



華凌集團有限公司
Hualing Holdings Limited

STOCK CODE 股份代號: 0382

Interim Report

2007

中期報告



CORPORATE INFORMATION

Directors

Executive

Mr. FANG Hongbo (*Chairman*)
Mr. ZHANG Quan
Mr. LI Dong Lai
Mr. LI Jianwei
Ms. YUAN Liqun (redesignated from non-executive Director to executive Director on 4 January 2007)

Non-executive

Mr. ZHANG Xin Hua
Mr. CHEN Yu Hang (resigned on 30 July 2007)

Independent non-executive

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

Qualified Accountant & Company Secretary

Ms. TANG Wai Ying, Tracy CPA FCCA

Auditors

PricewaterhouseCoopers
Certified Public Accountants
22nd Floor, Prince's Building,
Central, Hong Kong

集團資料

董事

執行

方洪波先生 (主席)
張權先生
李東來先生
栗建偉先生
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)

非執行

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

陳維端先生
林明勇先生
陳春花女士

合資格會計師及公司秘書

鄧惠英女士 CPA FCCA

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

CORPORATE INFORMATION (Continued)**Legal Advisers**

Richards Butler
20th Floor, Alexandra House,
16-20 Chater Road,
Hong Kong

Registered Office

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

Share Registrar

Computershare Hong Kong Investor Services Limited
46th Floor, Hopewell Centre,
183 Queen's Road East, Wanchai,
Hong Kong

Stock Code

382

Principal Bankers

Bank of China (Hong Kong) Limited
Bank of China
Industrial and Commercial Bank of China
China Construction Bank

Website Address

<http://www.hualing.com>

集團資料(續)**法律顧問**

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香港
中環遮打道16-20號
歷山大廈20樓

註冊辦事處

九龍尖沙咀
廣東道9號
海港城港威大廈
第6座39樓3904室

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46樓

股份代號

382

主要銀行

中國銀行(香港)有限公司
中國銀行
中國工商銀行
中國建設銀行

網站

<http://www.hualing.com>

INTERIM RESULTS

The directors (the “Directors”) of Hualing Holdings Limited (the “Company”) hereby announce the unaudited consolidated results of the Company and its subsidiaries (together, the “Group”) for the six months ended 30 June 2007 (the “Period”), together with the comparative figures for 2006. These interim financial information have not been audited, but have been reviewed by the Company’s audit committee and its external auditors (the “Auditors”).

MANAGEMENT DISCUSSION AND ANALYSIS

Overall Market Environment

In the first half of 2007, the home appliances industry was impacted by the rise in the upstream raw materials prices and the acceleration in the pace of Renminbi appreciation. Such factors have resulted in an increasing pressure on production costs and the diminishing edges on low costs as enjoyed by “Made in China”. Competition in the PRC home appliances industry was severe while pace of consolidation within the industry has been accelerated and this has made the “Matthew Effect”, under which, the strong has become stronger, even more obvious.

Refrigerator Industry Environment

In the first half of 2007, the PRC refrigerator industry sustained strong growth and the growth in sales volume has scaled a new height. In terms of product mix, there was a vigorous growth in demand for high-end refrigerators, such as dual-opening doors and multiple-doors series. According to China Market Monitor Co., Ltd. (中怡康零售市場監測), market shares of dual-opening doors and multiple-doors refrigerators have risen to 11%. In respect of brand competition within the industry, the growth of renowned brands was strong and the competition was increasingly severe, resulting in the circumstances under which the strong has become stronger.

中期業績

華凌集團有限公司(「本公司」)之董事(「董事」)謹此宣佈本公司及其附屬公司(統稱「本集團」)截至二零零七年六月三十日止六個月(「本期間」)之未經審核綜合業績，連同二零零六年之比較數字。本中期財務資料未經審核，但已由本公司之審核委員會及其外部核數師(「核數師」)審閱。

管理層討論及分析

總體市場環境

二零零七年上半年家電行業受到上游原材料價格上漲，人民幣升值加快等因素影響，製造成本壓力進一步加大，「中國製造」的成本優勢正逐漸失去。加上中國家電行業競爭激烈，行業加快整合，強者更強的「馬太效應」更加突出。

冰箱行業環境

二零零七年上半年中國冰箱行業繼續保持良好增長勢頭，銷量增長保持了更高的增長比例。在產品結構方面，對開門和多門等高端冰箱增長迅猛，中怡康零售市場監測顯示，對開門和多門冰箱市場份額已達到11%。行業品牌競爭方面，強勢品牌增長迅速，行業競爭格局進一步加劇，強者更強開始顯現。

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Air-conditioner Industry Environment

The first half of 2007 indicated an improvement in the market environment of the PRC air-conditioner industry where a growth was resumed, in particular the year-on-year sales volume increased by over 10% in the domestic market, however, a rapid slow down in the growth rate of export. 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, such as Gree, Midea and Haier, and the diminishment in the operating environment for the weaker brands, there arose an oligarchic competition in the air-conditioner industry.

Business Performance

In the first half of 2007, the Group recorded a turnover of approximately HK\$2,004,512,000, representing a year-on-year growth of 51%. Gross profit amounted to approximately HK\$189,092,000, representing a year-on-year growth of 20%. Loss attributable to the equity holders of the Company decreased significantly to HK\$409,000. However, gross profit margin decreased from approximately 12% in the first half of 2006 to approximately 9% in the first half of 2007 due to, among others, the rise in the raw materials prices and the appreciation of Renminbi. The overall operating environment remained gloomy.

管理層討論及分析(續)

空調行業環境

二零零七年上半年中國空調行業形勢有所好轉，出現了恢復性的增長，尤其是內銷市場，銷量同比增長超過10%，但外銷增長速度急速放緩。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，格力、美的、海爾等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。

業務表現

二零零七年上半年錄得營業額約港幣2,004,512,000元，同比增長51%。毛利約港幣189,092,000元，同比增長20%。本公司股權持有人應佔虧損大幅縮減至港幣409,000元。然而，由於原材料價格上漲，以及人民幣增值等因素，毛利率實際是由二零零六年上半年約12%降至二零零七年上半年約9%，整體經營環境仍然困難。

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Analysis of Refrigerator Business

The Group's sales revenue from refrigerators accounted for approximately 38% of its total turnover during the Period.

The Group's sales revenue from refrigerators in the first half of 2007 amounted to approximately HK\$754,154,000, representing an increase of approximately 29% from that of the corresponding period of last year. Sales volume was approximately 948,000 units, representing an increase of 34% from that of the corresponding period of last year. This was mainly attributable to the changes in sales mix of the refrigerator business. There was a larger increase in sales revenue from OEM operation compared with previous periods. The OEM sales from the controlling shareholder, Midea Group Co., Ltd. (the "Midea Group"), during the Period amounted to approximately HK\$120,529,000, representing a year-on-year increase of 452%.

In the first half of 2007, the Group's refrigerator export sales revenue amounted to approximately HK\$455,959,000, representing an increase of 40% from that of the corresponding period of last year and accounted for 60% of the total revenue from the Group's refrigerator business. During the Period, the Group's export sales volume was approximately 658,900 units, representing an increase of 32% from that of the corresponding period of last year, and 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 edge of low cost as enjoyed by "Made in China" will vanish gradually, and as such, expansion of overseas market will be threatened. During the Period, domestic sales revenue from refrigerator business amounted to approximately HK\$298,195,000, representing an increase of 15% from that of the corresponding period of last year. Domestic sales volume was approximately 289,100 units, representing an increase of 38% from that of the corresponding period of last year. Such improvement was mainly due to the adjustment in the sales mix during the Period, in which the amount of OEM sales increased as compared to the previous years, which mainly generated from the OEM sales of HK\$120,529,000 from the Midea Group. Further opening up in the domestic market led to the escalating competition among renowned brands. Sales revenue generate from OEM sales of Midea Group will become the main source of sales revenue of the Group.

管理層討論及分析(續)

冰箱業務分析

本集團冰箱銷售額佔本集團本期間整體營業額約38%。

本集團於二零零七年上半年之冰箱銷售額約港幣754,154,000元，較去年同期上升約29%；銷售量約948,000台，較去年同期上升34%。主要由於冰箱銷售結構有所調整，本期代加工銷售收入比以往增長較大，本期間來自控股股東美的集團有限公司（「美的集團」）的代加工銷售額約港幣120,529,000元，同比增長452%。

本集團於二零零七年上半年冰箱出口銷售收入約港幣455,959,000元，較去年同期上升40%，佔冰箱總收入60%。於本期間，本集團出口銷售量約658,900台，比去年同期上升32%，這主要受益於本集團加強海外渠道拓展力度，並取得了明顯效果，然而隨著人民幣的不斷增值，「中國製造」的低成本優勢將逐漸失去，海外市場的拓展將面臨考驗。於本期間內，國內冰箱銷售收入約港幣298,195,000元，較去年同期上升15%；國內銷售量約289,100台，比去年同期上升38%，業績上升主要由於本期間銷售結構有所調整，代加工銷售額比往年較大，主要是來自於美的集團的代加工銷售額約港幣120,529,000元所致。國內市場的進一步開放，致使強勢品牌競爭日益加劇，美的集團的代加工銷售收入將成為本集團冰箱的重要銷售收入。

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Analysis of Air-conditioner Business

The Group's sales revenue from air-conditioners accounted for approximately 62% of its total turnover during the Period.

The Group's sales revenue from air-conditioners in the first half of 2007 amounted to approximately HK\$1,250,358,000, representing an increase of 68% from that of the corresponding period of last year. Sales volume of air-conditioners was approximately 880,100 units, representing an increase of 41% from that of the corresponding period of last year. There was a significant improvement in the turnover of the Group's air-conditioners business and this was mainly because the selling prices increased as a result of the rise in raw materials prices in the air-conditioner industry and the sales revenue from the OEM business grew at a faster pace as compared with previous periods. The OEM sales revenue from the Midea Group during the Period amounted to approximately HK\$407,499,000. There were no OEM products for Midea Group during the corresponding period of last year, coupled with the Group's unremitting effort in introducing new models and the expansion of the third and fourth tier domestic markets. The Group expects air-conditioner business will face fierce competition due to the low price competition arising from the emergence of small household appliances brands domestically and the fact that famous brands attach great important to environmental friendly and quality design.

In the first half of 2007, the export sales revenue from the Group's air-conditioner business amounted to approximately HK\$338,210,000, representing a decrease of 24% as compared with the corresponding period of last year and accounted for 27% of the total revenue from the air-conditioner business. During the Period, the Group's export sales volume was approximately 285,900 units, representing a decrease of 34% from that of the corresponding period of last year, and this was mainly attributable to the adjustment in the sales channels, the rise in raw materials prices which undermined the competitiveness in export and the appreciation of Renminbi. In the domestic market, sales revenue from the Group's air-conditioner business amounted to approximately HK\$912,148,000, representing an increase of 205% from that of the corresponding period of last year. During the Period, the domestic sales volume of the Group's air-conditioner business was approximately 594,200 units, representing an increase of 209% from that of the corresponding period of last year, and this was mainly due to the Group's effective expansion in the third and fourth tier domestic markets as well as the significantly larger volume in OEM sales during the Period, which mainly generated from the OEM sales of HK\$407,499,000 from the Midea Group. In the face of increasingly cutthroat competition in the industry, sales revenue from OEM sales of Midea Group will become the main source of sales revenue of the Group.

管理層討論及分析 (續)

空調業務分析

本集團空調銷售額佔本集團本期間內整體營業額約62%。

本集團於二零零七年上半年之空調銷售額約港幣1,250,358,000元，較去年同期上升68%；空調銷售量約880,100台，較去年同期上升41%。期內空調業務銷售額出現較大升幅，主要是由於空調行業原材料價格上漲，導致對外銷售價格有所提高。同時本期代加工銷售收入比以往大幅增長，期內來自美的集團的代加工銷售額約達港幣407,499,000元，去年同期並沒有為美的集團代加工產品。以及本集團不斷推出新品種，開拓國內三四線市場。然而隨著國內小型家電品牌冒起的廉價競爭，再加上大型品牌重視環保及素質的設計，本集團預期空調行業將面臨巨大競爭。

本集團空調產品於二零零七年上半年出口銷售約為港幣338,210,000元，較去年同期下降24%，出口銷售佔空調總收入27%。期內，本集團出口銷售量約為285,900台，比去年同期下降34%，下降原因主要是銷售渠道調整，原材料的價格上漲，導致出口競爭力下降以及人民幣增值。於國內市場方面，本集團國內空調銷售收入約為港幣912,148,000元，比去年同期上升205%；回顧期內本集團空調產品國內銷售量約為594,200台，比去年同期上升209%，上升主要原因是本集團有效地開拓國內三四線市場。同時本期的代加工量較以往大幅增長，主要來自於美的集團之代加工銷售額港幣407,499,000元所致。面對日益加劇的同業競爭，美的集團的代加工銷售收入將成為本集團空調的重要銷售收入。

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Overall Operating Performance

Strengthening Research & Development of High-end Products and Emphasis on Building up Core Technologies

In the first half of 2007, the Group insisted on increasing its investment in research and development and focused on building up the core technologies in the fields of air-conditioners and refrigerators. Research and development of air-conditioners has made a breakthrough in terms of efficiency and direct current invertors' technologies, while in-depth research and development of refrigerators was undertaken in the studies on cryogenic, frost-free and preservation technologies.

Further Delegation of Power and Expansion of Distribution Channel

Reforms in marketing system were implemented and more power was delegated to the regional sales offices, which enjoyed greater autonomy in terms of human, financial and material resources. The Group further expanded its sales channels on the foundation of the regional sales offices and developed marketing strategies with clear targets that suit specific local environment.

Implementation of Production Efficiency Improvement Project

The Group realised lean production and set up a production system with higher efficiency by upgrading the production technologies of local factories under its production efficiency improvement project. Key Performance Indicators (KPI) were adopted and provisional examination target rates were assigned to every factory. In 2007, the Group's production efficiency will be increased through such production efficiency improvement project.

Bolstering up the Integration of Value Chain and Materializing a Seamless Value Chain

Export sales and domestic sales value chain working groups were established and regular joint meetings with relevant departments, such as the research and development, production, sales and quality control departments, were held. Practical solutions in respond to the problems arising from the real life production processes were adopted in such meetings and the smooth product delivery along the internal value chain was largely realised.

管理層討論及分析(續)

整體營運表現

加強高端產品的研發，注重核心技術的沉澱和積累

二零零七年上半年集團堅持加大對研發的資源投入，注重了在空調和冰箱核心技術方面的沉澱和積累。空調研發重點突破高能效、直流變頻技術，冰箱加強在深冷、無霜和保鮮技術的研究。

營銷權力進一步下放，實現深度分銷

進行營銷體制變革，權力進一步下放給各區域銷售中心，銷售中心擁有更大的人、財、物的權利。以區域銷售中心為主體深入拓展銷售渠道，並因地制宜地制定有針對性的營銷策略。

實施製造效率提升工程

通過實施製造效率提升工程推進各地工廠的製造升級，實現精益成長，打造高效率的製造體系。制定了效率提升的關鍵指標(KPI)，並對各工廠制定了階段性的考核目標值。通過這次製造效率提升工程，二零零七年度本集團製造效率將有所提高。

加強價值鏈一體化建設，實現產品價值鏈無縫對接

成立了外銷和內銷產品兩個價值鏈小組，研、產、銷、品質相關部門定期舉行聯席會議，切實有效地解決實際中生產出現的問題，基本實現了產品交付過程中的內部價值鏈無縫對接。

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Overall Operating Performance (Continued)

Reinforcement of the Efficiency-oriented Corporate Culture

The Group gradually introduced an efficiency-oriented corporate culture within itself that linked staff's remuneration with the company, departments and their personal evaluation results. Through the introduction and nurturing of the efficiency-oriented corporate culture, staff was fully mobilized and was given more incentive to work.

Financial Review

Liquidity and Financial Resources

The Group continues to adopt prudent funding and treasury policies. As at 30 June 2007, the Group's aggregate borrowings increased to approximately HK\$434,089,000 (31 December 2006: approximately HK\$391,162,000), which all are bearing fixed interest rate. The increase in borrowings is mainly due to the net addition of approximately HK\$42,927,000 during the Period. Bank balances and cash amounted to approximately HK\$342,948,000 (31 December 2006: HK\$247,199,000). The balances of the Group's trade and notes receivables amounted to approximately HK\$1,287,354,000 (31 December 2006: HK\$438,830,000).

Capital Structure and Pledge of Assets

As at 30 June 2007, the Group had net deficit attributable to the shareholders of approximately HK\$322,026,000. As at 30 June 2007, the gearing ratio, represented by the ratio between total bank borrowings and total assets, was approximately 14% (31 December 2006: approximately 20%). As at 30 June 2007, property, plant and equipment and leasehold land and land use rights with net book value of approximately HK\$59,437,000 (31 December 2006: approximately HK\$81,335,000) were pledged as security for the Group's short term bank borrowings. Although the Group faces difficulties in raising loans from banks as it continues to record net deficit attributable to the shareholders, all banks are willing to renew the existing loans and/or extend the repayment terms, which is attributable to the financial support of the controlling shareholder, Midea Group. As at 30 June 2007, approximately HK\$370,752,000 (31 December 2006: approximately HK\$316,512,000) of the Group's borrowings were guaranteed by the Midea Group or a subsidiary of the Midea Group. In addition, the Group has unutilised banking facilities of approximately HK\$168,671,000, the whole balance were guaranteed by the Midea Group or a subsidiary of the Midea Group, which can be used to meet the short-term cash demands. Details of contingent liabilities are set out in Note 23 to the interim financial information.

管理層討論及分析 (續)

整體營運表現 (續)

加強高績效導向的企業文化建設

集團逐步導入高績效導向的文化，將每個員工的收益與公司、部門及個人的績效考核直接掛鉤。通過高績效企業文化的導入和深化，充分調動員工積極性，激發員工活力。

財務回顧

流動資金及財政資源

本集團繼續採取審慎之資金和財務政策。於二零零七年六月三十日，本集團之總借貸增加至約港幣434,089,000元(二零零六年十二月三十一日：約港幣391,162,000元)，全部為定息貸款，借貸之上升主要歸於期內新增淨額約港幣42,927,000元。銀行結餘及現金則約港幣342,948,000元(二零零六年十二月三十一日：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1,287,354,000元(二零零六年十二月三十一日：港幣438,830,000元)。

資本結構及資產抵押

於二零零七年六月三十日，本集團之股東虧絀淨額約港幣322,026,000元。於二零零七年六月三十日，本集團之負債比率指本集團的銀行總借貸佔資產總值之比例，為約14%(二零零六年十二月三十一日：約20%)。於二零零七年六月三十日，短期銀行借貸乃由本集團賬面淨值約港幣59,437,000元(二零零六年十二月三十一日：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。本集團仍處於股東虧絀淨額，故此向銀行借貸十分困難，但得到控股股東美的集團的財務支持，各銀行均願意續簽或/及延長還款期限。於二零零七年六月三十日，本集團約港幣370,752,000元(二零零六年十二月三十一日：約港幣316,512,000元)借貸乃由美的集團或美的集團之一間附屬公司作出擔保。此外，本集團未動用銀行信貸約港幣168,671,000元，全數由美的集團或美的集團之一間附屬公司擔保，此信貸可用於應付集團之短期現金需要。有關或然負債詳情載於中期財務資料附註23。

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Financial Review (Continued)

Exposure to the Risk of 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 exchange rate fluctuation is relatively low. During the Period, the Group mainly used its income in Renminbi to settle the expenses from 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.

Human Resources

As at 30 June 2007, the Group employed approximately 5,620 full time staff in Hong Kong and the PRC. The Group continued to improve its human resources management. With several years of efforts, the Group has established hiring, remuneration, appraisal, training and benefits systems that suit its corporate development. The Group perfected its staff appraisal system and processes and digitalised them with its IT system in the first half of 2007. The Company has also adopted a share options scheme and has provided free housing to certain staff in the PRC.

Future Prospect

Since the Group is still recording shareholders' net deficit, while the household appliance industry is affected by factors such as increased price of upstream raw materials, nationwide labour shortage and acceleration of appreciation of Renminbi, we therefore encounter difficulties arising from further increased cost pressure and a more competitive global household appliance industry. The Group will face a more severe business environment in the second half of this year as the household appliance industry enters into slack season. The management will continue to review the business policies, asset structure and operation efficiency of the Group and actively explore other strategic measures to increase the value of the Group. Looking forward, we will endeavour to optimise our capital structure and seek to enhance shareholder value.

Meanwhile, the management will continue to optimise the allocation of resources, enhance operation efficiency and cost and expenses management in order to improve our financial results and conditions.

管理層討論及分析(續)

財務回顧(續)

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，於本期間，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營運資金需求。

人力資源

於二零零七年六月三十日，本集團於香港及國內共聘用約5,620名全職僱員。本集團不斷提高人力資源管理，通過近幾年的努力，已建立適應企業發展的招聘、薪資、考核、培訓和福利體系。二零零七年上半年，集團進一步完善員工考評制度和流程，並通過IT系統實現電子化。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。

未來發展

鑒於本集團仍處於股東虧絀淨額，以及家電行業受到上游原材料價格上漲，全國勞動力短缺，人民幣升值加快等因素影響，製造成本壓力進一步加大，全球家電市場競爭將更加激烈。下半年進入了產品銷售的淡季，本集團的經營情況將面臨更大的壓力。管理層將繼續檢討本集團的經營方針，資產結構及營運效益，積極發掘不同的策略性措施，從而提升本集團的價值。展望未來，管理層將致力優化資本架構並提升股東價值。

同時，管理層將繼續優化資源分配，提高運作效率，加強成本和開支監控，以改善財務業績和狀況。

DIRECTORS' AND CHIEF EXECUTIVE INTERESTS IN EQUITY AND DEBT SECURITIES

As at 30 June 2007, the interests and short positions of the Directors and chief executive of the Company in office as at 30 June 2007 in the shares, underlying shares and debentures of the Company or 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 by the Company under Section 352 of the SFO or which have to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Director or chief executive is taken or deemed to have under such provisions of the SFO) and the Model Code for Securities Transactions by the Directors of Listed Issuers contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

Interests in share options of the Company

Name 姓名	Options held at 1 January 2007 於二零零七年一月一日持有之購股權	Options granted during the Period 期內已授出之購股權	Options exercised during the Period 期內已行使之購股權	Options held at 30 June 2007 於二零零七年六月三十日持有之購股權	Exercise price 行使價	Grant date 授出日期	Exercisable from 行使開始日期	Exercisable until 行使結束日期	
									HK\$ 港元
Directors:	董事:								
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

Share options are granted to the Directors under the 2003 Share Option Scheme. Details of share options schemes are disclosed in Note 12(b) to the interim financial information.

Other than those interests disclosed above, as at 30 June 2007, no Directors and chief executives of the Company (including their spouse and children under 18 years of age) had any interests in, or had been granted, or exercised, any rights to subscribe for the shares of the Company and its associated corporations (within the meaning of the SFO).

董事及高級行政人員於股本證券及債務證券之權益

於二零零七年六月三十日，於二零零七年六月三十日在任之本公司董事及高級行政人員於本公司及其相關法團(定義見香港法例第571章證券及期貨條例(「證券及期貨條例」))之證券、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及根據證券及期貨條例第XV部第7及8分部須知會本公司及香港聯合交易所有限公司(「聯交所」)之權益及淡倉(包括根據證券及期貨條例該董事或行政人員被當作或視為擁有之權益及淡倉)；或根據聯交所證券上市規則(「上市規則」)中上市公司董事進行證券交易之標準守則須知會本公司及聯交所之權益及淡倉如下：

於本公司購股權之權益

購股權乃根據二零零三年購股權計劃而授予本公司董事。購股權計劃之詳情於中期財務資料附註12(b)內披露。

除上文披露者外，於二零零七年六月三十日，各董事及高級行政人員(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關法團(按證券及期貨條例之定義)之股份之權利。

SUBSTANTIAL SHAREHOLDERS' INTERESTS

So far as the Directors are aware, the register of substantial shareholders maintained under Section 336 of the SFO shows that as at 30 June 2007, the Company had been notified of the following substantial shareholders' interests, being 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the Directors.

主要股東權益

根據董事所知，按照證券及期貨條例第336條之主要股東登記冊顯示，於二零零七年六月三十日，本公司已接獲下列持有本公司已發行股本百分之五或以上權益之通知，此等權益並未包括於以上披露之董事之權益內。

Name of shareholder 股東姓名／名稱		Number of shares held 持有股份數目	Percentage of shareholding 持股百分比
Midea International Corporation Company Limited ("Midea International") (Note 1) 美的國際控股有限公司 (「美的國際」)(附註1)	Long positions 好倉	1,747,754,805	36.98%
Midea Group (Note 2) 美的集團(附註2)	Long positions 好倉	1,747,754,805	36.98%
Foshan Shunde Tiantuo Investment Co., Ltd. ("Shunde Tiantuo") (Note 3) 佛山市順德區天托投資有限公司 (「順德天托」)(附註3)	Long positions 好倉	1,747,754,805	36.98%
Foshan Shunde Lixun Investment Co., Ltd. ("Lixun Investment") (Note 4) 佛山市順德區利迅投資有限公司 (「利迅投資」)(附註4)	Long positions 好倉	1,747,754,805	36.98%
Mr. He Xiangjian (Note 5) 何享健先生(附註5)	Long positions 好倉	1,747,754,805	36.98%
Ms. Liang Fengchai (Note 6) 梁鳳釵女士(附註6)	Long positions 好倉	1,747,754,805	36.98%
Mr. Zhang Hechuan (Note 7) 張河川先生(附註7)	Long positions 好倉	1,747,754,805	36.98%
Ms. Zhao Hongying (Note 8) 趙紅英女士(附註8)	Long positions 好倉	1,747,754,805	36.98%

SUBSTANTIAL SHAREHOLDERS' INTERESTS (Continued)

Notes:

1. These 1,747,754,805 shares were registered in the name of and beneficially owned by Midea International.
2. Midea Group was deemed to be interested in the 1,747,754,805 shares which Midea International was interested in by virtue of its holding 100% equity interest in Midea International.
3. The registered capital of Midea Group is owned as to 55% by Shunde Tiantuo and 45% by Lixun Investment. Accordingly, Shunde Tiantuo was deemed to be interested in the 1,747,754,805 shares which Midea International was interested in by virtue of its holding 55% equity interest in Midea Group.
4. The registered capital of Midea Group is owned as to 55% by Shunde Tiantuo and 45% by Lixun Investment. Accordingly, Lixun Investment was deemed to be interested in the 1,747,754,805 shares which Midea International was interested in by virtue of its holding 45% equity interest in Midea Group.
5. The registered capital of Shunde Tiantuo is owned as to 90% by Mr. He Xiangjian and 10% by Ms. Lu De Yan. Accordingly, Mr. He Xiangjian was deemed to be interested in the 1,747,754,805 shares which Midea International was interested in by virtue of his holding 90% equity interest in Shunde Tiantuo.
6. Ms. Liang Fengchai is the spouse of Mr. He Xiangjian and is therefore deemed to be interested in the 1,747,754,805 shares which Midea International was interested in by virtue of Mr. He Xiangjian's holding 90% equity interest in Shunde Tiantuo.
7. The registered capital of Lixun Investment is owned as to 34% by Mr. Zhang Hechuan, 33% by Mr. Li Jianwei and 33% by Ms. Yuan Liqun. Accordingly, Mr. Zhang Hechuan was deemed to be interested in the 1,747,754,805 shares which Midea International was interested in by virtue of his holding 34% equity interest in Lixun Investment.
8. Ms. Zhao Hongying is the spouse of Mr. Zhang Hechuan and was therefore deemed to be interested in the 1,747,754,805 shares which Midea International was interested in by virtue of Mr. Zhang Hechuan's holding 34% equity interest in Lixun Investment.

主要股東權益(續)

附註：

1. 該等1,747,754,805股股份以美的國際之名義登記及由其實益擁有。
2. 美的集團藉持有美的國際100%股權而被視為於美的國際擁有權益之1,747,754,805股股份中擁有權益。
3. 美的集團之註冊資本由順德天托及利迅投資分別擁有55%及45%權益。因此，順德天托藉持有美的集團55%股權而被視為於美的國際擁有權益之1,747,754,805股股份中擁有權益。
4. 美的集團之註冊資本由順德天托及利迅投資分別擁有55%及45%權益。因此，利迅投資藉持有美的集團45%股權而被視為於美的國際擁有權益之1,747,754,805股股份中擁有權益。
5. 順德天托由何享健先生及盧德燕女士分別擁有90%及10%權益。因此，何享健先生藉持有順德天托90%股權而被視為於美的國際擁有權益之1,747,754,805股股份中擁有權益。
6. 梁鳳釵女士為何享健先生之配偶，因此，藉何享健先生持有順德天托90%股權而被視為於美的國際擁有權益之1,747,754,805股股份中擁有權益。
7. 利迅投資之註冊資本由張河川先生、栗建偉先生及袁利群女士分別擁有34%、33%及33%。因此，張河川先生藉持有利迅投資34%股權而被視為於美的國際擁有權益之1,747,754,805股股份中擁有權益。
8. 趙紅英女士為張河川先生之配偶，因此，藉張河川先生持有利迅投資34%股權而被視為於美的國際擁有權益之1,747,754,805股股份中擁有權益。

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

COMPLIANCE WITH THE MODEL CODE OF THE LISTING RULES

The Company has adopted a code of conduct rules (the "Model Code") regarding securities transactions by the Directors, the terms of which are no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules. Having made specific enquiry to the Directors, all Directors confirmed that they have complied with the Model Code throughout the Period.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

Throughout the Period, the Company has complied with the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules.

購買、出售或贖回上市證券

於本期間，本公司並無贖回其任何股份。本公司或其任何附屬公司於本期間亦概無購買或出售任何本公司之股份。

遵守上市規則之標準守則

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」），其條款為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之標準守則。在向所有董事作出特定查詢後，所有董事確認於本期間內均遵守標準守則。

遵守企業管治常規守則

於本期間，本公司已遵守上市規則附錄十四載列之企業管治常規守則之規定。

AUDIT COMMITTEE

To protect the interest of shareholders, the Group formed an audit committee (the "Audit Committee") on 5 August 1999. The Audit Committee currently comprises three independent non-executive Directors of the Company, namely, Mr. Chan Wai Dune (chairman), Mr. Lam Ming Yung and Ms. Chen Chunhua and is set to improve the system of internal control of the Group. The Audit Committee has reviewed the unaudited interim results of the Company for the six months ended 30 June 2007 and agreed to the accounting treatment adopted by the Company. In addition, the Auditors have reviewed these unaudited interim results in accordance with Hong Kong Standard on Review Engagement 2410 issued by the Hong Kong Institute of Certified Public Accountants. The independent review report of the Auditors is set out below.

REMUNERATION COMMITTEE

The Company established a remuneration committee (the "Remuneration Committee") to consider the remuneration of the Directors and senior management of the Company. The Remuneration Committee currently comprises two executive Directors, namely, Mr. Fang Hongbo and Mr. Li Jianwei and three independent non-executive Directors of the Company, namely, Ms. Chen Chunhua (chairman), Mr. Chan Wai Dune and Mr. Lam Ming Yung.

審核委員會

為保障股東權益，本集團於一九九九年八月五日成立審核委員會（「審核委員會」）。審核委員會現時由三名獨立非執行董事陳維端先生（主席）、林明勇先生及陳春花女士組成，成立宗旨為改善本集團之內部監控制度。審核委員會已審閱本公司截至二零零七年六月三十日止六個月之未經審核中期業績，並同意本公司所採取之會計處理方法。此外，核數師已根據香港會計師公會所頒佈之香港審閱準則第2410號，審閱該等未經審核中期業績。核數師之獨立審閱報告已於下文載列。

薪酬委員會

本公司已設立薪酬委員會（「薪酬委員會」），以考慮董事及本公司高級管理層之薪酬。薪酬委員會現時由兩名執行董事，即由方洪波先生及栗建偉先生，以及本公司三名獨立非執行董事陳春花女士（主席）、陳維端先生及林明勇先生組成。



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**REPORT ON REVIEW OF INTERIM
FINANCIAL INFORMATION
TO THE BOARD OF DIRECTORS OF
HUALING HOLDINGS LIMITED**
(incorporated in Hong Kong with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 17 to 48, which comprises the condensed consolidated balance sheet of Hualing Holdings Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2007 and the related condensed consolidated statements of income, changes in equity and cash flows for the six-month period then ended and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

中期財務資料審閱報告
致華凌集團有限公司董事會
(於香港註冊成立之有限公司)

引言

本核數師(以下簡稱「我們」)已審閱列載於第17頁至48頁的中期財務資料。此中期財務資料包括華凌集團有限公司(「貴公司」)及其子公司(合稱「貴集團」)於二零零七年六月三十日的簡明綜合資產負債表與截至該日止六個月期間的相關簡明綜合收益表、權益變動表和現金流量表以及主要會計政策概要和其他附註解釋。香港聯合交易所有限公司主板證券上市規則規定，就中期財務資料編制的報告必須符合以上規則的有關條文以及香港會計師公會頒佈的香港會計準則第34號「中期財務報告」。貴公司董事須負責根據香港會計準則第34號「中期財務報告」編製及列報該等中期財務資料。我們的責任是根據我們的審閱對該等中期財務資料作出結論，並按照委聘之條款僅向整體董事會報告，除此之外本報告別無其他目的。我們不會就本報告的內容向任何其他人士負上或承擔任何責任。

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

Material uncertainty concerning going concern basis of accounting

Without qualifying our conclusion, we draw attention to Note 2 to the interim financial information, which indicates that the Group incurred a loss attributable to the equity holders of the Company of HK\$409,000 for the six months ended 30 June 2007, and had net current liabilities and net liabilities of HK\$730,876,000 and HK\$263,353,000, respectively, as at 30 June 2007. The interim financial information of the Group have been prepared on a going concern basis in the light of existence of a written undertaking of continuing financial support from Midea Group Co., Ltd., its ultimate holding company and the availability of unutilised banking facilities of approximately HK\$168,671,000 as at 30 June 2007. The validity of the interim financial information being prepared on a going concern basis depends upon the success of the measures to improve profitability and cash flows, the successful renewal and/or extension of the short-term bank loans, availability of financing from other resources and the continuing financial support of Midea Group Co., Ltd.. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 10 September 2007

審閱範圍

我們已根據香港會計師公會頒佈的香港審閱準則第2410號「由實體的獨立核數師執行中期財務資料審閱」進行審閱。審閱中期財務資料包括主要向負責財務和會計事務的人員作出查詢，及應用分析性和其他審閱程序。審閱的範圍遠較根據香港審計準則進行審核的範圍為小，故不能令我們可保證我們將知悉在審核中可能被發現的所有重大事項。因此，我們不會發表審核意見。

結論

按照我們的審閱，我們並無發現任何事項，令我們相信中期財務資料在各重大方面未有根據香港會計準則第34號「中期財務報告」編製。

有關持續經營假設之重大不明朗因素

在我們並沒有發出保留結論下，請注意中期財務資料附註2所示，截至二零零七年六月三十日止六個月，貴集團錄得本公司股權持有人應佔虧損達港幣409,000元，另外，於二零零七年六月三十日，貴集團之淨流動負債及淨負債分別為港幣730,876,000元及港幣263,353,000元。貴集團之中期財務資料按持續經營基準編制的合理性主要依賴於貴集團最終控股公司，美的集團有限公司的持續財務支持書面承諾書及於二零零七年六月三十日貴集團尚未動用的銀行信用額度約港幣168,671,000元。採納持續經營基準編制中期財務資料的合理性依賴於貴集團能否改善對未來盈利能力及現金流量的措施，同時成功地將短期銀行貸款續簽及／或延長還款期限，其他融資渠道的有效性以及美的集團的持續財務支持。該等情況連同在附註2所載的其他因素，顯示了貴集團持續經營之能力存在重大不明朗因素。

羅兵咸永道會計師事務所
執業會計師

香港，二零零七年九月十日

(ALL AMOUNTS IN HK DOLLARS THOUSANDS UNLESS OTHERWISE STATED)

(除另有註明外，所有金額以港幣千元列示)

CONDENSED CONSOLIDATED BALANCE SHEET**簡明綜合資產負債表**

As at 30 June 2007

於二零零七年六月三十日

		Note 附註	Unaudited 未經審核 30 June 2007 二零零七年 六月三十日	Audited 經審核 31 December 2006 二零零六年 十二月三十一日
ASSETS	資產			
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	7	345,316	345,410
Investment properties	投資物業	7	101,957	101,224
Leasehold land and land use rights	租賃土地及土地使用權		30,133	29,470
Other non-current assets	其他非流動資產		416	505
			477,822	476,609
Current assets	流動資產			
Inventories	存貨	8	359,453	491,909
Due from related companies	應收關聯公司款項	25(c)	360,016	169,084
Trade and other receivables	貿易及其他應收款	9	1,451,903	539,401
Prepaid value-added tax – net	預付增值稅 – 淨額	10	6,628	19,698
Cash and cash equivalents	現金及現金等價物	11	342,948	247,199
			2,520,948	1,467,291
Total assets	總資產		2,998,770	1,943,900
EQUITY	權益			
Capital and reserves attributable to the Company's equity holders	本公司股權持有人應佔股本及儲備			
Share capital	股本	12	472,599	468,709
Other reserves	其他儲備	13	606,471	631,488
Accumulated losses	累積虧損		(1,401,096)	(1,400,687)
			(322,026)	(300,490)
Minority interests	少數股東權益		58,673	50,247
Total equity	權益總額		(263,353)	(250,243)
LIABILITIES	負債			
Non-current liabilities	非流動負債			
Borrowings	借貸	15	10,299	39,813
Current liabilities	流動負債			
Trade and other payables	貿易及其他應付款	14	2,301,889	1,595,692
Due to related companies	應付關聯公司款項	25(c)	472,697	170,771
Current income tax liabilities	即期所得稅負債		2,738	214
Borrowings	借貸	15	423,790	351,349
Provisions for warranty	產品保養撥備	16	50,710	36,304
			3,251,824	2,154,330
Total liabilities	總負債		3,262,123	2,194,143
Total equity and liabilities	權益總額及負債		2,998,770	1,943,900
Net current liabilities	流動負債淨額		(730,876)	(687,039)
Total assets less current liabilities	總資產減流動負債		(253,054)	(210,430)

(ALL AMOUNTS IN HK DOLLARS THOUSANDS UNLESS OTHERWISE STATED) (除另有註明外，所有金額以港幣千元列示)

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2007

簡明綜合收益表

截至二零零七年六月三十日止六個月

		Unaudited 未經審核	
		Six months ended 30 June 截至六月三十日止六個月	
		2007 二零零七年	2006 二零零六年
		Note 附註	
Sales	營業額	6	2,004,512
Cost of goods sold	銷售貨品成本		(1,815,420)
Gross profit	毛利		189,092
Other gains – net	其他收益 – 淨額	18	8,936
Selling and marketing costs	銷售及市場推廣成本		(126,147)
Administrative expenses	行政開支		(40,674)
Other operating expenses	其他經營開支		(2,301)
Operating profit/(loss)	經營溢利／(虧損)		28,906
Finance costs – net	融資成本 – 淨額	19	(16,457)
Profit/(loss) before income tax	扣除所得稅前 溢利／(虧損)		12,449
Income tax expense	所得稅開支	20	(4,432)
Profit/(loss) for the half year	半年度溢利／(虧損)		8,017
Attributable to:	以下應佔：		
Equity holders of the Company	本公司股權持有人		(409)
Minority interests	少數股東權益		8,426
			8,017
Loss per share for loss attributable to the equity holders of the Company, expressed in HK cents per share	本公司股權持有人 應佔虧損之 每股虧損， 以每股港仙列示		
– basic and diluted	– 基本及攤薄	21	(0.01)
Dividends	股息	22	–

(ALL AMOUNTS IN HK DOLLARS THOUSANDS UNLESS OTHERWISE STATED) (除另有註明外，所有金額以港幣千元列示)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2007

簡明綜合權益變動表

截至二零零七年六月三十日止六個月

		Unaudited 未經審核				
		Attributable to equity holders of the Company 本公司股權持有人應佔				
		Share capital 股本	Other reserves 其他儲備	Accumulated losses 累積虧損	Minority interests 少數股東權益	Total 合計
Balance at 1 January 2006	於二零零六年一月一日					
	之結餘	397,009	629,415	(1,288,040)	43,336	(218,280)
Loss for the period	本期虧損	-	-	(28,508)	(6,860)	(35,368)
Translation differences	匯兌差異	-	(5,575)	-	-	(5,575)
Disposal of a subsidiary	出售一間附屬公司	-	(358)	-	-	(358)
Employees share option scheme	僱員購股權計劃					
- value of employee services	— 僱員服務價值	-	4,125	-	-	4,125
Balance at 30 June 2006	於二零零六年六月三十日					
	之結餘	397,009	627,607	(1,316,548)	36,476	(255,456)
Balance at 1 January 2007	於二零零七年一月一日					
	之結餘	468,709	631,488	(1,400,687)	50,247	(250,243)
(Loss)/profit for the period	本期(虧損)/溢利	-	-	(409)	8,426	8,017
Translation differences	匯兌差異	-	(25,811)	-	-	(25,811)
Employees share option scheme:	僱員購股權計劃：					
- proceeds from shares issued	— 發行股份所得款項	3,890	794	-	-	4,684
Balance at 30 June 2007	於二零零七年六月三十日					
	之結餘	472,599	606,471	(1,401,096)	58,673	(263,353)

(ALL AMOUNTS IN HK DOLLARS THOUSANDS UNLESS OTHERWISE STATED)

(除另有註明外，所有金額以港幣千元列示)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2007

簡明綜合現金流量表

截至二零零七年六月三十日止六個月

		Unaudited 未經審核	
		Six months ended 30 June 截至六月三十日止六個月	
		2007 二零零七年	2006 二零零六年
Net cash generated from operating activities – net	經營活動產生之現金淨額 — 淨額	66,222	110,639
Net cash used in investing activities – net	投資活動動用之現金淨額 — 淨額	(18,084)	(38,620)
Net cash used in financing activities – net	融資活動動用之現金淨額 — 淨額	(28,273)	(37,231)
Net increase in cash and cash equivalents	現金及現金等價物增加淨額	19,865	34,788
Cash and cash equivalents at 1 January	於一月一日之現金及現金等價物	151,642	130,070
Cash and cash equivalents at 30 June	於六月三十日之現金及現金等價物	171,507	164,858
Analysis of balances of cash and cash equivalents	現金及現金等價物結餘分析		
Cash at bank and in hand	銀行及手頭現金	342,948	301,309
Less: Pledged bank deposits	減：已抵押銀行存款	(171,441)	(136,451)
		171,507	164,858

(ALL AMOUNTS IN HK DOLLARS THOUSANDS UNLESS OTHERWISE STATED)

NOTES TO INTERIM FINANCIAL INFORMATION

1. General Information

The Group manufactures, distributes and sells household electrical 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. 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 has listed its shares on The Stock Exchange of Hong Kong Limited.

This interim financial information has been approved for issue by the Board on 10 September 2007.

2. Basis of preparation

The Group incurred a loss attributable to the equity holders of the Company of HK\$409,000 for the six months ended 30 June 2007. In addition, the Group had net current liabilities and net liabilities of HK\$730,876,000 and HK\$263,353,000 respectively, as at 30 June 2007. Nevertheless, the directors of the board ("Directors") have adopted the going concern basis in the preparation of this interim financial information based on the following assumptions:

- The written undertaking of continuing financial support provided by the Group's ultimate holding company, Midea Group Co., Ltd. (the "Midea Group") in the future 12 months from the date of approval of the interim financial information for the six months ended 30 June 2007;

(除另有註明外，所有金額以港幣千元列示)

中期財務資料附註

1. 基本資料

本集團生產、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。其註冊辦事處為香港九龍尖沙咀廣東道9號海港城港威大廈第6座39樓3904室。

本公司股份於香港聯合交易所有限公司上市。

本中期財務資料已於二零零七年九月十日獲董事會批准刊發。

2. 編製基準

截至二零零七年六月三十日止六個月，本集團錄得本公司股權持有人應佔虧損港幣409,000元。另外，本集團於二零零七年六月三十日之流動負債淨額及負債淨額分別為港幣730,876,000元及港幣263,353,000元。然而，此等中期財務資料乃董事會董事（「董事」）採納持續經營之基準，並基於下列各項假設編製而成：

- 本集團之最終控股公司美的集團有限公司（「美的集團」）所提供由批准截至二零零七年六月三十日止六個月之中期財務資料日期起未來12個月之持續財務支持之書面承諾書；

2. Basis of preparation (Continued)

- As disclosed in Note 15 to the interim financial information, certain bank loans, with which the Group largely finances its day-to-day working capital requirements, are due for repayment in 2007. Besides, at 30 June 2007, the Group has unutilised banking facilities of approximately HK\$168,671,000, the whole balance was guaranteed by the Midea Group or a subsidiary of the Midea Group. The Directors are of the opinion that, the Group will succeed in negotiating with its bankers to renew its outstanding bank loans as fall due and/or to extend their repayment terms to meet its future working capital and financial requirements. Nevertheless, the Group is also actively exploring the availability of alternative sources of financing; and
- As disclosed in Note 15 to the interim financial information, the banking facilities of approximately HK\$370,752,000 were guaranteed by the Midea Group or a subsidiary of the Midea Group as at 30 June 2007. The Directors believe that the Midea Group will continue to provide assistance to procure the Group in obtaining adequate additional banking facilities and in extending credit from established and new suppliers or to inject funding into the Group.

2. 編製基準(續)

- 如中期財務資料附註15所述，用以維持本集團日常營運資金需求之若干銀行貸款即將於二零零七年內到期償還。此外，於二零零七年六月三十日，本集團之未動用銀行信用額度約港幣168,671,000元，並全數由美的集團或美的集團之一間附屬公司擔保。董事認為，本集團將與銀行就已到期之尚未償還銀行貸款續簽及／或延長還款期限問題成功磋商，以滿足本集團未來營運資金及財務需求。然而，本集團亦將積極拓展其他融資渠道；及
- 如中期財務資料附註15所述，於二零零七年六月三十日，約港幣370,752,000元之銀行信用額度由美的集團或美的集團之一間附屬公司作出擔保。董事相信，美的集團將會繼續協助本集團取得足夠之額外銀行信用額度，並延長已有及新簽供應商提供之信貸或向本集團注入資金。

2. Basis of preparation (Continued)

In addition, the Group underwent the following activities in current period to improve its profitability and cash flows:

- The Group successfully implemented new business strategies which included the termination of production of certain unprofitable models and disposal of certain off-strategy investments to generate additional cash flows for the Group's operations. The Group's gross profit increased from HK\$157,789,000 for the first six months of 2006 to HK\$189,092,000 for the first six months of 2007; and
- In January 2007, the Directors and employees of the Company exercised 33,900,000 and 5,000,000 share options, respectively, at a price of HK\$0.1206 per share which raised approximately HK\$4,691,000 to provide additional funding to the Group.

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

This interim financial information for the six months ended 30 June 2007 has been prepared in accordance with Hong Kong Accounting Standard 34, "Interim Financial Reporting" issued by the Hong Kong Institution of Certified Public Accountants ("HKICPA"). The interim financial information should be read in conjunction with the 2006 annual financial statements for the year ended 31 December 2006.

2. 編製基準(續)

此外，本集團於本期間進行下列活動以改善盈利能力及現金流量：

- 本集團成功實施新的經營策略，包括終止部分無盈利機型之生產及出售部分非核心策略投資，以增加額外之現金流量作為本集團營運之用途。本集團之毛利由二零零六年首六個月之港幣157,789,000元增加至二零零七年首六個月之港幣189,092,000元；及
- 於二零零七年一月，董事及本公司僱員按每股港幣0.1206元之價格分別行使33,900,000份及5,000,000份購股權，籌得約港幣4,691,000元，為本集團提供額外資金。

董事認為，基於管理層迄今已採取之措施及上述之主要假設，本集團將獲得充足之營運資金支持本集團之經營，並因而可維持其於可見將來之經營需要。因此，董事確認按持續經營之基準編製中期財務資料為恰當。

此截至二零零七年六月三十日止六個月之中期財務資料乃根據由香港會計師公會（「香港會計師公會」）頒佈之香港會計準則第34號「中期財務報告」而編製。此中期財務資料應與截至二零零六年十二月三十一日止年度之二零零六年年度財務報表一併閱讀。

3. Accounting policies

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2006, as described in the annual financial statements for the year ended 31 December 2006.

The adoption of new/revised Hong Kong Financial Reporting Standards

In 2007, the Group adopted the new standard, amendment and interpretations of Hong Kong Financial Reporting Standards for the period ended 30 June 2007.

HKAS 1 (Amendment)	Presentation of Financial Statements: Capital Disclosures
HK (IFRIC) – Int 9	Reassessment of Embedded Derivatives
HK (IFRIC) – Int 10	Interim Reporting and Impairment
HKFRS 7	Financial Instruments: Disclosure

The Group has assessed the impact of the adoption of these new standard, amendment and interpretations and considered that there was no significant impact on the Group's results and financial position nor any substantial changes in the Group's accounting policies, whereas the adoption of HKAS 1 (Amendment) and HKFRS 7 requires additional disclosures to be made in annual consolidated accounts.

Interpretations and standards that are not yet effective and have not been adopted by the Group

The following new/revised standards and interpretations have been published and are mandatory for the Group's accounting periods beginning on or after 1 March 2007 or later periods.

HKFRS 8	Operating Segment
HKAS 23 (Revised)	Borrowing Costs
HK (IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transactions
HK (IFRIC) – Int 12	Service Concession Arrangements

3. 會計政策

本公司所採納之會計政策與截至二零零六年十二月三十一日止年度之年度財務報表所採納的會計政策一致，詳見截至二零零六年十二月三十一日止年度之年度財務報表。

採納新／經修訂香港財務報告準則

於二零零七年，本集團就截至二零零七年六月三十日止期間採納香港財務報告準則之新準則、修訂及詮釋。

香港會計準則 第1號(修訂)	財務報告之呈報： 資本披露
香港(國際財務 報告詮釋委員會) — 詮釋第9號	重新評估勳入式行 生工具
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 耗蝕
香港財務報告 準則第7號	金融工具：披露

本集團已評估因採納該等新準則、修訂及詮釋而造成之影響，並認為採納該等新準則、修訂及詮釋並無對本集團之業績及財務狀況造成重大影響，亦無致使本集團之會計政策出現任何重大變動。採納香港會計準則第1號(修訂)及香港財務報告準則第7號須於年度綜合賬目增加披露。

本集團並未採納並未生效之詮釋及準則

以下為已頒佈新／經修訂準則及詮釋，於本集團由二零零七年三月一日或之後開始之會計期間或較後期間強制應用。

香港財務報告 準則第8號	經營分類
香港會計準則 第23號(修訂)	借貸成本
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
香港(國際財務報告 詮釋委員會) — 詮釋第12號	服務優惠安排

3. Accounting policies (Continued)

The Group has not yet early adopted any of the above standards or interpretations. Management is in the process of making an assessment of their impact and is not yet in a position to state what impact they would have on the Group's results of operations and financial position.

4. Financial Risk Management

All aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended 31 December 2006.

5. Critical Accounting Estimates and Judgments

Estimates and judgments used 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. The resulting accounting estimates will, by definition, seldom equal the related actual results.

6. Segment information

Primary reporting format – business segments

As at 30 June 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 properties, neither of which are of a sufficient size to be reported separately.

3. 會計政策 (續)

本集團並無提早採納以上任何準則或詮釋。管理層正評估有關準則或詮釋之影響，故暫時並不適合確定有關準則或詮釋對本集團經營業績及財務狀況之影響。

4. 財務風險管理

本集團之財務風險管理之宗旨及政策各部份與截至二零零六年十二月三十一日止年度之年度財務報表所披露者一致。

5. 重要會計估計及判斷

本集團會持續評估所採用之估計及判斷，並以過往經驗及其他因素為基礎，包括在有關情況下相信為合理之未來事項之預期。按定義，因此會計估計之結果甚少相等於有關之實際結果。

6. 分部資料

主要報告形式 – 業務分部

於二零零七年六月三十日，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物業，兩者之規模皆不足以作獨立分部報告。

6. Segment information (Continued)

Primary reporting format – business segments
(Continued)

The segment results for the six months ended 30 June 2007 are as follows:

		Refrigerator business 冰箱業務	Air- conditioner business 空調業務	Mini- refrigerator business 小型冰箱業務	Other businesses 其他業務	Group 本集團
Sales	營業額	276,418	1,250,358	477,736	–	2,004,512
Segment results	分部業績	10,917	2,328	23,775	(8,114)	28,906
Finance costs – net	融資成本 – 淨額					(16,457)
Profit before income tax	扣除所得稅前溢利					12,449
Income tax expense	所得稅開支					(4,432)
Profit for the period	本期溢利					8,017

6. 分部資料(續)

主要報告形式 – 業務分部(續)

截至二零零七年六月三十日止六個月之分部業績如下：

The segment results for the six months ended 30 June 2006 are as follows:

截至二零零六年六月三十日止六個月之分部業績如下：

		Refrigerator business 冰箱業務	Air- conditioner business 空調業務	Mini- refrigerator business 小型冰箱業務	Other businesses 其他業務	Group 本集團
Sales	營業額	224,943	746,289	358,240	–	1,329,472
Segment results	分部業績	18,350	(10,230)	(14,801)	(10,170)	(16,851)
Finance costs – net	融資成本 – 淨額					(17,913)
Loss before income tax	扣除所得稅前虧損					(34,764)
Income tax expense	所得稅開支					(604)
Loss for the period	本期虧損					(35,368)

6. Segment information (Continued)

Primary reporting format – business segments
(Continued)

The segment assets and liabilities as at 30 June 2007 and capital expenditure for the six months then ended are as follows:

		Refrigerator business 冰箱業務	Air- conditioner business 空調業務	Mini- refrigerator business 小型冰箱業務	Other businesses 其他業務	Group 本集團
Segment assets	分部資產	569,889	1,800,535	511,742	–	2,882,166
Unallocated assets	未分配資產					116,604
Total assets	總資產					2,998,770
Segment liabilities	分部負債	722,387	2,138,384	389,588	–	3,250,359
Unallocated liabilities	未分配負債					11,764
Total liabilities	總負債					3,262,123
Capital expenditures	資本性支出	3,483	3,680	27,596	–	34,759

The segment assets and liabilities as at 31 December 2006 and capital expenditure for the six months ended 30 June 2006 are as follows:

		Refrigerator business 冰箱業務	Air- conditioner business 空調業務	Mini- refrigerator business 小型冰箱業務	Other businesses 其他業務	Group 本集團
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	資本性支出	9,144	13,462	25,350	–	47,956

6. 分部資料(續)

主要報告形式 – 業務分部(續)

於二零零七年六月三十日之分部資產及負債，以及截至當日止六個月之資本性支出如下：

於二零零六年十二月三十一日之分部資產及負債，以及截至二零零六年六月三十日止六個月之資本性支出如下：

6. Segment information (Continued)

Secondary reporting format – geographical segments

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

PRC	–	manufacture and sale of household electrical appliances
Europe	–	sale of household electrical appliances
Asia-Pacific	–	sale of household electrical appliances
Americas	–	sale of household electrical appliances
Africa	–	sale of household electrical appliances

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

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

6. 分部資料(續)

從屬報告形式 – 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
歐洲	–	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

地區分部之間並無銷售業務。按地區分部劃分之財務資料分析如下：

按地區劃分之在中國國內和對國外出口的冰箱銷售分析如下：

		Six months ended 30 June	
		截至六月三十日止六個月	
		2007	2006
		二零零七年	二零零六年
Domestic sales	國內銷售	198,867	180,037
Export sales	出口銷售		
Europe	歐洲	28,186	9,597
Asia-Pacific	亞太	22,512	31,274
Americas	美洲	24,751	2,445
Africa	非洲	2,102	1,590
Total export sales	出口銷售總額	77,551	44,906
Total	合計	276,418	224,943

6. Segment information (Continued)

Secondary reporting format – geographical segments (Continued)

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

		Six months ended 30 June	
		截至六月三十日止六個月	
		2007	2006
		二零零七年	二零零六年
Domestic sales	國內銷售	912,148	298,725
Export sales	出口銷售		
Europe	歐洲	115,331	139,530
Asia-Pacific	亞太	65,450	53,504
Americas	美洲	157,429	254,530
Total export sales	出口銷售總額	338,210	447,564
Total	合計	1,250,358	746,289

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

		Six months ended 30 June	
		截至六月三十日止六個月	
		2007	2006
		二零零七年	二零零六年
Domestic sales	國內銷售	99,328	78,532
Export sales	出口銷售		
Europe	歐洲	94,670	89,272
Asia-Pacific	亞太	128,833	78,129
Americas	美洲	116,613	87,806
Africa	非洲	38,292	24,501
Total export sales	出口銷售總額	378,408	279,708
Total	合計	477,736	358,240

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.

6. 分部資料(續)

從屬報告形式 – 地區分部(續)

按地區劃分之在中國國內和對國外出口之空調銷售分析如下：

按地區劃分之在中國國內和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總資產及資本性支出皆位於／發生在中國，因此，並無呈列總資產及資本性支出之地區分部資料分析。

7. Capital expenditure

7. 資本性支出

		Property, plant and equipment 物業、廠房 及設備	Investment properties 投資物業
Opening net book amount as at 1 January 2006	於二零零六年一月一日之 期初賬面淨值	352,886	103,978
Additions	添置	47,956	-
Fair value gain	公平價值收益	-	3,789
Disposals	出售	(13,642)	-
Depreciation	折舊	(34,708)	-
Foreign exchange adjustments	匯兌調整	3,685	-
Closing net book amount as at 30 June 2006	於二零零六年六月三十日之 期終賬面淨值	356,177	107,767
Additions	添置	19,964	-
Fair value loss	公平價值虧損	-	(6,543)
Disposal of subsidiaries	出售附屬公司	(380)	-
Other disposals	其他出售	(11,959)	-
Depreciation	折舊	(25,302)	-
Provision for impairment charge	減值開支撥備	(2,046)	-
Foreign exchange adjustments	匯兌調整	8,956	-
Closing net book amount as at 31 December 2006	於二零零六年十二月三十一日 之期終賬面淨值	345,410	101,224
Opening net book amount as at 1 January 2007	於二零零七年一月一日之 期初賬面淨值	345,410	101,224
Additions	添置	34,759	-
Fair value gain	公平價值收益	-	733
Disposals	出售	(17,149)	-
Provision for impairment charge	減值開支撥備	(186)	-
Depreciation	折舊	(29,497)	-
Foreign exchange adjustments	匯兌調整	11,979	-
Closing net book amount as at 30 June 2007	於二零零七年六月三十日之 期終賬面淨值	345,316	101,957

8. Inventories

8. 存貨

		As at 於	
		30 June 2007 二零零七年 六月三十日	31 December 2006 二零零六年 十二月三十一日
Raw materials	原材料	84,611	76,598
Work-in-progress	在製品	25,665	18,824
Finished goods	製成品	249,177	396,487
		359,453	491,909

9. Trade and other receivables

9. 貿易及其他應收款

		As at 於	
		30 June 2007 二零零七年 六月三十日	31 December 2006 二零零六年 十二月三十一日
Trade receivables (Note (a))	貿易應收款(附註(a))	530,483	220,691
Less: provision for impairment of trade receivables	減：貿易應收款減值 撥備	(52,493)	(44,424)
Trade receivables – net	貿易應收款 – 淨額	477,990	176,267
Notes receivable (Note (b))	應收票據(附註(b))	809,364	262,563
Prepayments and other receivables	預付賬款及其他應收款	164,549	100,571
		1,451,903	539,401

9. Trade and other receivables (Continued)

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

		As at 於	
		30 June 2007 二零零七年 六月三十日	31 December 2006 二零零六年 十二月三十一日
Within 1 year	一年以內	482,353	177,681
In the second year	第二年内	14,762	20,237
Over 2 years	兩年以上	33,368	22,773
		530,483	220,691

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

10. Prepaid value-added tax – net

The Group had 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 30 June 2007 and 31 December 2006 represented net input VAT after offsetting the output VAT payable by the Group for the domestic sales made in current period/year.

9. 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。於二零零七年六月三十日，貿易應收款之賬齡分析如下：

		As at 於	
		30 June 2007 二零零七年 六月三十日	31 December 2006 二零零六年 十二月三十一日
Within 1 year	一年以內	482,353	177,681
In the second year	第二年内	14,762	20,237
Over 2 years	兩年以上	33,368	22,773
		530,483	220,691

- (b) 該餘額為六個月內到期之銀行承兌匯票。

10. 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了進項增值稅。根據中國稅收相關法規，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。於二零零七年六月三十日及二零零六年十二月三十一日之餘額乃進項增值稅扣除本集團於期內/年內於國內銷售產生之銷項增值稅後之淨額。

11. Cash and cash equivalents

11. 現金及現金等價物

		As at 於	
		30 June 2007 二零零七年 六月三十日	31 December 2006 二零零六年 十二月三十一日
Cash at bank and in hand	銀行存款及手頭現金	342,948	247,199

The effective interest rate on bank deposits was 0.81% (31 December 2006: 0.72%).

銀行存款之實際利率為0.81% (二零零六年十二月三十一日：0.72%)。

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

就現金流量表而言，現金及現金等價物包括下列各項：

		As at 於	
		30 June 2007 二零零七年 六月三十日	31 December 2006 二零零六年 十二月三十一日
Cash at bank and in hand	銀行存款及手頭現金	342,948	247,199
Less: Pledged bank deposits *	減：已抵押銀行存款*	(171,441)	(95,557)
		171,507	151,642

* These represented bank balances pledged against bank acceptance notes issued by the Group (Note 14).

* 該數額為抵押本集團開出之銀行承兌匯票之銀行存款結餘(附註14)。

At 30 June 2007, cash at bank and in hand of the Group (including pledged deposits) amounted to HK\$329,670,000 (31 December 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.

於二零零七年六月三十日，本集團銀行存款及手頭現金(包括用作抵押之存款)達港幣329,670,000元(二零零六年十二月三十一日：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。

12. Share capital and share options

(a) Share capital

		Authorised Ordinary shares of HK\$0.1 each 法定股本 普通股每股面值港幣0.1元	
		Number of shares (‘000) 股份數目(千股)	HK\$‘000 港幣千元
At 31 December 2006 and 30 June 2007	於二零零六年十二月三十一日 及二零零七年六月三十日	10,000,000	1,000,000

		Issued and fully paid Ordinary shares of HK\$0.1 each 已發行及繳足股本 普通股每股面值港幣0.1元	
		Number of shares (‘000) 股份數目(千股)	HK\$‘000 港幣千元
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 – proceeds from shares issued (i)	僱員購股權計劃 – 發行股份所得款項 (i)	38,900	3,890
At 30 June 2007	於二零零七年六月三十日	4,725,991	472,599

(i) The share options exercised by the Directors and employees of the Group during the period (Note 12(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.

(i) 本集團董事及僱員於本期內已行使之購股權(下文附註12(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。

12. Share capital and share options (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.

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.

12. 股本及購股權(續)

(b) 購股權

本公司根據本公司於二零零三年六月二十七日採納之購股權計劃(「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之服務向彼等授出購股權。

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

因根據二零零三年購股權計劃及本公司任何其他購股權計劃已授出但尚未行使之所有尚未行使期權而可能發行之最高股份數目，不得超逾本公司不時之已發行股份之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將予授出之購股權獲行使時可予發行之股份總數，不得超過本公司於二零零三年六月二十七日已發行股份之10%，惟本公司可在股東大會徵求股東批准更新二零零三年購股權計劃下之10%限額。

12. Share capital and share options (Continued)**(b) Share options (Continued)**

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

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

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

12. 股本及購股權(續)**(b) 購股權(續)**

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

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

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

12. Share capital and share options (Continued)

(b) Share options (Continued)

The share options granted may be exercised at any time during the period commencing immediately after the date on which the option is deemed to be granted and accepted and expiring on a date to be determined and notified by the board of directors which shall not be more than 10 years from the date on which the share option is deemed to be granted and accepted. 2003 Share Option Scheme shall be valid and effective for a period of 10 years commencing on 27 June 2003.

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

Name	姓名	Options held at	Options granted	Options exercised	Options held at	Exercise price	Grant date	Exercisable from	Exercisable until
		1 January 2007	during the period	during the period (i)	30 June 2007				
		於二零零七年一月一日持有購股權數目	本期內授出之購股權數目	本期內行使之購股權數目(i)	於二零零七年六月三十日持有購股權數目	行使價 HK\$ 港元	授出日期	行使期由	行使期至
Directors:	董事:								
Fang Hongbo	方洪波	25,000,000	-	(25,000,000)	-	0.1206	23/1/2006	23/1/2006	22/1/2016
Li Jianwei	栗建偉	5,000,000	-	(5,000,000)	-	0.1206	23/1/2006	23/1/2006	22/1/2016
Yuan Liqun	袁利群	3,900,000	-	(3,900,000)	-	0.1206	23/1/2006	23/1/2006	22/1/2016
Employees	僱員	5,000,000	-	(5,000,000)	-	0.1206	23/1/2006	23/1/2006	22/1/2016
		38,900,000	-	(38,900,000)	-				

Note:

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

Options exercised in the period 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. The related transaction costs amounting to HK\$7,000 have been netted off with the proceeds received.

On 30 July 2007, 9,500,000 share options were granted to the Directors and certain employees of the Company in respect of their services provided to the Group. These share options are exercisable during the period from 30 July 2007 to 29 July 2017 at an exercise price of HK\$0.78 per share.

12. 股本及購股權(續)

(b) 購股權(續)

購股權可於其被視作授出及接納之日期後隨時行使，所授出購股權之行使期間由董事會釐定通知，最遲不得超過購股權被視作授出及接納之日起計十年。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。

本期間內，本公司根據二零零三年購股權計劃授出之購股權之變動如下：

附註：

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

期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。相關交易成本港幣7,000元已於收取之所得款項內扣減。

於二零零七年七月三十日，本公司向董事及本公司若干僱員就其向本集團提供之服務授出9,500,000份購股權。該等購股權可於二零零七年七月三十日至二零一七年七月二十九日期間按行使價每股港幣0.78元行使。

13. Other reserves

13. 其他儲備

		Share premium 股份溢價	General reserve fund 一般儲備 基金	Enterprise expansion fund 企業發展 基金	Exchange reserve 匯兌儲備	Share option reserve 購股權 儲備	Total 總額
Balance at 1 January 2006	二零零六年一月一日餘額	567,435	31,537	16,958	13,485	–	629,415
Translation difference	匯兌差異	–	–	–	(5,575)	–	(5,575)
Reserves transferred to income statement upon disposal of a subsidiary	於出售一間附屬公司時轉撥至損益表之儲備	–	(358)	–	–	–	(358)
Employee share option scheme – value of services provided	僱員購股權計劃 — 所提供服務之價值	–	–	–	–	4,125	4,125
Balance at 30 June 2006	二零零六年六月三十日餘額	567,435	31,179	16,958	7,910	4,125	627,607
Translation difference	匯兌差異	–	–	–	(15,719)	–	(15,719)
Issue of ordinary shares	發行普通股	19,200	–	–	–	–	19,200
Share issuance expenses	股份發行開支	(1,185)	–	–	–	–	(1,185)
Employee share option scheme – proceeds from shares issued	僱員購股權計劃 — 發行股份所得款項	1,585	–	–	–	–	1,585
Balance at 31 December 2006	於二零零六年十二月三十一日餘額	587,035	31,179	16,958	(7,809)	4,125	631,488
Balance at 1 January 2007	於二零零七年一月一日餘額	587,035	31,179	16,958	(7,809)	4,125	631,488
Translation difference	匯兌差異	–	–	–	(25,811)	–	(25,811)
Employee share option scheme – proceeds from shares issued (Note 12(a))	僱員購股權計劃 — 發行股份所得款項 (附註12(a))	794	–	–	–	–	794
Balance at 30 June 2007	於二零零七年六月三十日餘額	587,829	31,179	16,958	(33,620)	4,125	606,471

13. Other reserves (Continued)

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.

14. Trade and other payables**13. 其他儲備(續)**

本公司在中國之附屬公司須遵照中國的法律和規定及彼等之公司章程細則。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，該純利取自按中國內地企業適用之會計準則及相關財務法規而製作之本地法定賬目。此等附屬公司須從其純利中提取最少10%列入儲備基金，直至該儲備基金結餘達至其註冊資本之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。

14. 貿易及其他應付款

		As at 於	
		30 June 2007 二零零七年 六月三十日	31 December 2006 二零零六年 十二月三十一日
Trade payables (Note (a))	貿易應付款(附註(a))	1,491,400	929,729
Provision for staff welfare and bonus	員工福利及花紅撥備	4,792	3,240
Accruals	預提費用	141,216	87,451
Advances from customers	預收客戶賬款	162,323	118,037
Notes payable (Note (b))	應付票據(附註(b))	399,515	401,185
Others	其他	102,643	56,050
		2,301,889	1,595,692

14. Trade and other payables (Continued)

- (a) At 30 June 2007, the ageing analysis of the trade payables was as follows:

		As at 於	
		30 June 2007 二零零七年 六月三十日	31 December 2006 二零零六年 十二月三十一日
Within 1 year	一年以內	1,457,016	903,519
In the second year	第二年內	13,206	11,518
Over 2 years	兩年以上	21,178	14,692
		1,491,400	929,729

- (b) The balance represents bank acceptance notes issued by the Group with maturity periods of less than six months. At 30 June 2007, the notes payable were pledged by bank deposits of approximately HK\$171,441,000 (31 December 2006: approximately HK\$95,557,000).

14. 貿易及其他應付款(續)

- (a) 於二零零七年六月三十日，貿易應付款之賬齡分析如下：

- (b) 該餘額為本集團開出之銀行承兌匯票，均在六個月內到期。於二零零七年六月三十日，為應付票據作抵押之銀行存款約為港幣171,441,000元（二零零六年十二月三十一日：約港幣95,557,000元）。

15. Borrowings

		As at 於	
		30 June 2007 二零零七年 六月三十日	31 December 2006 二零零六年 十二月三十一日
Non-current	非即期		
Bank borrowings, secured	銀行借貸，有擔保	10,299	39,813
Current	即期		
Bank borrowings, secured	銀行借貸，有擔保	360,453	276,699
Bank borrowings, unsecured	銀行借貸，無擔保	63,337	74,650
		423,790	351,349
		434,089	391,162

The effective interest rates at the balance sheet date was 5.78% per annum (31 December 2006: 7.47%).

15. 借貸

於結算日之實際年利率為5.78%（二零零六年十二月三十一日：7.47%）。

15. Borrowings (Continued)

Property, plant and equipment and leasehold land and land use right with net book value of approximately HK\$59,437,000 (31 December 2006: approximately HK\$81,335,000) have been pledged as security for the Group's short term bank borrowings.

As at 30 June 2007, approximately HK\$370,752,000 (31 December 2006: approximately HK\$316,512,000) of the loans were guaranteed by Midea Group or a subsidiary of the Midea Group.

The carrying amounts of short-term borrowings approximate to their fair value. The carrying amounts of the borrowings are denominated in the RMB.

16. Provisions for warranty

The movement of warranty provision was analysed as follows:

		As at 於	
		30 June 2007 二零零七年 六月三十日	31 December 2006 二零零六年 十二月三十一日
At 1 January	於一月一日	36,304	30,352
Charge for the period/year	本期／年計提	22,386	27,339
Less: Amounts utilised	減：已動用款項	(7,980)	(21,387)
At 30 June 2007/ 31 December 2006	於二零零七年六月三十日／ 二零零六年十二月三十一日	50,710	36,304

The Group provides free repair and replacement services ranging from one year to three years after sales. The cost of the warranty obligation under which the Group agrees to remedy defects in its products is accrued at the time the related sales are recognised. As at 30 June 2007, the Group had provided for expected warranty claims on household electrical appliance items sold.

15. 借貸(續)

本集團已用作短期銀行借貸抵押之若干物業、廠房及設備及租賃土地及土地使用權之賬面淨值約港幣59,437,000元(二零零六年十二月三十一日：約港幣81,335,000元)。

於二零零七年六月三十日，約港幣370,752,000元(二零零六年十二月三十一日：約港幣316,512,000元)之貸款由美的集團或美的集團之一間附屬公司提供擔保。

短期貸款之賬面值和公平價值相近。貸款之賬面值以人民幣列值。

16. 產品保養撥備

產品保養撥備變動分析如下：

本集團提供產品售後一至三年之免費維修及零件更換服務。本集團因提供產品維修服務而發生之成本於相關產品銷售確認時計提。於二零零七年六月三十日，本集團對已出售之家用電器計提了預期之保養準備。

17. Expenses by nature

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

		Six months ended 30 June	
		截至六月三十日止六個月	
		2007	2006
		二零零七年	二零零六年
Depreciation (Note 7)	折舊(附註7)	29,497	34,708
Employee benefit expense	僱員福利開支	42,682	52,618
Operating lease rental for land and building	土地及樓宇之經營租賃租金	6,372	8,817

18. Other gains – net**17. 按性質分類之開支**

包括在銷售貨品成本、銷售及市場推廣及行政開支內之開支分析如下：

18. 其他收益 – 淨額

		Six months ended 30 June	
		截至六月三十日止六個月	
		2007	2006
		二零零七年	二零零六年
Sales of scrap materials	廢料銷售	4,027	2,111
Rental income	租金收入	797	1,684
Government grants	政府補貼收入	1,488	1,676
Fair value gain on investment properties	投資物業之公平價值收益	733	3,789
Loss on disposal of a subsidiary	處置一間附屬公司之虧損	–	(210)
Loss on disposal of leasehold land and land use right	處置租賃土地及土地使用權之虧損	–	(5,816)
Others	其他	1,891	1,565
		8,936	4,799

19. Finance costs – net**19. 融資成本 – 淨額**

		Six months ended 30 June 截至六月三十日止六個月	
		2007	2006
		二零零七年	二零零六年
Interest on short-term bank loans	短期銀行貸款利息	12,155	10,951
Interest income (Note 27)	利息收入(附註27)	(3,146)	(4,330)
Exchange loss – net (Note 27)	滙兌虧損 – 淨額(附註27)	5,799	9,355
Bank handling charges	銀行手續費	1,649	1,937
		16,457	17,913

20. Income tax expense**20. 所得稅開支**

		Six months ended 30 June 截至六月三十日止六個月	
		2007	2006
		二零零七年	二零零六年
Enterprise income tax	企業所得稅	4,432	604

Taxation has been provided at the appropriate tax rates prevailing in the countries in which the Group operates on the estimated assessable profits for the period. These rates range from 10% to 33% (2006: 10% to 33%) and the rate applicable for Hong Kong profits tax is 17.5% (2006: 17.5%). No Hong Kong profits tax has been provided as the Group did not have any assessable profit under Hong Kong profits tax.

本集團已就本期估計之應課溢利作稅項撥備，稅項乃按本集團經營之國家現行適用稅率繳付。有關稅率範圍為10%至33%（二零零六年：10%至33%），而香港利得稅之適用稅率為17.5%（二零零六年：17.5%）。本集團並未為香港利得稅撥備，因為根據香港利得稅並無任何應課稅溢利。

21. Loss per share**21. 每股虧損**

The calculations of basic loss per share are based on Group's loss attributable to equity holders of the Company of approximately HK\$409,000 (2006: approximately HK\$28,508,000).

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409,000元（二零零六年：約港幣28,508,000元）計算。

The basic loss per share is based on the weighted average number of 4,724,057,154 (2006: 3,970,091,408) ordinary shares in issue during the period.

每股基本虧損乃按期內已發行普通股之加權平均數4,724,057,154（二零零六年：3,970,091,408）股計算。

For the six months ended 30 June 2007, the basic and diluted loss per share are the same since there are no diluted shares.

截至二零零七年六月三十日止六個月，由於並無攤薄股份，故每股基本及攤薄虧損相同。

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

截至二零零六年十二月三十一日止年度，由於潛在攤薄普通股具有反攤薄效應，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。

22. Dividends

The Directors do not recommend the payment of a dividend for the six months ended 30 June 2007 (2006: Nil).

23. Contingent liabilities

An action was brought by a subsidiary of the Group, Guangzhou Hualing Air-conditioning & Equipment Co., Ltd. ("Guangzhou Air-conditioning") to a customer for an outstanding accounts receivable amount of approximately Euro 2,140,984, in the Multi Member Court of First Instance of Thessalonica, Greece. On the other hand, the said customer brought an action against Guangzhou Air-conditioning for an alleged breach of contract. Compensation for loss and damage of reputation, totaling approximately Euro 13,680,625 were sorted by the said customer in the Multi Member Court of First Instance of Thessalonica.

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 from the said customer is remote. Accordingly, no provision has been made in the financial statement in respect of the above claim.

Other than the above, there are no material contingent liabilities or off-balance sheet obligations for the period ended 30 June 2007.

22. 股息

董事不建議派發截至二零零七年六月三十日止六個月之股息(二零零六年：無)。

23. 或然負債

本集團一家附屬公司廣州華凌空調設備有限公司(「廣州空調」)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2,140,984歐元作出起訴。另一方面，該客戶於薩洛尼卡多法官一審法庭對廣州空調作出起訴，指稱其違約。該客戶就損失及對其聲譽受損而尋求賠償，總額約13,680,625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，財務報表中並無就上述申索提撥任何準備。

除上文所述者外，於截至二零零七年六月三十日止，概無任何重大或然負債或資產負債表外責任。

24. Commitments

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

		As at 於	
		30 June 2007 二零零七年 六月三十日	31 December 2006 二零零六年 十二月三十一日
Contracted but not provided for	已簽約但未撥備	56,392	54,381

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

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

		As at 於	
		30 June 2007 二零零七年 六月三十日	31 December 2006 二零零六年 十二月三十一日
Not later than one year	第一年內	2,660	717
Later than one year and not later than five years	第一年後至第五年內	214	572
		2,874	1,289

25. Related party transactions

The Group is controlled by Midea International Corporation Co., Ltd., a subsidiary of the Midea Group, which owns 36.98% of the Company's shares. The remaining 63.02% of the shares are widely held. The Directors regard the Midea Group, a company incorporated in the PRC, as being the ultimate holding company. Save as disclosed in other notes to the interim financial information, the material related party transactions are as follows:

24. 承擔

- (a) 於結算日，購買物業、廠房及設備而尚未產生之資本承擔如下：

		As at 於	
		30 June 2007 二零零七年 六月三十日	31 December 2006 二零零六年 十二月三十一日
Contracted but not provided for	已簽約但未撥備	56,392	54,381

- (b) 經營租賃承擔 – 本集團作為承租人

根據不可撤銷之土地及樓宇之經營租賃而於未來支付之最低租賃付款總額如下：

		As at 於	
		30 June 2007 二零零七年 六月三十日	31 December 2006 二零零六年 十二月三十一日
Not later than one year	第一年內	2,660	717
Later than one year and not later than five years	第一年後至第五年內	214	572
		2,874	1,289

25. 關聯方交易

本集團由美的集團之附屬公司美的國際控股有限公司控制，其持有本公司36.98%股份。其餘63.02%股份被廣泛持有。董事認為，本公司之最終控股公司為在中國註冊成立之美的集團。除在本中期財務資料中其他附註披露之交易外，本集團重大關聯方交易詳情如下：

25. Related party transactions (Continued)

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

25. 關聯方交易(續)

- (a) 與關聯方依據各方共同協定之條款進行的交易如下：

		Six months ended 30 June	
		截至六月三十日止六個月	
		2007	2006
		二零零七年	二零零六年
Sales of finished goods:	銷售製成品：		
– Hefei Midea-Royalstar Electrical Equipment Marketing Co., Ltd. * (“Midea-Royalstar”)	– 合肥榮事達美的電器營銷有限公司* ([「榮事達美的」])	120,529	266
– Guangdong Midea Air Conditioning Equipment Co., Ltd. ** (“Midea Air Conditioning”)	– 廣東美的製冷設備有限公司** ([「美的製冷」])	407,499	–
		528,028	266
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 Air Conditioning	– 美的製冷	115,066	44,569
– Foshan Midea Household Appliance Co., Ltd.* (“Midea Household Appliance”)	– 佛山市美的家用電器有限公司* ([「美的家電」])	18,213	2,471
– Guangdong Meizhi Compressor Limited ** (“Meizhi Compressor”)	– 廣東美芝製冷設備有限公司** ([「美芝製冷」])	171,503	22,336
– Guangdong Welling Motor Manufacturing Company Limited * (“Welling Motor”)	– 廣東威靈電機製造有限公司* ([「威靈電機」])	60,162	25,825
		364,944	95,201

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

* 該等關聯公司由本公司最終控股公司所控制。

** These are related parties under common significant influence.

** 該等關聯公司受共同重大影響。

25. Related party transactions (Continued)

25. 關聯方交易(續)

(b) Key management compensation

(b) 主要管理人員酬金

		Six months ended 30 June 截至六月三十日止六個月	
		2007 二零零七年	2006 二零零六年
Salaries and other short-term employee benefits	薪金及其他短期僱員福利	848	761
Share-based payments	以股份形式支付之付款	-	3,763
		848	4,524

(c) Balances with related companies:

(c) 與關聯公司之餘額如下：

		As at 於	
		30 June 2007 二零零七年 六月三十日	31 December 2006 二零零六年 十二月三十一日
Due from related companies:	應收關聯公司：		
- Midea Air Conditioning	- 美的製冷	327,105	141,826
- Midea-Royalstar	- 榮事達美的	31,619	27,258
- Midea Household Appliance	- 美的家電	1,292	-
		360,016	169,084

		As at 於	
		30 June 2007 二零零七年 六月三十日	31 December 2006 二零零六年 十二月三十一日
Due to related companies:	應付關聯公司：		
- Midea Household Appliance	- 美的家電	11,077	3,216
- Guangdong Midea Commercial Air Conditioner & Equipment Co., Ltd.*	- 廣東美的商用空調設備有限公司*	-	8,827
- Midea Air Conditioning	- 美的製冷	213,707	114,422
- Meizhi Compressor	- 美芝製冷	218,567	23,065
- Welling Motor	- 威靈電機	29,346	21,241
		472,697	170,771

* This is the related party under common significant influence.

* 此關聯公司受共同重大影響。

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

應收／應付關聯公司結餘乃免息及須於通知時償還。

26. Events after the balance sheet date

Save as disclosed in Note 12(b), there is no significant subsequent event occurred after the balance sheet date.

27. Comparative figures

In current period, interest income and exchange loss are included in finance costs – net (Note 19), whereas in prior periods these accounts had been included in other income and separated from finance cost. Accordingly, comparative figures have been reclassified so as to confirm with current period's presentation.

26. 結算日後事項

除附註12(b)所披露外，結算日後並無重大事項發生。

27. 比較數字

利息收入及滙兌虧損已於期內計入融資成本 – 淨額(附註19)，而過往期間該等賬目已計入其他收入，並與融資成本分開入賬。因此，比較數字已經重新分類，與本期之呈報一致。



華凌集團有限公司
Hualing Holdings Limited