | 2006<br>二零零六年<br>HK\$'000<br>港幣千元 |
| Turnover                          | 營業額               | <b>3,589,686</b>                       | 2,286,387                         |
| Cost of goods sold                | 銷售貨品成本            | <b>(3,304,475)</b>                     | (2,022,474)                       |
| <b>Gross profit</b>               | <b>毛利</b>         | <b>285,211</b>                         | 263,913                           |
| Other gains/(losses) — net        | 其他收益／(虧損) — 淨額    | <b>23,737</b>                          | (21,084)                          |
| Selling and marketing costs       | 銷售及市場推廣成本         | <b>(176,917)</b>                       | (188,998)                         |
| Administrative expenses           | 行政開支              | <b>(77,330)</b>                        | (102,856)                         |
| Other operating expenses          | 其他經營開支            | <b>(3,168)</b>                         | (10,952)                          |
| <b>Operating profit/(loss)</b>    | <b>經營溢利／(虧損)</b>  | <b>51,533</b>                          | (59,977)                          |
| Finance income                    | 融資收入              | <b>9,961</b>                           | 7,115                             |
| Finance costs                     | 融資成本              | <b>(44,402)</b>                        | (35,727)                          |
| Finance costs — net               | 融資成本 — 淨額         | <b>(34,441)</b>                        | (28,612)                          |
| Profit/(loss) before income tax   | 扣除所得稅前溢利／(虧損)     | <b>17,092</b>                          | (88,589)                          |
| Income tax expenses               | 所得稅開支             | <b>(5,389)</b>                         | (2,352)                           |
| <b>Profit/(loss) for the year</b> | <b>本年度溢利／(虧損)</b> | <b>11,703</b>                          | (90,941)                          |

### 35 結算日後事項 (續)

#### (b) 已出售集團之財務資料 (續)

#### 已出售集團之合併收益表

#### Year ended 31 December 截至十二月三十一日止年度

|                                   |                   | 2007<br>二零零七年<br>HK\$'000<br>港幣千元 | 2006<br>二零零六年<br>HK\$'000<br>港幣千元 |
|-----------------------------------|-------------------|-----------------------------------|-----------------------------------|
| Turnover                          | 營業額               | <b>3,589,686</b>                  | 2,286,387                         |
| Cost of goods sold                | 銷售貨品成本            | <b>(3,304,475)</b>                | (2,022,474)                       |
| <b>Gross profit</b>               | <b>毛利</b>         | <b>285,211</b>                    | 263,913                           |
| Other gains/(losses) — net        | 其他收益／(虧損) — 淨額    | <b>23,737</b>                     | (21,084)                          |
| Selling and marketing costs       | 銷售及市場推廣成本         | <b>(176,917)</b>                  | (188,998)                         |
| Administrative expenses           | 行政開支              | <b>(77,330)</b>                   | (102,856)                         |
| Other operating expenses          | 其他經營開支            | <b>(3,168)</b>                    | (10,952)                          |
| <b>Operating profit/(loss)</b>    | <b>經營溢利／(虧損)</b>  | <b>51,533</b>                     | (59,977)                          |
| Finance income                    | 融資收入              | <b>9,961</b>                      | 7,115                             |
| Finance costs                     | 融資成本              | <b>(44,402)</b>                   | (35,727)                          |
| Finance costs — net               | 融資成本 — 淨額         | <b>(34,441)</b>                   | (28,612)                          |
| Profit/(loss) before income tax   | 扣除所得稅前溢利／(虧損)     | <b>17,092</b>                     | (88,589)                          |
| Income tax expenses               | 所得稅開支             | <b>(5,389)</b>                    | (2,352)                           |
| <b>Profit/(loss) for the year</b> | <b>本年度溢利／(虧損)</b> | <b>11,703</b>                     | (90,941)                          |

# FIVE-YEAR FINANCIAL SUMMARY

## 五年財務摘要

Year ended 31 December

截至十二月三十一日止年度

|  |              | 2007<br>二零零七年<br>HK\$'000<br>港幣千元 | 2006<br>二零零六年<br>HK\$'000<br>港幣千元 | 2005<br>二零零五年<br>HK\$'000<br>港幣千元 | 2004<br>二零零四年<br>HK\$'000<br>港幣千元<br>(Restated)<br>(重列) | 2003<br>二零零三年<br>HK\$'000<br>港幣千元<br>(Restated)<br>(重列) |
|--|--------------|-----------------------------------|-----------------------------------|-----------------------------------|---|---|
| <b>Results</b>                                     | <b>業績</b>    |                                   |                                   |                                   |   |   |
| Turnover   | 營業額          | <b>3,589,686</b>                  | 2,286,387                         | 1,959,921                         | 1,891,483   | 1,573,322   |
| Loss attributable to equity holders of the Company | 本公司股權持有人應佔虧損 | <b>(60,684)</b>                   | (112,647)                         | (283,540)                         | (628,755)   | (76,976)  |
| <b>Assets and liabilities</b>                      | <b>資產及負債</b> |                                   |                                   |                                   |   |   |
| Total assets                                       | 總資產          | <b>2,370,637</b>                  | 1,943,900                         | 1,878,395                         | 1,508,763   | 2,013,426   |
| Total liabilities                                  | 總負債          | <b>(2,718,864)</b>                | (2,194,143)                       | (2,096,675)                       | (1,657,614)   | (1,608,536)   |
| Total (deficit)/equity                             | 總(虧絀)/權益     | <b>(348,227)</b>                  | (250,243)                         | (218,280)                         | (148,851)   | 404,890   |





**Welling**

威靈控股有限公司  
WELLING HOLDING LIMITED