

Welling

威靈控股有限公司
WELLING HOLDING LIMITED

Interim Report **2008** 中期報告

Stock Code 股份代號 : 0382



CORPORATE INFORMATION

Executive Directors

Mr. JIANG Deqing (*Chief Executive Officer*)
(appointed on 31 August 2008)
Mr. QU Fei
Mr. GAO Fazhong
Ms. YUAN Liquan
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. CAI Qiwu
(appointed on 31 August 2008)
Mr. ZHENG Weikang

Executive Committee

Mr. JIANG Deqing
(appointed on 31 August 2008)
Mr. QU Fei
Mr. GAO Fazhong
Ms. YUAN Liquan
Mr. LI Jianwei
Mr. ZHENG Weikang

公司資料

執行董事

姜德清先生 (*首席執行官*)
(於二零零八年八月三十一日獲委任)
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
蔡其武先生
(於二零零八年八月三十一日獲委任)
鄭偉康先生

行政委員會

姜德清先生
(於二零零八年八月三十一日獲委任)
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 (continued)

Company Secretary & 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 Advisers

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

Auditor

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

Compliance Adviser

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

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.

公司資料 (續)

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

齊伯禮律師行
香港
遮打道16–20號
歷山大廈20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

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

CORPORATE INFORMATION (continued)

Share Registrar

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

Website Addresses

<http://www.irasia.com/listco/hk/welling/index.htm>
<http://www.welling.com.cn>

STOCK CODE

382

公司資料 (續)

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.irasia.com/listco/hk/welling/index.htm>
<http://www.welling.com.cn>

股份代號

382

INTERIM RESULTS

The board of directors (the “Board”) of Welling Holding 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 2008, together with the comparative figures for 2007. These condensed consolidated interim financial information have not been audited, but have been reviewed by the Company’s audit committee and independent auditor (the “Auditor”).

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend in respect of the six months ended 30 June 2008 (six months ended 30 June 2007: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Restructuring

The Company implemented a restructuring exercise involving a significant business and assets swap in 2007, as the directors of the Company (the “Director”) believed that a change in principal activities is the best option for lifting the Company from its financial and operational predicament. With the support of Midea Group Co., Ltd. (“Midea”, together with its subsidiaries, the “Midea Group”), a substantial shareholder of the Company, the Board decided to dispose of the original business of the Group, which mainly included the manufacturing and distribution of electrical household appliances, including air-conditioners, refrigerators and mini-refrigerators (the “Disposed Business”) and to acquire Welling Holding (BVI) Limited (“Welling”), an indirect wholly-owned subsidiary of Midea principally engaged in the manufacturing and distribution of air-conditioning motors, washing motors and electronic and electric components for electrical household appliances. Further details are set out in the circular of the Company dated 25 February 2008. Management considered that the acquisition would allow the Company to move upstream in the electrical household appliances industry and focus on the development of the more promising upstream business of motors and electronic and electric components, thus facilitating full utilisation of the Company’s expertise and experience in the relevant electrical household appliance industry.

中期業績

威靈控股有限公司(「本公司」)董事會(「董事會」)謹此宣佈本公司及其附屬公司(統稱「本集團」)截至二零零八年六月三十日止六個月之未經審核中期業績，連同二零零七年之比較數字。該等簡明綜合中期財務資料未經審核，但已由本公司之審核委員會及獨立核數師(「核數師」)審閱。

中期股息

董事會議決不派發截至二零零八年六月三十日止六個月的中期股息(截至二零零七年六月三十日止六個月：無)。

管理層討論與分析

重組

本公司於二零零七年啟動重大業務及資產換置的重組方案，本公司董事(「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，在主要股東美的集團有限公司(「美的」，與其附屬公司，統稱「美的集團」)的支持下，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以製造及銷售空調電機、洗滌電機及電子電器產品為主營業務的間接全資附屬公司威靈控股(BVI)有限公司(「威靈」)，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。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。

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

A Brief Description of the Acquisition and Disposal

On 23 November 2007, the Company announced that it had entered into a sale and purchase agreement (the "Agreement") with Welling Electric Holding (Cayman Islands) Limited (the "Vendor"), pursuant to which the Company agreed (i) to acquire from the Vendor the entire issued share capital of Welling, which is engaged in manufacturing and distribution of motors for electrical household appliances; (ii) to 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; (iii) to assign debt receivable in the amount of approximately RMB784,744,000 to the Vendor; and (iv) to issue approximately 8,753,323,000 consideration shares to the Vendor (collectively the "Transaction"). Upon completion of the Transaction, Welling would become a wholly-owned subsidiary of the Company, and the Company would no longer have any interest in any of the Disposed Companies or engage in its then original business activities, and would principally engage in the business of 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 components.

The Transaction was approved by the independent shareholders at the Extraordinary General Meeting of the Company held on 18 March 2008 and completion took place on 31 March 2008.

Given that the Company and the Vendor are both indirect subsidiaries of Midea and under common control of Midea before and after the Transaction, the Company applied 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 this interim financial information of the Group. Details reconciliation was disclosed in Note 2 "Basis of preparation" to the condensed consolidated interim financial information.

管理層討論與分析(續)

收購及出售簡述

於二零零七年十一月二十三日，本公司宣佈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，本公司同意(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)轉讓約人民幣784,744,000元的應收債項予賣方；及(iv)發行約8,753,323,000股代價股份予賣方(統稱「該交易」)。於該交易完成後，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當時原有主要業務活動，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。

該交易經獨立股東於二零零八年三月十八日舉行的本公司股東特別大會上批准通過並於二零零八年三月三十一日完成。

由於本公司及賣方均為美的的間接附屬公司，於該交易前後均受美的的共同控制，本公司於編製本集團中期財務資料時已應用香港會計師公會頒佈的香港會計指引第5號規定的「共同控制合併的合併會計原則」。對賬詳情在簡明綜合中期財務資料附註2「編製基準」中披露。

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Business Review

Profit attributable to the equity holders of the Company for the six months ended 30 June 2008 was approximately RMB166,973,000 (2007: approximately RMB170,460,000). For the six months ended 30 June 2008, the Group recorded a turnover from continuing operations of approximately RMB2,640,926,000 (2007: approximately RMB2,340,752,000), representing an increase of approximately 12.8% over the same period last year. For the six months ended 30 June 2008, the Group's gross profit ratio was approximately 10.2% (2007: approximately 11.0%). Net asset value per share of the Group was approximately RMB4.99 cents as at 30 June 2008 and earnings per share was approximately RMB1.24 cents for the six months ended 30 June 2008.

Set out below is an analysis of each of the key business lines of the Group:

(1) Air-conditioning Motors Business:

During the first half of 2008, the growth in demand for residential air-conditioners slowed down under the combined impact of global economic uncertainties, inflation and rising costs of raw materials, as well as prolonged rainy weather since the beginning of summer. According to a statistic report set out in the ChinaCCM website www.chinaccm.com (中華商務網) for the first half of 2008, the aggregate domestic sales in the residential air-conditioner industry was roughly the same as the same period last year, while the aggregate export sales increased by approximately 10.0% over the same period last year. Market dominance of first-tier brands continued to grow as industry consolidation for the air-conditioning sector gained pace with the top two brands (including Midea) in the residential air-conditioner industry, capturing increasing market shares.

管理層討論與分析(續)

業務回顧

截止二零零八年六月三十日止六個月本公司的股權持有人應佔利潤約人民幣166,973,000元(二零零七年:約人民幣170,460,000元)。截止二零零八年六月三十日止六個月,本集團持續經營業務營業額為約人民幣2,640,926,000元(二零零七年:約人民幣2,340,752,000元),同比上升約12.8%。截至二零零八年六月三十日止六個月,本集團的毛利率約為10.2%(二零零七年:約11.0%)。於二零零八年六月三十日,本集團之每股資產淨值為約人民幣4.99分,而截至二零零八年六月三十日止六個月之每股盈利為約人民幣1.24分。

以下載列本集團各主要業務的分析:

(1) 空調電機業務:

二零零八年上半年,受全球經濟前景不明、通脹與原料成本上升、入夏以來雨水天氣持續等因素影響,家用空調市場需求增長呈放緩態勢。據中華商務網 www.chinaccm.com的統計報告,二零零八年上半年,家用空調行業內銷總量與上年相比基本持平,外銷總量同比增長近10.0%左右;空調行業整合步伐繼續加快,一綫品牌的領先優勢繼續提升,家用空調行業前兩位品牌(包括美的)的市場份額持續增加。

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Business Review (continued)

(1) Air-conditioning Motors Business: (continued)

In the first half of 2008, the Group recorded 24,239,000 units of domestic sales and 5,537,000 units of overseas sales of air-conditioning motors; the aggregate sales volume increased by approximately 9.0% over the same period last year. Air-conditioning motors recorded a turnover of approximately RMB1,644,112,000, which represents an 7.9% increase over the turnover of approximately RMB1,523,243,000 in the same period of 2007.

The Group operated its export business in a challenging environment amid global economic slowdown and weakened consumers' confidence coupled with the impact of the continuous appreciation of Renminbi. Production costs increased substantially in the first half of the year in tandem with higher prices for bulk purchase of raw materials such as steel and copper as well as other materials and components amid unyielding inflation, coupled with the trend of rising staff wages following the implementation of the New Labour Contract Law. The Company sought to offset the adverse impact of intensified price competition in the domestic air-conditioning motors industry by the strategy that linked selling prices to the costs of bulk purchase of raw materials and internal cost reduction initiatives (such as supply chain integration, materials substitution, designs and production processes optimization).

管理層討論與分析 (續)

業務回顧 (續)

(1) 空調電機業務：(續)

於二零零八年上半年，本集團內銷之空調電機數量為約24,239,000台，外銷之空調電機數量約為5,537,000台，總銷量較去年同期上升約9.0%。空調電機於二零零八年上半年之營業額為約人民幣1,644,112,000元，比二零零七年同期之營業額為約人民幣1,523,243,000元錄得約7.9%增幅。

由於全球經濟增長放緩及消費信心轉弱，而出口業務受人民幣持續升值影響下，情況亦不容樂觀。由於上半年通脹持續高企，鋼材、銅等大宗原材料價格大幅走高，其他材料及配件價格也不斷上升，加上新勞動合同法之實施令員工工資不斷上漲等因素，使生產成本大幅提高。而今年國內空調電機行業價格競爭也較往年更趨激烈，本公司已實施了售價與大宗原材料聯動的策略，內部進行大量降成本工作，包括整合供應鏈，材料替代，優化設計，精藝生產等來抵消上述不利因素的影響。

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Business Review (continued)

(2) Washing Motors Business:

In the first half of 2008, the washing machine industry embraced changes in the competitive scenario as market players sought to contest on the back of a combination of strengths such as scale, capital, complementary product offer, customer services, core technology and marketing capabilities, with large-capacity and tumble-type high-end products staying in the limelight. Because of further industry consolidation, the market demand for middle and high-end products drove product mix restructuring for washing machine enterprises. The growth of the PRC market remained strong against relatively sluggish sales in the global market.

The increase in domestic sales was mainly attributable to the growth of rural markets and the upgrading to tumble-type washing machines by urban consumers. The increase in export sales was mainly attributable to the worldwide production of tumble-type washing machines shifting to the PRC that is expected to continue in the future, indicating huge potential for growth in the export sales of the PRC washing machines.

The Group's washing motors business continued to deliver excellent performance and record strong growth in the first half of 2008, with the benefit of rising demand from existing customers coupled with the signing-up of new customers including world renowned brands such as Electrolux and Whirlpool. For the first half of 2008, the Group recorded 3,775,000 units of domestic sales and 3,032,000 units of export sales of its washing motors. Total sales volume grew approximately 21.9% as compared to the same period last year. The aggregate turnover for the washing motors business was approximately RMB699,511,000, which represented an increase of approximately 25.9% compared to approximately RMB555,684,000 for the same period last year.

管理層討論與分析(續)

業務回顧(續)

(2) 洗滌電機業務：

二零零八年上半年，洗衣機行業步入以規模、資本、產品配套能力、終端服務能力、核心技術推廣能力為基本內容的綜合競爭時代，大容量、滾筒為核心的高端產品成為廠商爭奪的重點。由於行業集中度進一步提高，中、高端產品市場需求的加快推動了洗衣機企業產品結構調整的步伐。在全球市場銷售相對低迷情況下，中國市場仍保持相當強勁的增長勢頭。

內銷增長主要得益於農村市場的繁榮以及城鎮升級換代成滾筒洗衣機，而外銷增長主要得益於世界滾筒式洗衣機製造繼續向中國轉移，未來這種趨勢仍將持續。中國洗衣機出口的增長空間還很大。

本集團洗滌電機業務表現卓越，繼續錄得強勁增長，原因在二零零八年上半年，該業務原有客戶需求量持續增加，與此同時，集團亦成功開發了新的大客戶，如伊萊克斯及惠而浦等國際知名品牌客戶。於二零零八年上半年，本集團內銷之洗滌電機數量約為3,775,000台，出口之洗滌電機數量約為3,032,000台，總銷量較去年同期上升約21.9%，而洗滌電機整體業務之營業額為人民幣699,511,000元，二零零七年同期之營業額為約人民幣555,684,000元，同比增長約25.9%。

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Business Review (continued)

(2) Washing Motors Business: (continued)

Despite rising prices of bulk purchase of raw materials and intense market competition, the Company successfully leveraged its own product strengths to lift prices by approximately 3.0% on all the new orders from customers. In the meantime, the Company basically offset the impact of rising price of raw materials by applying various measures, such as making use of internally developed technologies to reduce operating cost, adopting Euro as the currency for settlement of export sales of motors and entering into futures contracts for the purchase of copper wire and steel to obtain better price through negotiation with major suppliers to secure fixed prices for future purchases.

(3) Electronic and Electric Components Business:

In the first half of 2008, microwave oven manufacturers sought to enhance their presence in the third/fourth-tier markets, devoting substantial resources in product research and development and TV commercials to contest for market leadership. Under the impact of appreciation of Renminbi, it was inevitable for most of the microwave oven manufacturers to record a certain extent decline in export sales volume that may cause changes in their overall sales structure. Year-on-year growth over 2007 in the domestic sale volume of the microwave oven industry was not significant and market players were generally cautious about prospects down the road.

管理層討論與分析 (續)

業務回顧 (續)

(2) 洗滌電機業務：(續)

在大宗原材料價格上漲、市場競爭激烈的大環境下，本公司上半年利用自身產品優勢成功實施了對所有客戶的新訂單購貨價全面提升的工作，升幅加權約3.0%，同時通過內部技術降低營運成本，並採用歐元作為出口電機結算貨幣及與主要供應商協商訂購的期貨方式購入銅線和鋼材等措施，此舉基本上能鎖定未來採購價格，抵消了材料價格上漲的影響。

(3) 電子電器產品業務：

二零零八年上半年，微波爐企業紛紛加強在三、四級市場的競爭，並在產品研發、電視廣告上投入大量資金，爭奪行業頭把交椅的地位。受人民幣升值影響，大部分微波爐廠家出口量均有一定幅度的下降，其銷售結構發生一定變化。微波爐行業內銷對比二零零七年增長也不明顯，廠家保持觀望態度。

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Business Review (continued)

(3) Electronic and Electric Components Business: (continued)

The Company accomplished a steady growth on the converter products for microwave ovens by developing new products, increasing customer shares and expanding its customer base. In the first half of 2008, the customers' demand for shaded pole motors continued to increase. For the first half of 2008, the Group recorded 10,563,000 units of domestic sales and 958,000 units of export sales of its electronic and electric components, representing a growth of approximately 11.3% in total sales volume compared to the same period last year. The turnover for electronic and electric components was approximately RMB289,884,000, representing an increase of approximately 10.7% over approximately RMB261,825,000 recorded in the same period last year.

Raw material cost rose by 4% in tandem with rising prices of bulk purchase of raw materials for electronic and electric components while prices of other materials and staff wages also continued to increase, resulting in stronger cost pressure. The Company negotiated upward price adjustments with major customers during the period. Moreover, the Company adopted measures to optimize product structure and improve the production process to reduce wastage and enhance production qualities and efficiency, which partially offset the impact of increase in the price of raw materials.

管理層討論與分析 (續)

業務回顧 (續)

(3) 電子電器產品業務：(續)

本公司通過開發新品、提高客戶佔有率以及拓展新客戶等途徑，微波爐用變壓器產品保持平穩增長，二零零八年上半年罩極電機的客戶需求量持續增加。於二零零八年上半年，本集團內銷電子電器產品數量約為10,563,000台，出口之電子電器產品數量約為958,000台，總銷量較去年同期上升約11.3%。電子電器營業額約為人民幣289,884,000元，二零零七年同期之營業額為約人民幣261,825,000元，同比增長約10.7%。

電子電器產品大宗原材料漲價造成材料成本上漲達4%，其他材料價格及員工工資成本也不斷上升，導致成本壓力加大。本公司於期內與重點客戶協商升價。除此之外，本公司同時採取優化產品結構、改進生產工藝等措施以減少損耗及提高生產質量及效率來抵消一部分原材料價格上漲的影響。

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Financial Review

Liquidity

The Group's liquidity ratio as at the balance sheet date was as follows:

| | | 30 June 2008 二零零八年 六月三十日 RMB'000 人民幣千元 | 31 December 2007 二零零七年 十二月三十一日 Restated 重列 RMB'000 人民幣千元 |
|--------------------------------|-----------------------|---|---|
| Current assets | 流動資產 | 3,635,009 | 4,429,326 |
| Current liabilities | 流動負債 | 3,459,205 | 5,170,395 |
| Liquidity ratio ⁽¹⁾ | 流動資金比率 ⁽¹⁾ | 1.05 | 0.86 |

Note:

(1) Liquidity ratio represents the aggregate current assets divided by aggregate current liabilities as at the balance sheet date. The Group's liquidity ratios as at 31 December 2007 and 30 June 2008 were 0.86 and 1.05 respectively. The main reason for the improvement in liquidity ratio was the disposal of the Disposed Business, which was in net current liabilities position, as at 31 December 2007.

管理層討論與分析 (續)

財務回顧

流動資金

下表載列於所示資產負債表日本集團的流動資金比率。

| | | 30 June 2008 二零零八年 六月三十日 RMB'000 人民幣千元 | 31 December 2007 二零零七年 十二月三十一日 Restated 重列 RMB'000 人民幣千元 |
|--------------------------------|-----------------------|---|---|
| Current assets | 流動資產 | 3,635,009 | 4,429,326 |
| Current liabilities | 流動負債 | 3,459,205 | 5,170,395 |
| Liquidity ratio ⁽¹⁾ | 流動資金比率 ⁽¹⁾ | 1.05 | 0.86 |

附註：

(1) 流動資金比率相等於本集團於所示資產負債表日的總流動資產除以總流動負債。本集團於二零零七年十二月三十一日及二零零八年六月三十日的流動資金比率分別為0.86及1.05。流動資金比率改善主要由於本公司期內出售了截至二零零七年十二月三十一日錄得流動負債淨額的已出售業務所致。

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Financial Review (continued)

Capital Structure and Pledge of Assets

The Group's gearing ratio as at the balance sheet date was as follows:

| | | 30 June 2008 二零零八年 六月三十日 | 31 December 2007 二零零七年 十二月三十一日 Restated 重列 |
|------------------------------|-----------------------|-----------------------------------|---|
| | | RMB'000 人民幣千元 | RMB'000 人民幣千元 |
| Total borrowings | 借款總額 | 617,609 | 749,889 |
| Less: cash and bank balance | 減：現金及銀行結餘 | (356,075) | (465,231) |
| Net borrowings | 借款淨額 | 261,534 | 284,658 |
| Total equity | 權益總額 | 672,880 | 255,804 |
| Gearing ratio ⁽¹⁾ | 資本負債比率 ⁽¹⁾ | 0.39 | 1.11 |

Note:

(1) Subsequent to the completion of the Transaction on 31 March 2008 by the Company, the gearing ratio of the Group as at 30 June 2008 was substantially improved.

As at 30 June 2008, short-term bank loans were secured by the Group's property, plant and equipment and leasehold land and land use rights with a net book value of approximately RMB131,490,000 (31 December 2007: approximately RMB133,894,000).

Contingent Liabilities

As at 30 June 2008, the Group did not have any material contingent liabilities.

管理層討論與分析 (續)

財務回顧 (續)

資本結構及資產抵押

下表載列於所示資產負債表日本集團的資本負債比率。

| | | 30 June 2008 二零零八年 六月三十日 | 31 December 2007 二零零七年 十二月三十一日 Restated 重列 |
|------------------------------|-----------------------|-----------------------------------|---|
| | | RMB'000 人民幣千元 | RMB'000 人民幣千元 |
| Total borrowings | 借款總額 | 617,609 | 749,889 |
| Less: cash and bank balance | 減：現金及銀行結餘 | (356,075) | (465,231) |
| Net borrowings | 借款淨額 | 261,534 | 284,658 |
| Total equity | 權益總額 | 672,880 | 255,804 |
| Gearing ratio ⁽¹⁾ | 資本負債比率 ⁽¹⁾ | 0.39 | 1.11 |

附註：

(1) 鑒於本公司於二零零八年三月三十一日完成該交易，因此本集團於二零零八年六月三十日的資本負債比率得以大幅改善。

於二零零八年六月三十日，短期銀行貸款乃由本集團賬面淨值約人民幣131,490,000元（二零零七年十二月三十一日：約人民幣133,894,000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。

或然負債

於二零零八年六月三十日，本集團並無任何重大之或然負債。

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Financial Review (continued)

Exposure to the Risk of Fluctuations in Exchange Rate

Approximately 30% of the Group's turnover were derived from export trading settled in Euros and US dollars. Similarly, the Group also imported raw materials in which the suppliers were paid in Euro and US dollars. Foreign exchange risks associated with these currencies were partially offset as a result. Moreover, the Group has made arrangements to purchase currency forward contract to hedge foreign exchange exposure. Despite Renminbi appreciation during the period, the Group was not subject to material exposure to the risk of fluctuations in exchange rates. The Group will monitor its foreign exchange risks from time to time and consider the use of appropriate financial instruments to hedge significant foreign currency risks if necessary.

Human Resources

As at 30 June 2008, the Group employed 9,745 full time employees in Hong Kong and the PRC. The remuneration package currently provided to the staff by the Group comprises salary, bonus and benefits. The Group's remuneration policy is determined with reference to the employee's position, experience, work performance and industrial practices to provide remuneration that is competitive in the market and fair for all employees. In accordance with relevant national and local regulations, the Group has purchased social insurance for the employees (including pension, medical insurance, unemployment insurance and insurance for labour injury) and housing fund. The Company has also adopted a share option scheme to motivate employees to strive for future development and expansion of the Group. In addition, the Group also provides other benefits, including meal subsidies, housing subsidies, group activities, etc.

管理層討論與分析 (續)

財務回顧 (續)

滙率波動風險

本集團營業額中約佔三成為外銷之出口貿易，交易以歐元及美元結算，而同時亦有部分進口原材料以歐元及美元向供應商付款，彼此能作抵銷部分滙兌風險，加上本集團已作適當安排部分出口之交易購買遠期貨幣合約對沖滙兌風險，雖然期內人民幣升值，本集團並無重大的滙率變化風險。本集團將不時監察外滙風險，並於有需要時考慮使用適當金融工具對沖重大外幣風險。

人力資源

於二零零八年六月三十日，本集團於香港及國內共聘用約9,745名全職僱員。本集團目前為職工提供的薪酬待遇包括：崗位工資、獎金及福利。本集團薪酬政策是參考僱員崗位價值、經驗、工作業績及業內慣例釐定，具有市場競爭性及內部公平性。按照國家及地方社會相關規定，集團為員工購買社會保險（包括養老保險、醫療保險、失業保險和工傷保險）及住房公積金。本公司亦採用購股權計劃，用以鼓勵員工為本集團之未來發展及擴展出力。另外集團為員工提供其他福利，包括膳食補助、住房補貼、團隊活動等等。

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Human Resources (continued)

In order to enhance the Group's productivity and improve the quality of the staff, the Group encourages employees to participate in continuing education programs and various training courses. Based on strategic planning and the scheme for staff aptitude development, the Group has organized various forms of professional training, skills training and management training. These included in-house training conducted by external instructors, external training courses organized by third parties and internal training conducted by staff instructors.

The Group cooperated with renowned domestic and overseas human resources advisory companies to enhance the management's skills. Managing the business using a "people oriented" philosophy, the Group continued to improve the mechanism of "selection, recruitment, training and retaining" of staff quality in order to become the best employer for our employees and build up a competitive edge for attracting new and retaining old employees.

Business Prospects

In the next few years, the Company will focus on the development of business of motors for household appliances with aspirations to become a world leader in this sector, while maintaining its industry dominance to become one of the world's best suppliers of parts and components for household appliances. The Company will enhance the overall quality of its products and leverage the well-known brand name of Welling to enhance new product development. Moreover, the Group will further improve its profitability by improving its in-house research and development capability, increasing production efficiency and product quality through improvement of production technologies, and lowering production costs by increasing the proportion of internally developed motors components.

管理層討論與分析 (續)

人力資源 (續)

為改善本集團的生產力及進一步提高職工質素，本集團鼓勵僱員參加持續教育及各種培訓課程。集團根據戰略規劃及員工能力發展計劃，組織各種形式專業培訓、技能培訓及管理培訓，包括外聘講師內訓、外出培訓、內部講師等。

集團與國內外知名人力資源公司合作，全面提升人力資源管理技能和水平，堅持以人為本的人才理念，持續改善人才的選、用、育、留機制，致力於成為員工的最佳僱主，打造企業吸引和保留人才的競爭優勢。

業務展望

展望未來幾年，本公司將專注於家電電機業務的發展，致力爭取達到全球領先的地位，保持行業龍頭的優勢，務求成為全球最優秀的家電零部件供應商。本公司將全面提升產品品質，有效利用威靈品牌美譽，加快拓展相關新產品領域，提升自主研發能力，透過生產技術改良以提高生產效率及產品質量，加大電機零部件自製比例以降低成本，進一步提高整體盈利能力。

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Business Prospects (continued)

The household air-conditioner market has currently entered into a mature phase characterized by stable size of the industry and slow growth. Commercial air-conditioner and refrigerator markets are in a phase of rapid growth with great potential for development. With improved technology, process and production management and other measures, the Company continues to solidify its leading position in the air-conditioning alternating current motors market. Meanwhile, the Group has plans to upgrade product quality and production capacities for its commercial air-conditioning motors, refrigerator compressor motors and air-conditioning direct current ("DC") motors businesses by increasing investments in these segments to facilitate the recruitment of high-caliber professionals in technology development and the import of state-of-the-art production equipment. In the next few years, with regard to the business of commercial air-conditioning motors, the Group will make every effort in developing the huge potential of the American market; with regard to the refrigerator compressor motors, the Group will focus on expanding selected clusters of domestic clients and market share; with regard to air-conditioning DC motors, the Group will strengthen research and development to improve productivity, riding on the trend in the air-conditioning industry to enhance energy efficiency ratios. In short, the Group looks forward to fostering and developing commercial air-conditioning motors, refrigerator compressor motors and air-conditioning DC motors as its major products in the next few years.

管理層討論與分析(續)

業務展望(續)

現時家用空調市場已逐步進入成熟期，行業規模穩定但增長緩慢，而商用空調及冰箱市場規模正處於快速增長的階段，有很大的發展空間。公司將通過技術改良，工藝改進及生產管理優化等措施繼續鞏固空調交流電機在市場的主導地位，同時計劃加大商用空調電機、冰箱壓縮機電機、空調直流電機業務的資源投入，吸收行業內高級技術開發人才，引進國外先進的生產設備，以提升產品質量及擴大生產能力。在未來幾年裏，商用空調電機領域致力開發市場容量巨大的美洲市場；冰箱壓縮機電機領域重點擴大國內客戶群，提高市場佔有率；空調直流電機領域抓住國內空調能效比提升的趨勢，加強研發創新，提升產品製造力，務求將商用空調電機、冰箱壓縮機電機及空調直流電機培育及發展成為未來幾年集團的支柱產品之一。

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Business Prospects (continued)

As the washing motors industry maintains a rapid growth momentum, the Company will continue to increase its investment in the universal motors for tumble-type washing machines. The Company will import and install advanced fully automated production lines, purchase new plants, strengthen the production and supply capacity and speed up response to market needs. Meanwhile, we will also accelerate the pace of development of high-end universal motors so as to expand to the vast European market with distinctive quality products. In addition, the Company will increase the investment in induction motors and dishwashing motors to further expand its market share and profitability of such motors. Meanwhile, the Company will continue the research and development of three-phase converter motors and direct-drive motors to keep in pace with the progress of the market.

In respect of electronic and electrical appliance industry, the Company will seek to expand its market share in the shaded pole motors and resistor market while reinforcing its leading position in microwave oven converters. The Group is also aiming to tap the electronic ballast market as and when opportunities arise, in order to broaden the Group's product categories.

In the coming years, the Group expects to conduct more feasibility studies for new products, such as the development of automobile motors. The Group will also look into the casting and high precision process industry and seize opportunities to enter the mini series machine motors industry such as soybean milk-making machine motors. The goal is to strive to develop two or three growth niches over the next few years.

管理層討論與分析(續)

業務展望(續)

至於洗衣機電機行業則繼續保持快速增長，公司將繼續加大滾筒洗衣機配套用的串激電機的投入，增加國外先進的全自動生產線，購買新廠房，擴大生產供應能力，提升反應速度，同時加快串激電機中高端產品的開發，提升產品質量以爭取歐洲市場廣闊的市場空間。公司還將加大對波輪電機、洗碗機電機的投入，進一步擴大該類電機的市場份額及盈利能力，持續進行三相變頻電機、DD電機的研究開發，使之能與市場進度匹配。

電子電器行業在確保微波爐變壓器成為全球第一的同時，亦不斷壯大其發展罩極電機和電抗器的市場，並擇機快速切入鎮流器市場以拓展產品業務。

預計未來幾年，集團將加大新產品的可行性研究，如積極推動汽車電機的開發，同時加快論證進入鑄件及精密加工行業的可行性，並擇機進入諸如豆漿機電機等小型串激電機行業，力圖通過未來數年的努力，可望培育出二至三個新業務增長點。

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN EQUITY AND DEBT SECURITIES

As at 30 June 2008, the interests and short positions of the Directors and the chief executive of the Company as at 30 June 2008 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 Directors of Listed Issuers ("Model Code") contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

董事及最高行政人員於股本證券或債務證券之權益

於二零零八年六月三十日，本公司董事及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最高行政人員被當作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（「標準守則」）須知會本公司及聯交所之權益及淡倉如下：

Interests in share options of the Company (long position)

於本公司購股權之權益（好倉）

| Name | 姓名 | Options | Options | Options held at 30 June 2008 於二零零八年六月三十日 持有之購股權 | Exercise price 行使價 港幣 | Date of grant 授出日期 | Exercisable from 可行使 期限起始日 | Exercisable until 可行使 期限結束日 |
|-------------------|------------|--|--|---|-----------------------------|-----------------------|----------------------------------|-----------------------------------|
| | | Options held at 1 January 2008 於二零零八年一月一日 持有之購股權 | Options granted during the period 於期內授出之購股權 | | | | | |
| Directors: | 董事： | | | | | | | |
| 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 |

Share options were granted to the Directors under the 2003 Share Option Scheme. The consideration for each of the grants above was HK\$1. Details of the 2003 Share Option Scheme are disclosed in Note 11(b) to the notes to interim financial information.

購股權乃根據二零零三年購股權計劃而授予董事。上述授出購股權之代價為港幣1元。二零零三年購股權計劃詳情載於中期財務資料附註11(b)。

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN EQUITY AND DEBT SECURITIES (continued)

Interests in share options of the Company (long position) (continued)

Other than those interests disclosed above, as at 30 June 2008, no Directors and chief executive of the Company (including their spouses or 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).

Save as disclosed herein, at no time during the six months ended 30 June 2008 was the Company, its subsidiaries, its associated companies, its fellow subsidiaries or its holding company, a party to any arrangements to enable the Directors or the chief executive of the Company to hold any interests or short positions in the shares in, or debentures of, the Company or its associated corporations.

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 2008, 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.

董事及最高行政人員於股本證券或債務證券之權益(續)

於本公司購股權之權益(好倉)(續)

除上文所披露之權益外，於二零零八年六月三十日，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，於截至二零零八年六月三十日止六個月內任何時間，本公司、其附屬公司、其聯營公司、其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。

主要股東權益

根據董事所知，按照證券及期貨條例第336條須置存之主要股東登記冊顯示，於二零零八年六月三十日，本公司已獲知會下列主要股東持有本公司已發行股本5%或以上權益，此等權益並未包括於以上披露之董事之權益內。

**SUBSTANTIAL SHAREHOLDERS'
INTERESTS (continued)****主要股東權益 (續)**

| Name of shareholder 股東姓名／名稱 | | Number of shares held 持有股份數目 | Approximate Percentage of shareholding 持股概約百分比 |
|---|---------------------|------------------------------------|---|
| Welling Electric Holding (Cayman Islands) Limited ("Welling Electric") (Note 1) 威靈電機控股(開曼群島)有限公司(「威靈電機」) (附註1) | Long position 好倉 | 8,753,323,092 | 64.94% |
| Midea Investment Holding (BVI) Limited ("Midea Holding") (Note 2) 美的控股(BVI)有限公司(「美的控股」)(附註2) | Long position 好倉 | 8,753,323,092 | 64.94% |
| Midea International Corporation Company Limited ("Midea International") (Note 3) 美的國際控股有限公司(「美的國際」)(附註3) | Long position 好倉 | 1,352,700,805 | 10.03% |
| Midea Group Co., Ltd. ("Midea") (Note 4) 美的集團有限公司(「美的」)(附註4) | Long position 好倉 | 10,106,023,897 | 74.97% |
| Foshan Shunde Tiantuo Investment Co., Ltd. ("Shunde Tiantuo") (Note 5) 佛山市順德區天拓投資有限公司(「順德天拓」) (附註5) | Long position 好倉 | 10,106,023,897 | 74.97% |
| Mr. He Xiangjian (Note 6) 何享健先生(附註6) | Long position 好倉 | 10,106,023,897 | 74.97% |
| Ms. Liang Fengchai (Note 7) 梁鳳釵女士(附註7) | Long position 好倉 | 10,106,023,897 | 74.97% |

Notes:

附註:

- | | |
|--|--|
| 1. These 8,753,323,092 shares of the Company were registered in the name of and beneficially owned by Welling Electric. | 1. 該等8,753,323,092股本公司股份以威靈電機之名義登記及由其實益擁有。 |
| 2. Midea Holding was deemed to be interested in the 8,753,323,092 shares of the Company which Welling Electric was interested in by virtue of its holding 100% equity interest in Welling Electric. | 2. 美的控股藉持有威靈電機100%股權而被視為於威靈電機持有的8,753,323,092股本公司股份中擁有權益。 |
| 3. These 1,352,700,805 shares of the Company were registered in the name of and beneficially owned by Midea International. | 3. 該等1,352,700,805股本公司股份以美的國際之名義登記及由其實益擁有。 |
| 4. Midea was deemed to be interested in the 1,352,700,805 shares of the Company which Midea International was interested in by virtue of its holding 100% equity interest in Midea International and was deemed to be interested in the 8,753,323,092 shares of the Company which Welling Electric was interested in by virtue of its holding 100% equity interest in Midea Holding. | 4. 美的藉持有美的國際100%股權而被視為於美的國際持有的1,352,700,805股本公司股份中擁有權益，並藉持有美的控股100%股權而被視為於威靈電機持有的8,753,323,092股本公司股份中擁有權益。 |

SUBSTANTIAL SHAREHOLDERS' INTERESTS (continued)

Notes: (continued)

5. The registered capital of Midea is owned as to 75% by Shunde Tiantuo. Accordingly, Shunde Tiantuo was deemed to be interested in the 10,106,023,897 shares of the Company which Midea was deemed to be interested in by virtue of its holding 75% equity interest in Midea.
6. 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 10,106,023,897 shares of the Company which Shunde Tiantuo was deemed to be interested in by virtue of his holding 90% equity interest in Shunde Tiantuo.
7. Ms. Liang Fengchai is the spouse of Mr. He Xiangjian and is therefore deemed to be interested in the 10,106,023,897 shares of the Company which Mr. He Xiangjian was deemed to be interested in.

Save as disclosed above, as at 30 June 2008, the Company is not aware of any other person who has an interest or a short position in the shares or underlying shares of the Company which was required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO and have been recorded in the register kept by the Company pursuant to section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company has not redeemed any of its shares during the six months ended 30 June 2008. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the period.

主要股東權益 (續)

附註：(續)

5. 美的之註冊資本由順德天拓擁有75%股權。因此，順德天拓藉持有美的75%股權而被視為於美的被視為持有的10,106,023,897股本公司股份中擁有權益。
6. 順德天拓之註冊資本由何享健先生擁有90%股權。因此，何享健先生藉持有順德天拓90%權益而被視為於順德天拓被視為持有的10,106,023,897股本公司股份中擁有權益。
7. 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被視為持有10,106,023,897股本公司股份中擁有權益。

除上文披露者外，於二零零八年六月三十日，本公司並不知悉任何其他人士於本公司股份或相關股份中擁有權益或淡倉而須根據證券及期貨條例第XV部第2及3分部須知會本公司及記載於本公司按證券及期貨條例第336條須存置的登記冊內。

購買、出售或贖回上市證券

本公司於截至二零零八年六月三十日止六個月內並無贖回其任何股份。本公司或其附屬公司於期內概無購買或出售任何本公司之股份。

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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 during the six months ended 30 June 2008.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

Throughout the six months ended 30 June 2008, the Company had complied with the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules.

AUDIT COMMITTEE

To protect the interest of its shareholders, the Group formed an audit committee (the "Audit Committee") on 5 August 1999. The Audit Committee comprised all the 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 2008 and agreed to the accounting policies and practices adopted by the Company. In addition, the Company's Auditor has reviewed these unaudited interim results in accordance with Hong Kong Standard on Review Engagement 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. The independent review report of the Auditor is set out below.

遵守董事進行證券交易的標準守則

本公司已就董事進行證券交易採納標準守則，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。經向各董事作出特定查詢，全體董事均確認彼等已於截至二零零八年六月三十日止六個月一直遵循標準守則。

遵守企業管治常規守則

於截至二零零八年六月三十日止六個月內，本公司一直遵守上市規則附錄十四所載的企業管治常規守則的守則條文。

審核委員會

為保障股東的權益，本集團於一九九九年八月五日組成審核委員會（「審核委員會」）。審核委員會由本公司合共三名獨立非執行董事組成，即陳維端先生（主席）、林明勇先生及陳春花女士，旨在改善本集團內部監控。審核委員會已審閱本公司截至二零零八年六月三十日止六個月的未經審核業績及同意本公司採納的會計政策及常規。此外，本公司核數師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」審閱該等未經審核中期業績。核數師的獨立審閱報告已載於下文。

REMUNERATION COMMITTEE

The Company has established a remuneration committee (the "Remuneration Committee") to consider the remuneration of the directors and senior management of the Company. Mr. Wu Zhiqiang ceased to be a member of the Remuneration Committee immediately after his resignation as a director of the Company on 31 August 2008 and Mr. Cai Qiwu was appointed in his place as a member of the Remuneration Committee with effect from the same date. The Remuneration Committee currently comprises three independent non-executive directors of the Company, namely, Ms. Chen Chunhua (chairman), Mr. Chan Wai Dune and Mr. Lam Ming Yung, a non-executive director, Mr. Cai Qiwu and an executive director, Mr. Zheng Weikang.

CHANGE OF COMPANY NAME

Pursuant to a special resolution passed at an Extraordinary General Meeting 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.

CHANGE OF DIRECTORS AND CHIEF EXECUTIVE OFFICER

Mr. Wu Zhiqiang resigned as an executive director and the chief executive officer of the Company with effect from 31 August 2008 and ceased to be a member of the Remuneration Committee and Executive Committee immediately after his resignation as an executive director of the Company.

Mr. Jiang Deqing was appointed in place of Mr. Wu as an executive director and the chief executive officer of the Company with effect from 31 August 2008 and assumed the office of Mr. Wu as a member of the Executive Committee with effect from the same date.

薪酬委員會

本公司已成立薪酬委員會（「薪酬委員會」）考慮董事及本公司高級管理層的薪酬。吳志強先生於二零零八年八月三十一日辭任本公司董事後同時不再擔任薪酬委員會的成員，而蔡其武先生獲委任繼吳志強先生於同日起出任薪酬委員會成員。薪酬委員會成員目前包括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、非執行董事蔡其武先生以及執行董事鄭偉康先生。

更改公司名稱

根據本公司於二零零八年三月十八日舉行的股東特別大會通過的特別決議案及經香港公司註冊處批准，本公司的英文名稱由「Hualing Holdings Limited」改為「Welling Holding Limited」，而本公司的中文名稱則由「華凌集團有限公司」改為「威靈控股有限公司」，於二零零八年四月十五日生效。

變更董事及首席執行官

吳志強先生辭任本公司執行董事及首席執行官，由二零零八年八月三十一日起生效，彼於辭任本公司執行董事後，同時亦不再擔任薪酬委員會及行政委員會委員之職務。

姜德清先生已獲委任繼吳先生出任本公司之執行董事及首席執行官，自二零零八年八月三十一日起生效，並同時接替吳先生出任行政委員會委員。



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**REPORT ON REVIEW OF INTERIM
FINANCIAL INFORMATION
TO THE BOARD OF DIRECTORS OF
WELLING HOLDING LIMITED
(Formerly known as Hualing Holdings Limited)
(incorporated in Hong Kong with limited liability)**

Introduction

We have reviewed the interim financial information set out on pages 25 to 76, which comprises the condensed consolidated balance sheet of Welling Holding Limited (formerly known as Hualing Holdings Limited, the "Company") and its subsidiaries (together, the "Group") as at 30 June 2008 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

致威靈控股有限公司董事會

(前稱華凌集團有限公司)
(於香港註冊成立之有限公司)

引言

本核數師已審閱列載於第25至76頁的中期財務資料。此中期財務資料包括威靈控股有限公司(前稱華凌集團有限公司,「貴公司」)及其附屬公司(合稱「貴集團」)於二零零八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".

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 12 September 2008

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。

羅兵咸永道會計師事務所

執業會計師

香港，二零零八年九月十二日

**CONDENSED CONSOLIDATED
BALANCE SHEET**

AS AT 30 JUNE 2008

簡明綜合資產負債表

於二零零八年六月三十日

| | | Note 附註 | Unaudited 未經審核 30 June 2008 二零零八年 六月三十日 RMB'000 人民幣千元 | Unaudited 未經審核 31 December 2007 二零零七年 十二月三十一日 RMB'000 人民幣千元 Restated 重列 (Note 2) (附註2) |
|--|------------------------|------------|--|---|
| ASSETS | 資產 | | | |
| Non-current assets | 非流動資產 | | | |
| Property, plant and equipment | 物業、廠房及設備 | 5 | 393,882 | 696,482 |
| Investment properties | 投資物業 | 5 | — | 100,000 |
| Leasehold land and land use rights | 租賃土地及土地使用權 | | 85,949 | 180,660 |
| Intangible assets | 無形資產 | 6 | 19,731 | 19,731 |
| Deferred income tax assets | 遞延所得稅資產 | | 4,600 | — |
| | | | 504,162 | 996,873 |
| Current assets | 流動資產 | | | |
| Inventories | 存貨 | 7 | 458,593 | 817,077 |
| Trade and other receivables | 貿易及其他應收款 | 8 | 1,358,383 | 1,704,222 |
| Due from related companies | 應收關聯公司款項 | 24(d) | 1,359,483 | 1,184,442 |
| Pledged bank deposits | 已抵押銀行存款 | 9 | 102,475 | 258,354 |
| Cash and cash equivalents | 現金及現金等價物 | 10 | 356,075 | 465,231 |
| | | | 3,635,009 | 4,429,326 |
| Total assets | 總資產 | | 4,139,171 | 5,426,199 |
| 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 | 11 | 1,287,580 | 1,287,580 |
| Other reserves | 其他儲備 | 12 | 332,046 | 6,224 |
| Accumulated losses | 累積虧損 | | (946,746) | (1,092,860) |
| | | | 672,880 | 200,944 |
| Minority interests | 少數股東權益 | | — | 54,860 |
| Total equity | 權益總額 | | 672,880 | 255,804 |

**CONDENSED CONSOLIDATED
BALANCE SHEET (continued)**

AS AT 30 JUNE 2008

簡明綜合資產負債表(續)

於二零零八年六月三十日

| | | Note 附註 | Unaudited 未經審核 30 June 2008 二零零八年 六月三十日 RMB'000 人民幣千元 | Unaudited 未經審核 31 December 2007 二零零七年 十二月三十一日 RMB'000 人民幣千元 Restated 重列 (Note 2) (附註2) |
|--|--------------------|------------|--|---|
| LIABILITIES | 負債 | | | |
| Non-current liabilities | 非流動負債 | | | |
| Deferred income tax liabilities | 遞延所得稅負債 | | 7,086 | — |
| Current liabilities | 流動負債 | | | |
| Trade and other payables | 貿易及其他應付款 | 13 | 2,100,293 | 3,098,623 |
| Due to related companies | 應付關聯公司款項 | 24(d) | 732,057 | 1,248,677 |
| Current income tax liabilities | 即期所得稅負債 | | 9,246 | 4,877 |
| Borrowings | 借貸 | 14 | 617,609 | 749,889 |
| Provision for warranty | 產品保養撥備 | 15 | — | 68,329 |
| | | | 3,459,205 | 5,170,395 |
| Total liabilities | 總負債 | | 3,466,291 | 5,170,395 |
| Total equity and liabilities | 權益及負債總額 | | 4,139,171 | 5,426,199 |
| Net current assets/(liabilities) | 流動資產/(負債)淨額 | | 175,804 | (741,069) |
| Total assets less current liabilities | 總資產減流動負債 | | 679,966 | 255,804 |

The notes on page 31 to 76 form an integral part of this condensed interim financial information.

於第31至76頁的附註為此簡明中期財務資料的一部份。

**CONDENSED CONSOLIDATED
INCOME STATEMENT**

FOR THE SIX MONTHS ENDED 30 JUNE 2008

簡明綜合收益表

截至二零零八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 | |
| | | 2008 二零零八年 RMB'000 人民幣千元 | 2007 二零零七年 RMB'000 人民幣千元 Restated 重列 (Note 2) (附註2) |
| | | Note 附註 | |
| Continuing operations | 持續經營業務 | | |
| Revenue | 營業額 | 4 | 2,640,926 |
| Cost of goods sold | 銷售貨品成本 | | (2,371,392) |
| | | | 2,340,752 |
| | | | (2,084,279) |
| Gross profit | 毛利 | | 269,534 |
| Other gains — net | 其他收益 — 淨額 | 17 | 1,616 |
| Selling and marketing costs | 銷售及市場推廣成本 | | (46,003) |
| Administrative expenses | 行政開支 | | (59,970) |
| | | | 5,792 |
| | | | (35,406) |
| | | | (59,970) |
| Operating profit | 經營溢利 | | 165,287 |
| Finance costs | 融資成本 | | (9,379) |
| Finance income | 融資收入 | | 5,045 |
| | | | 166,889 |
| Finance (costs)/income | 融資(成本)/收入 | | |
| — net | — 淨額 | 18 | (4,334) |
| | | | 6,082 |
| Profit before income tax | 扣除所得稅前溢利 | | 160,953 |
| Income tax expense | 所得稅開支 | 19 | (24,256) |
| | | | 172,971 |
| | | | (16,836) |
| Profit for the period from continuing operations | 期內持續經營 業務之溢利 | | 136,697 |
| Discontinued operations | 已終止經營業務 | | |
| Profits for the period from discontinued operations | 期內已終止經營 業務之溢利 | 23 | 29,641 |
| | | | 21,674 |
| Profit for the period | 期內溢利 | | 166,338 |
| | | | 177,809 |

**CONDENSED CONSOLIDATED
INCOME STATEMENT (continued)**

FOR THE SIX MONTHS ENDED 30 JUNE 2008

簡明綜合收益表(續)

截至二零零八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 | |
| | | 2008 二零零八年 RMB'000 人民幣千元 | 2007 二零零七年 RMB'000 人民幣千元 Restated 重列 (Note 2) (附註2) |
| Note 附註 | | | |
| | Attributable to: | | |
| | Equity holders of the Company | 166,973 | 170,460 |
| | Minority interests | (635) | 7,349 |
| | | 166,338 | 177,809 |
| | Earnings per share for profit from continuing operations attributable to the equity holders of the Company, expressed in Renminbi cents per share | | |
| | — basic and diluted | 1.01 | 1.16 |
| | Earnings per share for profit attributable to the equity holders of the Company, expressed in Renminbi cents per share | | |
| | — basic and diluted | 1.24 | 1.26 |
| | Dividends | — | — |

The notes on page 31 to 76 form an integral part of this condensed interim financial information.

於第31至76頁的附註為此簡明中期財務資料的一部份。

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**簡明綜合權益變動表**

FOR THE SIX MONTHS ENDED 30 JUNE 2008

截至二零零八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 |
| | | RMB'000 人民幣千元 | RMB'000 人民幣千元 | RMB'000 人民幣千元 | RMB'000 人民幣千元 | RMB'000 人民幣千元 |
| Balance at 1 January 2007, as restated (Note 2) | 於二零零七年一月一日 的結餘(重列)(附註2) | 1,283,684 | (7,101) | (1,298,156) | 62,974 | 41,401 |
| Profit for the period | 期內溢利 | — | — | 170,460 | 7,349 | 177,809 |
| Transfer to statutory reserves | 轉撥至法定儲備 | — | 12,583 | (12,583) | — | — |
| Dividends paid to minority shareholders | 支付予少數股東的股息 | — | — | — | (2,062) | (2,062) |
| Disposal of subsidiaries | 出售附屬公司 | — | (3,410) | — | (10,505) | (13,915) |
| Employees share option scheme — proceeds from shares issued | 僱員購股權計劃 — 發行股份的所得款項 | 3,896 | 795 | — | — | 4,691 |
| Balance at 30 June 2007, as restated (Note 2) | 於二零零七年六月三十日的 結餘(重列)(附註2) | 1,287,580 | 2,867 | (1,140,279) | 57,756 | 207,924 |
| Balance at 1 January 2008, as restated (Note 2) | 於二零零八年一月一日 的結餘(重列)(附註2) | 1,287,580 | 6,224 | (1,092,860) | 54,860 | 255,804 |
| Profit/(loss) for the period | 期內溢利/(虧損) | — | — | 166,973 | (635) | 166,338 |
| Transfer to statutory reserves | 轉撥至法定儲備 | — | 20,859 | (20,859) | — | — |
| Disposal of subsidiaries (Note 23 (a)) | 出售附屬公司 (附註23(a)) | — | (57,164) | — | (54,225) | (111,389) |
| Deemed contribution arising from the Transaction (Note 23 (a)) | 來自該交易之視作貢獻 (附註23(a)) | — | 362,127 | — | — | 362,127 |
| Balance at 30 June 2008 | 於二零零八年六月三十日 的結餘 | 1,287,580 | 332,046 | (946,746) | — | 672,880 |

The notes on page 31 to 76 form an integral part of this condensed interim financial information.

於第31至76頁的附註為此簡明中期財務資料的一部份。

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2008

簡明綜合現金流量表

截至二零零八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 | |
| | | 2008 二零零八年 RMB'000 人民幣千元 | 2007 二零零七年 RMB'000 人民幣千元 Restated 重列 (Note 2) (附註2) |
| Net cash outflow from operating activities | 經營活動產生之現金流出淨額 | (9,903) | (128,840) |
| Investing activities | 投資活動 | | |
| Disposal of subsidiaries, net of cash (outflow)/inflow | 出售附屬公司·扣除現金(流出)/流入淨額 | 23 | 18,831 |
| Purchases of property, plant and equipment | 購買物業·廠房及設備 | (110,780) | (66,215) |
| Receipt of government grant | 收取政府補貼 | 170 | 1,467 |
| Proceeds of disposals of property, plant and equipment | 出售物業·廠房及設備取得款項 | 803 | 17,289 |
| Net cash used in investing activities | 投資活動動用現金淨額 | (329,309) | (28,628) |
| Financing activities | 融資活動 | | |
| Proceeds from borrowings | 借貸所得款項 | 578,634 | 473,563 |
| Repayment of borrowings | 償還借貸 | (350,919) | (994,460) |
| Decrease in pledged bank deposits | 抵押銀行存款減少 | 2,341 | 67,463 |
| Decrease in due from related companies | 應收關聯公司款項減少 | — | 927,412 |
| Decrease in due to related companies | 應付關聯公司款項減少 | — | (173,822) |
| Dividends paid to minority shareholders | 支付予少數股東的股息 | — | (2,062) |
| Issue of ordinary shares | 發行普通股 | — | 4,691 |
| Net cash generated from financing activities | 融資活動產生的現金淨額 | 230,056 | 302,785 |
| Net (decrease)/increase in cash and cash equivalents | 現金及現金等價物(減少)/增加淨額 | (109,156) | 145,317 |
| Cash and cash equivalents at beginning of the period | 期初的現金及現金等價物 | 465,231 | 319,768 |
| Cash and cash equivalents at end of the period | 期末的現金及現金等價物 | 356,075 | 465,085 |

The notes on page 31 to 76 form an integral part of this condensed interim financial information.

於第31至76頁的附註為此簡明中期財務資料的一部份。

NOTES TO INTERIM FINANCIAL INFORMATION

1. General Information

Welling Holding Limited (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.

This interim financial information has been approved for issue by the Board on 12 September 2008.

On 23 November 2007, the Company and Welling Electric Holding (Cayman Islands) Limited (the "Vendor"), the wholly owned subsidiary of Midea Group Co., Ltd. ("Midea") entered into a sale and purchase agreement (the "Agreement"), pursuant to which the Company conditionally agreed to: (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 "Transaction").

On 25 February 2008, the Company dispatched a circular related to the Transaction. Pursuant to an ordinary resolution passed at an Extraordinary General Meeting of the Company held on 18 March 2008, the Transaction was approved by the independent shareholders.

中期財務資料附註

1. 一般資料

威靈控股有限公司(「本公司」)為於香港註冊成立的有限公司。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。

中期財務資料已於二零零八年九月十二日獲董事會批准刊登。

二零零七年十一月二十三日，本公司與美的集團有限公司(「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)轉讓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利；及(d)發行代價股份予賣方(統稱「該交易」)。

於二零零八年二月二十五日，本公司已寄發一份有關該交易之通函。該交易於二零零八年三月十八日舉行的股東特別大會上以普通決議案獲獨立股東批准。

1. General Information (continued)

Upon completion (the “Completion”) of the Transaction on 31 March 2008, the Company: (i) disposed of the Disposed Companies and their respective subsidiaries (together, the “Disposed Group”); (ii) acquired Welling and its subsidiaries (together, the “Welling Group”); (iii) allotted and issued approximately 8,753,323,000 consideration shares to the Vendor; and (iv) assigned the Company’s right to net receivables due from the Disposed Companies and their subsidiaries amounted to approximately RMB784,744,000 to the Vendor. The Group has become a manufacturer and distributor of air-conditioning motors, washing motors and electronic and electric components in the People’s Republic of China (“PRC”) and overseas.

The principal activities of the Disposed Group were the manufacturing, distribution and sale of household electrical appliances, which include air-conditioners, refrigerators and mini-refrigerators.

Given that the Company and the Vendor are both indirect subsidiaries of Midea and under common control of Midea before and after the Transaction, the Company applied the principles of merger accounting, as prescribed in Hong Kong Accounting Guideline 5 “Merger Accounting for Common Control Combinations” (“HKAG 5”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) in preparing this interim financial information of the Group.

Pursuant to a special resolution passed at an Extraordinary General Meeting 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.

1. 一般資料 (續)

該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」)；(ii)收購威靈及其附屬公司(統稱「威靈集團」)；(iii)向賣方配發及發行約8,753,323,000股代價股份；及(iv)轉讓本公司應收已出售公司及其附屬公司的應收款項淨額約人民幣784,744,000元的權利予賣方。本集團轉型為在中華人民共和國(「中國」)及海外從事空調電機、洗滌電機及電子電器產品的製造商及分銷商。

已出售集團的主要業務包括製造、分銷及銷售家電，包括空調、冰箱和小型冰箱。

由於本公司及賣方均為美的的間接附屬公司，於該交易前後均受美的的共同控制，本公司於編製本集團中期財務資料時已應用香港會計師公會(「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」(「香港會計指引第5號」)規定的合併會計原則。

根據本公司於二零零八年三月十八日舉行的股東特別大會通過的特別決議案及經香港公司註冊處批准，本公司的英文名稱由「Hualing Holdings Limited」改為「Welling Holding Limited」，而本公司的中文名稱則由「華凌集團有限公司」改為「威靈控股有限公司」，於二零零八年四月十五日生效。

1. General Information (continued)

The Group's condensed consolidated interim financial information for the period ended 30 June 2008 is presented in Renminbi, which is different from the presentation currency of the Group's consolidated financial statements for the year ended 31 December 2007 of Hong Kong dollars. This condensed consolidated interim financial information is presented in Renminbi because management considers that a majority of the Group's transactions is denominated in Renminbi and that the Group primarily generates and expends cash in Renminbi. Accordingly, the change of presentation currency from Hong Kong dollars to Renminbi presents more relevant information about the Group's transactions. The comparative amounts to this condensed consolidated interim financial information have been adjusted to achieve comparability with the current period. The change of presentation currency and restatement of the comparative amounts from Hong Kong dollars to Renminbi had no material impact on the Group's condensed consolidated interim financial information for the periods presented.

2. Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2008 has been prepared in accordance with Hong Kong Accounting Standard 34, "Interim financial reporting". The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2007, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

1. 一般資料 (續)

本集團截至二零零八年六月三十日止期間的簡明綜合中期財務資料以人民幣呈列，有別於本集團截至二零零七年十二月三十一日止年度的綜合財務報表以港幣呈列。該等簡明綜合中期財務資料以人民幣呈列，因為管理層認為本集團大部分交易以人民幣入賬，而本集團收入及支出均主要為人民幣現金。因此，呈列貨幣由港幣改變為人民幣可對本集團的交易提供更相關的資料。該等簡明綜合中期財務資料的比較數字已調整以與目前期間達成可比性。呈列貨幣改變及比較數字由港幣改為人民幣呈列對本集團呈列期間的簡明綜合中期財務資料並無重大影響。

2. 編製基準

截至二零零八年六月三十日止六個月的簡明綜合中期財務資料乃根據香港會計準則第34號「中期財務報告」編製。簡明綜合中期財務資料須與截至二零零七年十二月三十一日止年度的年度財務報表一併閱讀，該年度財務報表是根據香港財務報告準則（「香港財務報告準則」）編製。

2. Basis of preparation (continued)

This condensed consolidated interim financial information has also been prepared using the principles of merger accounting, as prescribed in HKAG 5. The condensed consolidated interim financial information includes the financial position, results and cash flows of the companies comprising the Group as if the current group structure had been in existence throughout the year, or since their respective dates of incorporation/establishment. For companies acquired from (or disposed of to) a third party during the period, they would be included in (or excluded from) the condensed consolidated interim financial information of the Group from the date of that acquisition (or disposal). Comparative figures as at 31 December 2007 and for the six months ended 30 June 2007 have been presented on the same basis.

There is no gain or loss from the Transaction because the resulting differences are regarded as distribution to the equity holders of the Company and debited to the equity of the Group. As a result, the accumulated losses of the Disposed Group of approximately RMB1,209,054,000 up to 31 March 2008 are not affected by any disposal gain or loss, and are included in the accumulated losses attributable to equity holders of the Group as at 30 June 2008. The deemed distribution arising from the Transaction of approximately RMB2,883,329,000 (Note 12(b)) was debited to the equity of the Group.

The condensed consolidated interim financial information also includes the assets, liabilities and results of operation of the Disposed Group which were under common control of Midea before and after the Transaction. The Company disposed of the Disposed Group after the Completion of the Transaction. In accordance with HKFRS 5 “Non-current assets held for sale and discontinued operations” issued by the HKICPA, the results and cash flows of the operations of the Disposed Group have been presented as discontinued operations. The comparative figures in the condensed consolidated income statement and condensed consolidated cash flow statement were restated to reflect the disposal of Disposed Group accordingly (Note 23).

2. 編製基準 (續)

本簡明綜合中期財務資料亦已採用香港會計指引第5號所規定的合併會計原則編製。簡明綜合中期財務資料包括組成本集團的各公司的財務狀況、業績及現金流量，猶如目前集團架構已於年內一直存在或自彼等各自的註冊成立／成立日期起一直存在。期內向第三方收購（或出售）的公司，將由收購（或出售）日期起計入（或剔出）本集團的簡明綜合中期財務資料。於二零零七年十二月三十一日及截至二零零七年六月三十日止六個月的比較數字已按相同基準呈列。

該交易並無產生損益，因為最終的差異被視為給予本公司股權持有人的分派，並在本集團權益中扣除。因此，已出售集團截至二零零八年三月三十一日的累積虧損約人民幣1,209,054,000元，不受任何已出售的損益影響，已計入二零零八年六月三十日本集團股權持有人應佔累積虧損內。該交易產生的視作分派約人民幣2,883,329,000元（附註12(b)）於本集團權益中扣除。

簡明綜合中期財務資料亦包括該交易前後受美的共同控制的已出售集團業務的資產、負債及業績。本公司於該交易完成後出售已出售集團。根據香港會計師公會頒佈的香港財務報告準則第5號「持作銷售的非流動資產及已終止經營業務」，已出售集團業務的業績及現金流量已呈列作為已終止經營業務。於簡明綜合收益表及簡明綜合現金流量表的比較數字已據此重列以反映出出售已出售集團（附註23）。

2. Basis of preparation (continued)

The following are reconciliations of the effects arising from the common control combination, change in presentation currency and the disposal of the Disposed Group on the condensed consolidated balance sheets as at 31 December 2007, condensed consolidated income statement for the six months ended 30 June 2007 and condensed consolidated cash flow statement for the six months ended 30 June 2007.

- (a) The condensed consolidated balance sheet as at 31 December 2007:

2. 編製基準 (續)

以下為共同控制合併、更改呈報貨幣及出售已出售集團對二零零七年十二月三十一日簡明綜合資產負債表、截至二零零七年六月三十日止六個月簡明綜合收益表及截至二零零七年六月三十日止六個月簡明綜合現金流量表之影響之對賬。

- (a) 二零零七年十二月三十一日之簡明綜合資產負債表：

| | | Amount previously reported 以前報告上 的金額 (Audited) (經審核) HK\$'000 港幣千元 (i) | Revised amount of the Group resulting from change in presentation currency 更改呈報貨幣後 的本集團修訂值 RMB'000 人民幣千元 (ii) | Merger of the Welling Group 與威靈集團 合併 RMB'000 人民幣千元 (iii) | Elimination of the intercompany balances 間結餘對銷 RMB'000 人民幣千元 (iv) | Restated 重列 (Unaudited) (未經審核) RMB'000 人民幣千元 |
|---------------------------|-------|---|---|---|--|---|
| Total current assets | 總流動資產 | 1,802,254 | 1,686,872 | 2,783,514 | (41,060) | 4,429,326 |
| Total assets | 總資產 | 2,370,637 | 2,218,905 | 3,248,354 | (41,060) | 5,426,199 |
| Total current liabilities | 總流動負債 | 2,718,864 | 2,544,838 | 2,666,617 | (41,060) | 5,170,395 |
| Total liabilities | 總負債 | 2,718,864 | 2,544,838 | 2,666,617 | (41,060) | 5,170,395 |
| Shareholders' equity | 股東權益 | (348,227) | (325,933) | 581,737 | — | 255,804 |

2. Basis of preparation (continued)

(b) The condensed consolidated income statement for the six months ended 30 June 2007:

2. 編製基準 (續)

(b) 截至二零零七年六月三十日止六個月之簡明綜合收益表：

| | | Amount previously reported 以前報告上 的金額 (Unaudited) (未經審核) HK\$'000 港幣千元 (v) | Revised amount of the Group resulting from change in presentation currency 更改呈報貨幣後 的本集團修訂值 RMB'000 人民幣千元 (ii) | Merger of the Welling Group 與威靈集團 合併 RMB'000 人民幣千元 (iii) | Disposal of the Disposed Group 出售 已出售集團 RMB'000 人民幣千元 (vi) | Restated (Unaudited) (未經審核) RMB'000 人民幣千元 |
|--|-------------------|--|---|---|---|---|
| Continuing operations: | 持續經營業務： | | | | | |
| Revenues | 營業額 | 2,004,512 | 1,976,449 | 2,340,752 | (1,976,449) | 2,340,752 |
| Profit for the period from continuing operations | 期內持續經營業務之溢利 | 8,017 | 7,856 | 160,391 | (12,112) | 156,135 |
| Discontinued operations: | 已終止經營業務 | | | | | |
| Profit from discontinued operations (Note vii) | 已終止經營業務之溢利(附註vii) | — | — | 9,562 | 12,112 | 21,674 |
| Profit for the period | 期內溢利 | 8,017 | 7,856 | 169,953 | — | 177,809 |

2. Basis of preparation (continued)

- (c) The condensed consolidated cash flow statement for the six months ended 30 June 2007:

| | Amount previously reported 以前報告上 的金額 (Unaudited) (未經審核) HK\$'000 港幣千元 (v) | Revised amount of the Group resulting from change in presentation currency 更改呈報貨幣後的 本集團修訂值 | Merger of the Welling Group 與威靈集團 合併 | Restated (Unaudited) (未經審核) RMB'000 人民幣千元 |
|--|--|--|---|---|
| Net cash generated from/(used in) operating activities | 66,222 | 56,099 | (184,939) | (128,840) |
| Net cash used in investing activities | (18,084) | (17,831) | (10,797) | (28,628) |
| Net cash (used in)/generated from financing activities | (28,273) | (24,090) | 326,875 | 302,785 |

- (i) The amount originally stated by the Group as published in the Group's audited financial statements as at 31 December 2007 are presented in Hong Kong Dollars ("HK\$").
- (ii) The financial statements of the Group originally stated in HK\$ is retranslated into Renminbi ("RMB") with the following exchange rates:
- assets and liabilities are translated at the closing rate as at 31 December 2007 of HK\$1=RMB0.9360;

2. 編製基準 (續)

- (c) 截至二零零七年六月三十日止六個月之簡明綜合現金流量表：

- (i) 本集團二零零七年十二月三十一日經審核財務報表所公佈的本集團原數額以港元(「港元」)列值。

- (ii) 本集團原以港元列值的財務報表，現以以下匯率重新換算為人民幣(「人民幣」)重新列值：

- 資產與負債按二零零七年十二月三十一日收市匯率1港元兌人民幣0.9360元換算；

2. Basis of preparation (continued)

- income and expenses are translated at average exchange rate for the six months ended 30 June 2007 of HK\$1=RMB0.9860 (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
 - movement of equities are translated at the rate prevailing on the transaction dates.
- (iii) The financial information of the Welling Group as at 31 December 2007 and for the six months ended 30 June 2007 are included using the principles of merger accounting as prescribed in HKAG 5 as stated above.
- (iv) The intercompany receivable and payable balances between the Group and the Welling Group are eliminated.
- (v) The amount originally stated by the Group in the Group's unaudited financial information for the six months ended 30 June 2007 as published in the Group's interim report are presented in HK\$.
- (vi) The unaudited revenue and profit related to the operating result of the Disposed Group for the six months ended 30 June 2007 are presented under "profit from discontinued operations" as required by HKFRS5 as mentioned above.

2. 編製基準 (續)

- 收入及開支按截至二零零七年六月三十日止六個月平均匯率1港元兌人民幣0.9860元換算(除非該平均數並非合理接近按交易日期的匯率計算的累計結果,在此情況下則按交易日期的匯率換算收入及開支);及
 - 權益變動按交易日期的通行匯率換算。
- (iii) 威靈集團於二零零七年十二月三十一日及截至二零零七年六月三十日止六個月的財務資料,乃採用上述香港會計指引第5號所規定的合併會計原則處理。
- (iv) 本集團及威靈集團公司間應收款及應付款的結餘已予抵銷。
- (v) 本集團中期報告所公佈本集團截至二零零七年六月三十日止六個月的未經審核財務資料的本集團原數額以港元列值。
- (vi) 已出售集團截至二零零七年六月三十日止六個月的未經審核營業額及與經營業績相關的溢利,已遵照香港財務報告準則第5號,重新列為「已終止經營業務之溢利」。

2. Basis of preparation (continued)

- (vii) The profit from discontinued operations of the Welling Group for the six months ended 30 June 2007 was from the disposal of the industrial motors business (Note 23).

3. Accounting policies

Except as described below, the accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2007, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2008 but are not currently relevant for the Group.

- HK(IFRIC)-Int 11, “HKFRS 2 — Group and treasury share transactions”
- HK(IFRIC)-Int 12, “Service concession arrangements”
- HK(IFRIC)-Int 14, “Hong Kong Accounting Standard (“HKAS”) 19 — the limit on a defined benefit asset, minimum funding requirements and their interaction”

2. 編製基準 (續)

- (vii) 威靈集團截至二零零七年六月三十日止六個月內已終止經營業務之溢利，乃出售工業電機業務所得(附註23)。

3. 會計政策

編製本簡明綜合財務資料所採用之會計政策與截至二零零七年十二月三十一日止年度之年度財務報表所採用的會計政策(見有關的年度財務報表)一致，惟以下所述者除外。

本中期期間的所得稅按照年度總盈利適用的稅率計提。

以下新準則、修訂及詮釋必須在二零零八年一月一日開始的財務年度首次採納，惟目前與本集團無關。

- 香港(國際財務報告詮釋委員會) — 詮釋11「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12「服務特許權安排」
- 香港(國際財務報告詮釋委員會) — 詮釋14「香港會計準則(「香港會計準則」)第19號 — 界定福利資產限額、最低資金要求及兩者相互關係」

3. Accounting policies (continued)

The Group has assessed the impact of the adoption of these new interpretations and considered that there was no significant impact on the Group's results and financial position or any substantial changes in the Group's accounting policies.

The following new standards, amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1 January 2008 and have not been early adopted:

- HKFRS 8, "Operating segments", effective for annual periods beginning on or after 1 January 2009. HKFRS 8 replaces HKAS 14, "Segment reporting", and 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.
- HKAS 23 (amendment), "Borrowing costs", effective for annual periods beginning on or after 1 January 2009. The Group will apply HKAS 23 (amendment) from 1 January 2009 but is currently not applicable to the Group as there is no qualifying asset.
- HKFRS 2 (amendment) "Share-based payment", effective for annual periods beginning on or after 1 January 2009. It is not expected to have any impact on the Group's financial statements.

3. 會計政策 (續)

本集團已評估採納該等新詮釋的影響，認為對本集團的業績及財務狀況並無重大影響或導致本集團的會計政策出現任何重大改變。

下列已發出但在二零零八年一月一日開始的財務年度仍未生效的新訂準則、對準則的修訂及詮釋並無提早採納：

- 香港財務報告準則第8號「營運分部」，由二零零九年一月一日或之後開始的年度期間起生效。香港財務報告準則第8號取代了香港會計準則第14號「分部報告」，並要求採用「管理方法」，即分部資料須按照與內部報告所採用的相同基準呈報。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。
- 香港會計準則第23號(修訂本)「借貸成本」，由二零零九年一月一日開始的年度期間起生效。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(修訂本)，但目前並不適用於本集團，因為本集團並無合資格資產。
- 香港財務報告準則第2號(修訂本)「以股份為基礎的付款」，由二零零九年一月一日開始的年度期間起生效，惟預期對本集團之財務報表並無任何影響。

3. Accounting policies (continued)

- HKFRS 3 (amendment), “Business combinations” and consequential amendments to HKAS 27, “Consolidated and separate financial statements”, HKAS 28, “Investments in associates” and HKAS 31, “Interests in joint ventures”, effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. Management is assessing the impact of the new requirements regarding acquisition accounting and consolidation on the Group. The Group does not have any associates or joint ventures.
- HKAS 1 (amendment), “Presentation of financial statements”, effective for annual periods beginning on or after 1 January 2009. Management is in the process of developing proforma accounts under the revised disclosure requirements of this standard.
- HKAS 32 (amendment), “Financial instruments: presentation”, and consequential amendments to HKAS 1, “Presentation of financial statements”, effective for annual periods beginning on or after 1 January 2009. This is not relevant to the Group as the Group does not have any puttable instruments.
- HK(IFRIC)-Int 13, “Customer loyalty programmes”, effective for annual periods beginning on or after 1 July 2008. HK(IFRIC) – Int 13 is not relevant to the Group’s operations because none of the Group’s companies operate any loyalty programme.

3. 會計政策 (續)

- 香港財務報告準則第3號(修訂本)「企業合併」和香港會計準則第27號「綜合及獨立財務報表」的其後修訂本，香港會計準則第28號「聯營公司投資」及香港會計準則第31號「合營企業權益」，適用於企業合併的收購日期為二零零九年七月一日或之後開始的首個年度報告期間或之後開始的日期。管理層現正評估新規定有關收購會計法和合併對本集團的影響。本集團並無任何聯營公司或合營企業。
- 香港會計準則第1號(修訂本)「財務報表的呈報」，由二零零九年一月一日或之後開始的年度期間起生效。管理層現正根據此準則的經修訂披露規定制訂備考賬目。
- 香港會計準則第32號(修訂本)「金融工具：呈報」和香港會計準則第1號「財務報表的呈報」的其後修訂本，由二零零九年一月一日或之後開始的年度期間起生效。這與本集團無關，因為本集團並無任何認沽工具。
- 香港(國際財務報告詮釋委員會) — 詮釋13「客戶忠誠度計劃」，由二零零八年七月一日或之後開始的年度期間起生效。由於本集團旗下公司概無設有任何客戶忠誠度計劃，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。

4. Segment information

Primary reporting format — business segments

As at 30 June 2008, the Group organised into the following main business segments:

| | | |
|---|---|---|
| Air-conditioning motors business | — | manufacture and distribution of motors for air-conditioner |
| Washing motors business | — | manufacture and distribution of motors for washing machine and dish washer |
| Electronic and electric components business | — | manufacture and distribution of transformers, resistors, shaded pole motors and electric bicycle motors |
| Raw material business | — | trading of raw materials |
| Disposed Group | — | manufacture and distribution of refrigerators, air-conditioner and mini-refrigerator |

4. 分部資料

主要報告形式 — 業務分部

於二零零八年六月三十日，本集團經營以下主要業務分部：

| | | |
|----------|---|---------------------------|
| 空調電機業務 | — | 製造及分銷空調電機 |
| 洗滌電機業務 | — | 製造及分銷洗衣機及洗碗碟機的電機 |
| 電子電器產品業務 | — | 製造及分銷變壓器、電抗器、單極電機及電動自行車電機 |
| 原材料業務 | — | 買賣原材料 |
| 已出售集團 | — | 製造及分銷冰箱、空調及小型冰箱業務 |

4. Segment information (continued)

Primary reporting format — business segments (continued)

The segment results for the six months ended 30 June 2008, segment assets and liabilities as at 30 June 2008, capital expenditure and other segment items for the six months ended 30 June 2008 are as follows:

4. 分部資料 (續)

主要報告形式 — 業務分部 (續)

截至二零零八年六月三十日止六個月之分部業績、於二零零八年六月三十日之分部資產及負債、截至二零零八年六月三十日止六個月之資本性開支及其他分部項目如下：

| | | Air-conditioning motors business 空調電機業務 RMB'000 人民幣千元 | Washing motors business 洗滌電機業務 RMB'000 人民幣千元 | Electronic and electric components business 電子電器產品業務 RMB'000 人民幣千元 | Raw material business 原材料業務 RMB'000 人民幣千元 | Disposed Group 已出售集團 RMB'000 人民幣千元 | Unallocated 未分配 RMB'000 人民幣千元 | The Group 本集團 RMB'000 人民幣千元 |
|--|----------------|--|---|---|--|---|--|--------------------------------------|
| Continuing operations | 持續經營業務 | | | | | | | |
| Gross segment revenue | 總分部營業額 | 1,653,097 | 704,339 | 303,265 | 752,825 | — | — | 3,413,526 |
| Inter-segment revenue | 分部間營業額 | (8,985) | (4,828) | (13,381) | (745,406) | — | — | (772,600) |
| Revenue | 營業額 | | | | | | | 2,640,926 |
| Operating profit/(loss) | 經營溢利/(虧損) | 83,972 | 71,439 | 7,002 | 4,867 | — | (1,993) | 165,287 |
| Finance (costs)/income — net | 融資(成本)/收入 — 淨額 | (4,691) | (1,073) | 654 | (1,154) | — | 1,930 | (4,334) |
| Profit before income tax | 扣除所得稅前溢利 | | | | | | | 160,953 |
| Income tax expense | 所得稅開支 | | | | | | | (24,256) |
| Profit for the period from continuing operations | 期內持續經營業務之溢利 | | | | | | | 136,697 |
| Discontinued operations | 已終止經營業務 | | | | | | | |
| Profit for the period from discontinued operations | 期內已終止經營業務之溢利 | — | — | — | — | 29,641 | — | 29,641 |
| Profit for the period | 期內溢利 | | | | | | | 166,338 |
| Total assets | 總資產 | 1,918,464 | 809,820 | 418,032 | 869,785 | — | 123,070 | 4,139,171 |
| Total liabilities | 總負債 | 1,700,520 | 554,437 | 314,521 | 818,196 | — | 78,617 | 3,466,291 |
| Capital expenditure | 資本性開支 | 30,606 | 27,183 | 2,615 | — | 50,360 | 16 | 110,780 |
| Depreciation | 折舊 | 13,382 | 7,014 | 3,407 | 1 | 13,333 | 35 | 37,172 |

4. Segment information (continued)

Primary reporting format — business segments (continued)

The restated segment results for the six months ended 30 June 2007, segment assets and liabilities as at 31 December 2007, capital expenditure and other segment items for the six months ended 30 June 2007 are as follows:

| | | Air-conditioning motors business | Washing motors business | Electronic and electric components business | Raw material business | Industrial motors business (Note 23) | Disposed Group | Unallocated | The Group |
|--|----------------|----------------------------------|-------------------------|---|-----------------------|--------------------------------------|----------------|-------------|-----------|
| | | 空調電機業務 | 洗滌電機業務 | 電子電器產品業務 | 原材料業務 | 工業電機業務 (附註23) | 已出售集團 | 未分配 | 本集團 |
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 | 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 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 |
| Continuing operations | 持續經營業務 | | | | | | | | |
| Gross segment revenue | 總分部營業額 | 1,528,912 | 557,431 | 270,793 | — | — | — | — | 2,357,136 |
| Inter-segment revenue | 分部間營業額 | (5,669) | (1,747) | (8,968) | — | — | — | — | (16,384) |
| Revenue | 營業額 | | | | | | | | 2,340,752 |
| Operating profit/(loss) | 經營溢利/(虧損) | 97,772 | 58,835 | 13,573 | (42) | — | — | (3,249) | 166,889 |
| Finance income — net | 融資收入 — 淨額 | 175 | 1,121 | 1,108 | — | — | — | 3,678 | 6,082 |
| Profit before income tax | 扣除所得稅前溢利 | | | | | | | | 172,971 |
| Income tax expense | 所得稅開支 | | | | | | | | (16,836) |
| Profit for the period from continuing operations | 期內持續經營業務之溢利 | | | | | | | | 156,135 |
| Discontinued operations | 已終止經營業務 | | | | | | | | |
| Profit for the period from discontinued operations | 期內已終止經營業務之溢利 | — | — | — | — | 9,562 | 12,112 | — | 21,674 |
| Profit for the period | 期內溢利 | | | | | | | | 177,809 |
| Total assets | 總資產 | 2,045,580 | 751,291 | 368,014 | 5,496 | — | 2,115,714 | 140,104 | 5,426,199 |
| Total liabilities | 總負債 | 1,765,324 | 528,212 | 335,755 | 20 | — | 2,448,957 | 92,127 | 5,170,395 |
| Capital expenditure | 資本性開支 | 1,165 | 15,861 | 368 | — | 15,076 | 33,745 | — | 66,215 |
| Depreciation | 折舊 | 10,849 | 5,419 | 3,103 | 100 | 1,454 | 28,623 | 19 | 49,567 |

Secondary reporting format — geographical segments

The Group's continuing and discontinued operations operated in two main geographical areas:

Domestic sales — manufacture and distribution of motors and electronic and electric components in the PRC

Export sales — distribution of motors and electronic and electric components in countries and areas outside the PRC

4. 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經重列分部業績、二零零七年十二月三十一日之分部資產及負債、截至二零零七年六月三十日止六個月之資本性開支及其他分部項目如下：

從屬報告形式 — 地區分部

本集團的持續經營業務及已終止經營業務在以下兩個主要地區經營：

國內銷售 — 在中國製造及分銷電機及電子電器產品

出口銷售 — 在中國以外國家及地區分銷電機及電子電器產品

4. Segment information (continued)**Secondary reporting format —
geographical segments (continued)**

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

| | | Six months ended 30 June 截至六月三十日止六個月 | |
|------------------------------|---------------|---|---|
| | | 2008 二零零八年 RMB'000 人民幣千元 | 2007 二零零七年 RMB'000 人民幣千元 Restated 重列 |
| Continuing operations | 持續經營業務 | | |
| Domestic sales | 國內銷售 | 1,899,966 | 1,700,870 |
| Export sales | 出口銷售 | 740,960 | 639,882 |
| Total | 總計 | 2,640,926 | 2,340,752 |

| | | Six months ended 30 June 截至六月三十日止六個月 | |
|--------------------------------|----------------|---|---|
| | | 2008 二零零八年 RMB'000 人民幣千元 | 2007 二零零七年 RMB'000 人民幣千元 Restated 重列 |
| Discontinued operations | 已終止經營業務 | | |
| Domestic sales | 國內銷售 | 1,043,418 | 1,235,023 |
| Export sales | 出口銷售 | 212,319 | 835,415 |
| Total | 合計 | 1,255,737 | 2,070,438 |

Revenue is allocated based on the country in which the customer is located.

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.

4. 分部資料 (續)**從屬報告形式 — 地區分部 (續)**

地區分部間並沒有相互銷售。按地區劃分之銷售分析如下：

| | | Six months ended 30 June 截至六月三十日止六個月 | |
|------------------------------|---------------|---|---|
| | | 2008 二零零八年 RMB'000 人民幣千元 | 2007 二零零七年 RMB'000 人民幣千元 Restated 重列 |
| Continuing operations | 持續經營業務 | | |
| Domestic sales | 國內銷售 | 1,899,966 | 1,700,870 |
| Export sales | 出口銷售 | 740,960 | 639,882 |
| Total | 總計 | 2,640,926 | 2,340,752 |

| | | Six months ended 30 June 截至六月三十日止六個月 | |
|--------------------------------|----------------|---|---|
| | | 2008 二零零八年 RMB'000 人民幣千元 | 2007 二零零七年 RMB'000 人民幣千元 Restated 重列 |
| Discontinued operations | 已終止經營業務 | | |
| Domestic sales | 國內銷售 | 1,043,418 | 1,235,023 |
| Export sales | 出口銷售 | 212,319 | 835,415 |
| Total | 合計 | 1,255,737 | 2,070,438 |

營業額按顧客所在國家分配。

由於本集團90%以上之資產總值及資本性開支皆位於中國／在中國產生，故並無呈列資產總值及資本性開支之地區分部分析。

5. Capital expenditure

5. 資本性支出

| | | Property, plant and equipment 物業、廠房 及設備 RMB'000 人民幣千元 | Investment properties 投資 物業 RMB'000 人民幣千元 |
|--|---|--|--|
| Opening net book amount as at 1 January 2007, as restated | 於二零零七年一月一日之 期初賬面淨值 (重列) | 798,723 | 101,700 |
| Additions | 添置 | 66,215 | — |
| Fair value loss | 公平價值虧損 | — | (2,700) |
| Disposal of subsidiaries (Note 23(b)) | 出售附屬公司 (附註23(b)) | (124,461) | — |
| Disposals | 出售 | (35,182) | — |
| Depreciation | 折舊 | (49,567) | — |
| Provision for impairment charge | 減值開支撥備 | (180) | — |
| Closing net book amount as at 30 June 2007, as restated | 於二零零七年六月三十日 之期終賬面淨值 (重列) | 655,548 | 99,000 |
| Additions | 添置 | 123,669 | — |
| Fair value gain | 公平價值收益 | — | 1,000 |
| Disposals | 出售 | (25,446) | — |
| Depreciation | 折舊 | (56,308) | — |
| Provision for impairment charge | 減值開支撥備 | (981) | — |
| Closing net book amount as at 31 December 2007, as restated | 於二零零七年 十二月三十一日之 期終賬面淨值(重列) | 696,482 | 100,000 |
| Opening net book amount as at 1 January 2008, as restated | 於二零零八年一月一日 之期初賬面淨值 (重列) | 696,482 | 100,000 |
| Additions | 添置 | 110,780 | — |
| Fair value gain | 公平價值收益 | — | 2,000 |
| Disposal of subsidiaries (Note 23(a)) | 出售附屬公司 (附註23(a)) | (374,801) | (102,000) |
| Disposals | 出售 | (1,407) | — |
| Depreciation | 折舊 | (37,172) | — |
| Closing net book amount as at 30 June 2008 | 於二零零八年六月三十日 之期終賬面淨值 | 393,882 | — |

Property, plant and equipment and leasehold land and land use right with net book value of approximately RMB131,490,000 (31 December 2007: approximately RMB133,894,000) have been pledged as security for the Group's short term bank borrowings (Note 14).

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人民幣131,490,000元(二零零七年十二月三十一日：約人民幣133,894,000元)(附註14)。

6. Intangible assets

6. 無形資產

| | | As at 於 | |
|----------|----|---|---|
| | | 30 June 2008 二零零八年 六月三十日 RMB'000 人民幣千元 | 31 December 2007 二零零七年 十二月三十一日 RMB'000 人民幣千元 Restated 重列 |
| Goodwill | 商譽 | 19,731 | 19,731 |

The goodwill of the Group was allocated to the air-conditioning motors segment located in the PRC.

本集團的商譽已分配至中國之空調電機分部。

The goodwill is attributable to the significant synergies expected to arise after the Group's acquisition of the minority interests of a subsidiary.

商譽來自預期於本集團收購一間附屬公司的少數股東權益後產生的重大協同效益。

7. Inventories

7. 存貨

| | | As at 於 | |
|------------------|-----|---|---|
| | | 30 June 2008 二零零八年 六月三十日 RMB'000 人民幣千元 | 31 December 2007 二零零七年 十二月三十一日 RMB'000 人民幣千元 Restated 重列 |
| Raw materials | 原材料 | 150,234 | 255,377 |
| Work-in-progress | 在製品 | 25,223 | 51,947 |
| Finished goods | 製成品 | 283,136 | 509,753 |
| | | 458,593 | 817,077 |

8. Trade and other receivables

8. 貿易及其他應收款

| | | As at 於 | |
|---|--------------|---|---|
| | | 30 June 2008 二零零八年 六月三十日 RMB'000 人民幣千元 | 31 December 2007 二零零七年 十二月三十一日 RMB'000 人民幣千元 Restated 重列 |
| Trade receivables (Note (a)) | 貿易應收款(附註(a)) | 605,973 | 714,452 |
| Less: provision for impairment of trade receivables | 減：貿易應收款減值撥備 | (22,574) | (77,817) |
| Trade receivables — net | 貿易應收款 — 淨額 | 583,399 | 636,635 |
| Notes receivable (Note (a)) | 應收票據(附註(a)) | 611,076 | 907,539 |
| Prepaid value-added tax | 預付增值稅 | 40,528 | 8,842 |
| Prepayments and other receivables | 預付款及其他應收款 | 123,380 | 151,206 |
| | | 1,358,383 | 1,704,222 |

(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 are with credit terms of 30 days to 90 days. At 30 June 2008, the ageing analysis of the trade receivables and notes receivable before deduction of provision for impairment are as follows:

(a) 本集團的出口銷售大部分為信用證或付款交單，或由客戶的備用信用證或銀行擔保。其餘的信貸期為三十日至九十日。於二零零八年六月三十日，於扣除減值準備前貿易應收款及應收票據的賬齡分析如下：

| | | As at 於 | |
|--------------------|------|---|---|
| | | 30 June 2008 二零零八年 六月三十日 RMB'000 人民幣千元 | 31 December 2007 二零零七年 十二月三十一日 RMB'000 人民幣千元 Restated 重列 |
| Within 1 year | 一年內 | 1,217,049 | 1,570,218 |
| In the second year | 第二年 | — | 23,585 |
| Over 2 years | 兩年以上 | — | 28,188 |
| | | 1,217,049 | 1,621,991 |

9. Pledged bank deposits

These deposits represented bank balances pledged against bank acceptance notes issued by the Group (Note 13) and to be released upon the maturity of the bank acceptance notes issued. These deposits are interest bearing at the bank saving rate of 0.72% (2007: ranging from 0.72% to 0.81%).

10. Cash and cash equivalents

9. 已抵押銀行存款

此等存款為抵押本集團開出的銀行承兌匯票的銀行存款結餘(附註13)及於銀行承兌匯票到期時解除。此等存款按0.72%(二零零七年:0.72%至0.81%)的銀行儲蓄利率計息。

10. 現金及現金等價物

| | | As at 於 | |
|---|---------------------|---|---|
| | | 30 June 2008 二零零八年 六月三十日 RMB'000 人民幣千元 | 31 December 2007 二零零七年 十二月三十一日 RMB'000 人民幣千元 Restated 重列 |
| Cash at bank and in hand | 銀行存款及手頭現金 | 458,550 | 723,585 |
| Less: Pledged bank deposits (Note 9) | 減: 已抵押銀行存款 (附註9) | (102,475) | (258,354) |
| | | 356,075 | 465,231 |

The effective interest rate on bank deposits as at 30 June 2008 is 0.72% (31 December 2007: 0.72%).

於二零零八年六月三十日, 銀行存款的實際利率為0.72%(二零零七年十二月三十一日: 0.72%)。

11. 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 | RMB'000 人民幣千元 |
| At 31 December 2007 and 1 January 2008 | 於二零零七年 十二月三十一日 及二零零八年 一月一日 | 10,000,000 | 1,000,000 | 1,052,704 |
| Increase in authorised share capital (i) | 法定股本增加(i) | 10,000,000 | 1,000,000 | 895,576 |
| At 30 June 2008 | 於二零零八年 六月三十日 | 20,000,000 | 2,000,000 | 1,948,280 |

| | | 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 | RMB'000 人民幣千元 |
| At 1 January 2007 as previously reported | 於二零零七年 一月一日 (按以前報告) | 4,687,091 | 468,709 | 499,757 |
| Issue of consideration shares (ii) | 發行代價股份(ii) | 8,753,323 | 875,332 | 783,927 |
| At 1 January 2007, as restated | 於二零零七年 一月一日(重列) | 13,440,414 | 1,344,041 | 1,283,684 |
| Employees share option scheme – shares issued | 僱員購股權計劃 – 已發行股份 | 38,900 | 3,890 | 3,896 |
| At 30 June 2007, 31 December 2007 and 30 June 2008, as restated | 於二零零七年六月 三十日、二零零七年 十二月三十一日及 二零零八年六月 三十日(重列) | 13,479,314 | 1,347,931 | 1,287,580 |

11. 股本及購股權

(a) 股本

| | | 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 | RMB'000 人民幣千元 |
| At 31 December 2007 and 1 January 2008 | 於二零零七年 十二月三十一日 及二零零八年 一月一日 | 10,000,000 | 1,000,000 | 1,052,704 |
| Increase in authorised share capital (i) | 法定股本增加(i) | 10,000,000 | 1,000,000 | 895,576 |
| At 30 June 2008 | 於二零零八年 六月三十日 | 20,000,000 | 2,000,000 | 1,948,280 |

| | | 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 | RMB'000 人民幣千元 |
| At 1 January 2007 as previously reported | 於二零零七年 一月一日 (按以前報告) | 4,687,091 | 468,709 | 499,757 |
| Issue of consideration shares (ii) | 發行代價股份(ii) | 8,753,323 | 875,332 | 783,927 |
| At 1 January 2007, as restated | 於二零零七年 一月一日(重列) | 13,440,414 | 1,344,041 | 1,283,684 |
| Employees share option scheme – shares issued | 僱員購股權計劃 – 已發行股份 | 38,900 | 3,890 | 3,896 |
| At 30 June 2007, 31 December 2007 and 30 June 2008, as restated | 於二零零七年六月 三十日、二零零七年 十二月三十一日及 二零零八年六月 三十日(重列) | 13,479,314 | 1,347,931 | 1,287,580 |

11. Share capital and share options (continued)

(a) Share capital (continued)

- (i) Pursuant to a shareholders' resolution passed on 18 March 2008, the authorised capital of the Company was increased from HK\$1,000,000,000 to HK\$2,000,000,000 by the creation of an additional 10,000,000,000 shares of HK\$0.1 each ranking pari passu with the then existing shares.
- (ii) On 31 March 2008, 8,753,323,092 shares were allotted and issued to the Vendor as consideration shares at a price of HK\$0.414 per share upon the completion of the Transaction (Note 1), the total proceeds of equivalent RMB3,245,456,000 are presented as the increase in share capital and share premium of the Group by RMB783,927,000 and RMB2,461,529,000 respectively. The ordinary shares issued as part of the Transaction are presented as if it had always been issued, and the deemed distribution of RMB3,245,456,000 as a result of the consideration issuance was debited to the merger reserve (Note 12(b)) using the principles of merger accounting as prescribed in HKAG 5.

(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").

11. 股本及購股權 (續)

(a) 股本 (續)

- (i) 根據二零零八年三月十八日通過的股東決議案，經額外增加10,000,000,000股每股面值港幣0.1元股份，本公司法定股本由港幣1,000,000,000元增至港幣2,000,000,000元。增加的股份在各方面與現有股份具有相同地位。
- (ii) 於二零零八年三月三十一日，該交易完成時(附註1)，已按每股港幣0.414元的價格向賣方配發及發行8,753,323,092股代價股份。發行代價股份所得款項總額等值人民幣3,245,456,000元，分別呈列為本集團股本增加人民幣783,927,000元及股份溢價增加人民幣2,461,529,000元。於該交易中發行的普通股視作之前已經發行並一直存在，因發行代價股份而產生的視作分派人民幣3,245,456,000元，已按香港會計指引第5號所載的合併會計原則，由合併儲備扣除(附註12(b))。

(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。

11. Share capital and share options (continued)

(b) Share options (continued)

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 the 2003 Share Option Scheme and any other share option schemes adopted by the Company must not in aggregate exceed 30% of the shares of the Company 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 the 2003 Share Option Scheme.

11. 股本及購股權 (續)

(b) 購股權 (續)

二零零三年購股權計劃的目的，是讓本公司招攬、挽留及鼓勵有才幹的參與者為本集團的未來發展及擴展出力，以及使本公司有更靈活的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的合資格參與者包括本集團的董事（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、本公司的董事、高級行政人員或主要股東的任何聯繫人、本集團供應商或客戶的僱員或董事、本集團僱員或董事所設立的全權信託的任何全權受益人（由董事會在上述人士中全權酌情決定）。

根據二零零三年購股權計劃及本公司採納的任何其他購股權計劃授出而尚未行使的所有購股權獲行使時，可予發行的最高股份數目不得超過本公司不時已發行股份的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的所有購股權獲行使時，可予發行的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的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的10%限額。

11. 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 the 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 of the Company 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 the directors, the chief executive or substantial shareholders 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.

11. 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授出的購股權獲行使時，已發行及將發行者予每名參與者的股份總數不得超過授出日期本公司已發行股份的1%。進一步授出超出此限額的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、最高行政人員或主要股東或彼等任何聯繫人授出的購股權，須獲本公司獨立非執行董事（不包括身為購股權承授人的任何獨立非執行董事）批准。此外，於截至授出日期（包括該日）止的任何十二個月期間，向本公司主要股東或獨立非執行董事或彼等任何聯繫人授出的任何購股權，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的股份收市價計算）超過5,000,000港元，則須獲股東於本公司股東大會批准。

購股權的行使價將不低於下列的最高者(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的收市價；(ii)緊接授出購股權的日期（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的平均收市價；及(iii)股份的面值。

11. 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 which shall not be more than 10 years from the date on which the share option is deemed to be granted and accepted. The 2003 Share Option Scheme shall be valid and effective for a period of 10 years commencing on 27 June 2003.

As at 30 June 2008, 9,500,000 share options granted to directors of the Company and employees of the Group were outstanding. These share options were exercisable immediately on the date of grant on 30 July 2007 at an exercise price of HK\$0.78 per share. They will be lapsed on 29 July 2017. No share options were granted to, or exercised by directors of the Company or employees of the Group during the six months ended 30 June 2008.

The fair value of the 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 modeling of Binomial Model, which is the annualized 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 RMB3,357,000 which was recognised as employee benefit expense and a corresponding increase in share option reserve (Note 12).

11. 股本及購股權 (續)

(b) 購股權 (續)

授出的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由二零零三年六月二十七日起生效，有效期為十年。

於二零零八年六月三十日，向本公司董事及本集團僱員授出9,500,000份購股權。該等購股權可於授出日期二零零七年七月三十日起即可行使，行使價為每股港幣0.78元，購股權將於二零一七年七月二十九日失效。截至二零零八年六月三十日止六個月內，並無向本公司董事或本集團僱員授出購股權或彼等行使購股權。

於二零零七年七月三十日授出的購股權的公平值採用二項式模型釐定。估值所採用的主要假設包括(i)預期股息率每年0%，(ii)股價波幅每年65.38% (二項式模型所採用的加權平均波幅列示，有關波幅為於一段時間股份持續複合回報率的年度化標準差)，(iii)購股權每年的無風險利率為4.13%，及(iv)預期行使時間為5.23年。根據估價，於二零零七年年已授出的9,500,000份購股權的公平價值約為人民幣3,357,000元，有關金額已確認為僱員福利開支及於購股權儲備中相應增加(附註12)。

11. Share capital and share options (continued)

(b) Share options (continued)

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

| Name | 姓名 | Options held at 1 January 2008 於二零零八年一月一日持有的購股權 | Options granted during the period 於期內授出之購股權數目 | Options exercised during the period 於期內行使之購股權數目 | Options held at 30 June 2008 於二零零八年六月三十日持有的購股權 | Exercise price HK\$ 行使價港幣 | Date of grant 授出日期 | Exercisable from 可行使期限起始日 | Exercisable until 可行使期限結束日 |
|-------------------|------------|--|--|--|---|------------------------------|-----------------------|------------------------------|-------------------------------|
| Directors: | 董事: | | | | | | | | |
| Chan Wai Dune | 陳維端 | 2,000,000 | — | — | 2,000,000 | 0.78 | 30/7/2007 | 30/7/2007 | 29/7/2017 |
| Lam Ming Yung | 林明勇 | 2,000,000 | — | — | 2,000,000 | 0.78 | 30/7/2007 | 30/7/2007 | 29/7/2017 |
| Chen Chunhua | 陳春花 | 2,000,000 | — | — | 2,000,000 | 0.78 | 30/7/2007 | 30/7/2007 | 29/7/2017 |
| Employees | 僱員 | 3,500,000 | — | — | 3,500,000 | 0.78 | 30/7/2007 | 30/7/2007 | 29/7/2017 |
| | | 9,500,000 | — | — | 9,500,000 | | | | |

11. 股本及購股權 (續)

(b) 購股權 (續)

本期內，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：

12. Other reserves

12. 其他儲備

| | | Share premium 股份溢價 RMB'000 人民幣千元 | Statutory reserve fund 法定儲備基金 RMB'000 人民幣千元 Note (a) 附註(a) | General reserve fund 一般儲備基金 RMB'000 人民幣千元 Note (a) 附註(a) | Enterprise expansion fund 企業發展基金 RMB'000 人民幣千元 Note (a) 附註(a) | Share option reserve 購股權儲備 RMB'000 人民幣千元 | Merger reserve 合併儲備 RMB'000 人民幣千元 Note (b) 附註(b) | Total 總額 RMB'000 人民幣千元 |
|--|----------------------------------|---|---|---|--|---|---|---------------------------------|
| Balance at 1 January 2007, as restated (Note 2) | 二零零七年一月一日結餘 (重列)(附註2) | 3,098,902 | 107 | 79,843 | 68,809 | 4,218 | (3,258,980) | (7,101) |
| Employee share option scheme — proceeds from shares issued | 僱員購股權計劃 — 發行股份的所得款項 | 795 | — | — | — | — | — | 795 |
| Transfer to statutory reserves | 轉撥至法定儲備 | — | 544 | 6,401 | 5,638 | — | — | 12,583 |
| Disposal of subsidiaries | 出售附屬公司 | — | — | (3,410) | — | — | — | (3,410) |
| Balance at 30 June 2007, as restated (Note 2) | 二零零七年六月三十日的結餘 (重列)(附註2) | 3,099,697 | 651 | 82,834 | 74,447 | 4,218 | (3,258,980) | 2,867 |
| Employee share option scheme — value of services provided | 僱員購股權計劃 — 提供服務的價值 | — | — | — | — | 3,357 | — | 3,357 |
| Balance at 31 December 2007, as restated (Note 2) | 二零零七年十二月三十一日的結餘 (重列)(附註2) | 3,099,697 | 651 | 82,834 | 74,447 | 7,575 | (3,258,980) | 6,224 |
| Balance at 1 January 2008, as restated (Note 2) | 二零零八年一月一日結餘 (重列)(附註2) | 3,099,697 | 651 | 82,834 | 74,447 | 7,575 | (3,258,980) | 6,224 |
| Disposal of subsidiaries (Note 23 (a)) | 出售附屬公司 (附註23(a)) | — | — | (38,964) | (18,200) | — | — | (57,164) |
| Deemed contribution arising from the Transaction (Note 23 (a)) | 該交易產生的視作貢獻 (附註23 (a)) | — | — | — | — | — | 362,127 | 362,127 |
| Transfer to statutory reserves | 轉撥至法定儲備 | — | — | 15,042 | 5,817 | — | — | 20,859 |
| Balance at 30 June 2008 | 二零零八年六月三十日結餘 | 3,099,697 | 651 | 58,912 | 62,064 | 7,575 | (2,896,853) | 332,046 |

12. Other reserves (continued)

- (a) 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.
- (b) Merger reserve represents the difference between the consideration paid for the acquisition under common control, and the aggregate nominal value of share capital/paid-up capital of the subsidiaries comprising the Group contributed by the equity holders of the Company. As a result of the Transaction, net deemed distribution of RMB2,883,329,000 are debited to the merger reserve, comprising the deemed distribution of RMB3,245,456,000 arising from the issuance of consideration shares to the Vendor (Note 11(a)), and deemed contribution of RMB362,127,000 arising from the disposal of the Disposed Group and the assignment of the net receivables from Disposed Group to the Vendor (Note 23(a)) as part of the consideration of the Transaction.

12. 其他儲備(續)

- (a) 本公司在中國的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的純利中提取。該純利根據按中國內地企業適用的會計準則及相關財務法規而編製的國內法定賬目計算。此等中國的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的50%為止。此等撥款由董事酌情釐定。一般儲備基金僅在有關當局批准後始可用作抵銷累計虧損或增加資本。
- (b) 合併儲備是在共同控制下收購所付代價與本公司股權持有人出資的本集團成員附屬公司股本／繳足股本面值總額之間的差額。因該交易而產生的視作分派淨額人民幣2,883,329,000元，已自合併儲備扣除，其中包括因向賣方發行代價股份而產生的視作分派人民幣3,245,456,000元(附註11(a))、因出售已出售集團以及作為該交易部分代價的轉讓給賣方的已出售集團應收款項淨額而產生的視作貢獻人民幣362,127,000元(附註23(a))。

13. Trade and other payables

13. 貿易及其他應付款

| | | As at 於 | |
|---------------------------------------|---------------|---|---|
| | | 30 June 2008 二零零八年 六月三十日 RMB'000 人民幣千元 | 31 December 2007 二零零七年 十二月三十一日 RMB'000 人民幣千元 Restated 重列 |
| Trade payables (Note (a)) | 貿易應付款(附註(a)) | 1,660,806 | 1,810,892 |
| Provision for staff welfare and bonus | 員工福利及花紅撥備 | 17,205 | 47,742 |
| Accruals | 預提費用 | 25,288 | 138,734 |
| Advances from customers | 預收客戶賬款 | 12,970 | 185,959 |
| Notes payable (Note (a,b)) | 應付票據(附註(a,b)) | 361,682 | 828,394 |
| Others | 其他 | 22,342 | 86,902 |
| | | 2,100,293 | 3,098,623 |

(a) At 30 June 2008, the ageing analysis of the trade payables and notes payable was as follows:

(a) 於二零零八年六月三十日，貿易應付款及應付票據的賬齡分析如下：

| | | As at 於 | |
|--------------------|------|---|---|
| | | 30 June 2008 二零零八年 六月三十日 RMB'000 人民幣千元 | 31 December 2007 二零零七年 十二月三十一日 RMB'000 人民幣千元 Restated 重列 |
| Within 1 year | 一年內 | 2,019,801 | 2,617,717 |
| In the second year | 第二年 | 2,687 | 5,960 |
| Over 2 years | 兩年以上 | — | 15,609 |
| | | 2,022,488 | 2,639,286 |

(b) The balance represents non-interest bearing bank acceptance notes issued by the Group with original maturity periods of less than nine months. At 30 June 2008, certain notes payable were pledged by bank deposits of approximately RMB102,475,000 (31 December 2007: approximately RMB258,354,000) (Note 9).

(b) 結餘代表本集團發行原有屆滿期少於九個月的不計息銀行承兌票據。於二零零八年六月三十日，若干應付票據以銀行存款約人民幣102,475,000元(二零零七年十二月三十一日：約人民幣258,354,000元)作為抵押(附註9)。

14. Borrowings

14. 借貸

| | | As at 於 | |
|---|---------------|---|---|
| | | 30 June 2008 二零零八年 六月三十日 RMB'000 人民幣千元 | 31 December 2007 二零零七年 十二月三十一日 RMB'000 人民幣千元 Restated 重列 |
| Non-current | | | |
| | 非即期 | | |
| Bank borrowings, secured | 有擔保銀行借貸 | — | 30,000 |
| Less: current portion | 減：即期部分 | — | (30,000) |
| | | — | — |
| Current | | | |
| | 即期 | | |
| Short term bank borrowings, secured | 有擔保短期銀行借貸 | 617,609 | 719,889 |
| Current portion of long-term bank borrowings, secured | 有擔保長期銀行借貸即期部份 | — | 30,000 |
| | | 617,609 | 749,889 |
| | | 617,609 | 749,889 |

The effective interest rates at the balance sheet date was 5.81% per annum (31 December 2007: 5.76%).

Property, plant and equipment and leasehold land and land use right with net book value of approximately RMB131,490,000 (31 December 2007: approximately RMB133,894,000) have been pledged as security for the Group's short term bank borrowings.

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

於資產負債表日之實際年利率為5.81% (二零零七年十二月三十一日：5.76%)。

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人民幣131,490,000元 (二零零七年十二月三十一日：約人民幣133,894,000元)。

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。

15. Provision for warranty

The movement of warranty provision was analysed as follows:

| | | As at 於 | |
|--|----------------------------------|---|---|
| | | 30 June 2008 二零零八年 六月三十日 RMB'000 人民幣千元 | 31 December 2007 二零零七年 十二月三十一日 RMB'000 人民幣千元 Restated 重列 |
| At 1 January | 於一月一日 | 68,329 | 36,475 |
| Charge for the period/year | 本期／年計提 | 33,866 | 56,259 |
| Less: Amounts utilised | 減：已動用款項 | (3,732) | (24,405) |
| Less: Disposal of subsidiary (Note 23(a)) | 減：出售附屬公司 (附註23(a)) | (98,463) | — |
| At 30 June 2008/31 December 2007 | 於二零零八年六月 三十日／二零零七年 十二月三十一日 | — | 68,329 |

The Group's discontinued operations provide 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.

15. 產品保養撥備

產品保養撥備變動分析如下：

| | | As at 於 | |
|--|----------------------------------|---|---|
| | | 30 June 2008 二零零八年 六月三十日 RMB'000 人民幣千元 | 31 December 2007 二零零七年 十二月三十一日 RMB'000 人民幣千元 Restated 重列 |
| At 1 January | 於一月一日 | 68,329 | 36,475 |
| Charge for the period/year | 本期／年計提 | 33,866 | 56,259 |
| Less: Amounts utilised | 減：已動用款項 | (3,732) | (24,405) |
| Less: Disposal of subsidiary (Note 23(a)) | 減：出售附屬公司 (附註23(a)) | (98,463) | — |
| At 30 June 2008/31 December 2007 | 於二零零八年六月 三十日／二零零七年 十二月三十一日 | — | 68,329 |

本集團之已終止經營業務提供產品售後一至三年之免費維修及零件更換服務。本集團因提供產品保用維修服務而發生之成本於相關產品銷售確認時計提。

16. Expenses by nature

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

(a) From continuing operations

| | | Six months ended 30 June 截至六月三十日止六個月 | |
|---|-----------------|---|---|
| | | 2008 二零零八年 RMB'000 人民幣千元 | 2007 二零零七年 RMB'000 人民幣千元 Restated 重列 |
| Depreciation | 折舊 | 23,839 | 20,610 |
| Employee benefit expense | 僱員福利開支 | 71,391 | 119,350 |
| Operating lease rental for land and building | 土地及樓宇經營 租賃租金 | 1,049 | 753 |

(b) From discontinued operations

| | | Six months ended 30 June 截至六月三十日止六個月 | |
|---|-----------------|---|---|
| | | 2008 二零零八年 RMB'000 人民幣千元 | 2007 二零零七年 RMB'000 人民幣千元 Restated 重列 |
| Depreciation | 折舊 | 13,333 | 28,957 |
| Employee benefit expense | 僱員福利開支 | 24,671 | 49,322 |
| Operating lease rental for land and building | 土地及樓宇經營 租賃租金 | 2,537 | 5,960 |

16. 按性質分類的開支

包括在銷售成本、銷售及市場推廣成本、以及行政開支的開支分析如下：

(a) 來自持續經營業務

| | | Six months ended 30 June 截至六月三十日止六個月 | |
|---|-----------------|---|---|
| | | 2008 二零零八年 RMB'000 人民幣千元 | 2007 二零零七年 RMB'000 人民幣千元 Restated 重列 |
| Depreciation | 折舊 | 23,839 | 20,610 |
| Employee benefit expense | 僱員福利開支 | 71,391 | 119,350 |
| Operating lease rental for land and building | 土地及樓宇經營 租賃租金 | 1,049 | 753 |

(b) 來自已終止經營業務

| | | Six months ended 30 June 截至六月三十日止六個月 | |
|---|-----------------|---|---|
| | | 2008 二零零八年 RMB'000 人民幣千元 | 2007 二零零七年 RMB'000 人民幣千元 Restated 重列 |
| Depreciation | 折舊 | 13,333 | 28,957 |
| Employee benefit expense | 僱員福利開支 | 24,671 | 49,322 |
| Operating lease rental for land and building | 土地及樓宇經營 租賃租金 | 2,537 | 5,960 |

17. Other gains — net**(a) From continuing operations**

| | | Six months ended 30 June 截至六月三十日止六個月 | |
|---|--------------|---|---|
| | | 2008 二零零八年 RMB'000 人民幣千元 | 2007 二零零七年 RMB'000 人民幣千元 Restated 重列 |
| Government grants | 政府補貼 | 170 | — |
| Gain/(loss) on disposal of scrap materials | 出售廢料收益／(虧損) | 1,384 | (6) |
| Loss on disposal of property, plant and equipment | 處置物業、廠房及設備虧損 | (437) | (48) |
| Penalty income | 罰款收入 | 213 | 66 |
| Others | 其他 | 286 | 5,780 |
| | | 1,616 | 5,792 |

17. 其他收益 — 淨額**(a) 來自持續經營業務****(b) From discontinued operations**

| | | Six months ended 30 June 截至六月三十日止六個月 | |
|---|----------------|---|---|
| | | 2008 二零零八年 RMB'000 人民幣千元 | 2007 二零零七年 RMB'000 人民幣千元 Restated 重列 |
| Gain on sales of scrap materials | 出售廢料收益 | 2,519 | 5,680 |
| Rental income — net | 租金收入 — 淨額 | 889 | 786 |
| Government grants | 政府補貼 | — | 1,467 |
| Fair value gain/(loss) on investment properties | 投資物業公平值收益／(虧損) | 2,000 | (2,700) |
| Loss on disposal of property, plant and equipment | 處置物業、廠房及設備虧損 | (167) | — |
| Others | 其他 | 4,286 | 599 |
| | | 9,527 | 5,832 |

(b) 來自已終止經營業務

18. Finance (costs)/income — net**(a) From continuing operations**

| | | Six months ended 30 June 截至六月三十日止六個月 | |
|--|--------------------|---|---|
| | | 2008 二零零八年 RMB'000 人民幣千元 | 2007 二零零七年 RMB'000 人民幣千元 Restated 重列 |
| Interest expense and bank handling charges | 利息開支及銀行手續費 | (12,595) | (16,678) |
| Exchange gain/(loss) — net | 滙兌收益／(虧損) — 淨額 | 3,216 | (578) |
| Finance cost | 融資成本 | (9,379) | (17,256) |
| Finance income — interest income on short term bank deposits | 融資收入 — 短期銀行存款之利息收入 | 5,045 | 23,338 |
| Net finance (cost)/income | 融資(成本)／收入淨額 | (4,334) | 6,082 |

18. 融資(成本)／收入 — 淨額**(a) 來自持續經營業務****(b) From discontinued operations**

| | | Six months ended 30 June 截至六月三十日止六個月 | |
|--|--------------------|---|---|
| | | 2008 二零零八年 RMB'000 人民幣千元 | 2007 二零零七年 RMB'000 人民幣千元 Restated 重列 |
| Interest expense and bank handling charges | 利息開支及銀行手續費 | (7,662) | (15,454) |
| Exchange loss — net | 滙兌虧損 — 淨額 | (4,693) | (5,760) |
| Finance cost | 融資成本 | (12,355) | (21,214) |
| Finance income — interest income on short term bank deposits | 融資收入 — 短期銀行存款之利息收入 | 1,956 | 3,190 |
| Net finance cost | 融資成本淨額 | (10,399) | (18,024) |

(b) 來自已終止經營業務

19. Income tax expense

19. 所得稅開支

Six months ended 30 June
截至六月三十日止六個月

| | | 2008 二零零八年 RMB'000 人民幣千元 | 2007 二零零七年 RMB'000 人民幣千元 Restated 重列 |
|-----------------------|-------|-----------------------------------|---|
| Enterprise income tax | 企業所得稅 | 24,256 | 16,836 |

PRC enterprise income tax is provided for on 25% (31 December 2007: 33%) of the profits for the PRC statutory financial reporting purpose, adjusted for those items, which are not assessable or deductible for the PRC enterprise income tax purpose.

Profits tax for other locations has not been provided as the Group did not have any assessable profits in those locations.

中國企業所得稅乃按中國法定財務報表呈報利潤的25% (二零零七年十二月三十一日: 33%) 計算, 並在對不可就中國企業所得稅目的課稅或扣減的該等項目作出調整後予以撥備。

由於本集團於其他地點並無任何應課稅溢利, 故並無就該等地點的利得稅撥備。

20. Earnings per share

(a) Basic

Basic earnings per share are calculated by dividing the profit for the period by the weighted average number of ordinary shares in issue during the period.

20. 每股盈利

(a) 基本

每股基本盈利乃期內溢利除以期內已發行普通股之加權平均數計算。

| | | Six months ended 30 June 截至六月三十日止六個月 | |
|--|--|---|---------------------------------|
| | | 2008 二零零八年 | 2007 二零零七年 Restated 重列 |
| <u>Continuing operations</u> | | | |
| Profit for the period from continuing operations attributable to equity holders of the Company (RMB'000) | 持續經營業務 本公司股權持有人應佔期內來自持續經營業務的溢利 (人民幣千元) | 136,697 | 156,135 |
| Weighted average number of ordinary shares for the purposes of basic earnings per share ('000 shares) | 就計算每股基本盈利的普通股加權平均數 (千股) | 13,479,314 | 13,477,380 |
| Basic earnings per share (RMB cents) | 每股基本盈利 (人民幣分) | 1.01 | 1.16 |
| <u>Discontinued operations</u> | | | |
| Profit for the period from discontinued operations attributable to equity holders of the Company (RMB'000) | 已終止經營業務 本公司股權持有人應佔期內來自已終止經營業務的溢利 (人民幣千元) | 30,276 | 14,325 |
| Weighted average number of ordinary shares for the purposes of basic earnings per share ('000 shares) | 就計算每股基本盈利的普通股加權平均數 (千股) | 13,479,314 | 13,477,380 |
| Basic earnings per share (RMB cents) | 每股基本盈利 (人民幣分) | 0.23 | 0.10 |
| Profit for the period attributable to equity holders of the Company (RMB'000) | 本公司股權持有人應佔期內溢利 (人民幣千元) | 166,973 | 170,460 |
| Weighted average number of ordinary shares for the purposes of basic earnings per share ('000 shares) | 就計算每股基本盈利的普通股加權平均數 (千股) | 13,479,314 | 13,477,380 |
| Basic earnings per share (RMB cents) | 每股基本盈利 (人民幣分) | 1.24 | 1.26 |

20. Earnings per share (continued)

(a) Basic (continued)

On 31 March 2008, 8,753,323,092 shares were allotted and issued to the Vendor as consideration shares upon the completion of the Transaction (Note 1 and Note 11), the ordinary shares issued as part of the Transaction are presented as if it had always been issued using the principles of merger accounting as prescribed in HKAG 5.

(b) Diluted

For the six months ended 30 June 2008, potential dilutive ordinary shares are not included in the calculation of diluted earnings per share because they are anti-dilutive. For the six months ended 30 June 2007, the basic and diluted earnings per share are the same since there are no diluted shares.

21. Dividends

The Board has resolved not to declare an interim dividend in respect of the six months ended 30 June 2008 (six months ended 30 June 2007: Nil).

22. Commitments

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

20. 每股盈利 (續)

(a) 基本 (續)

於二零零八年三月三十一日，該交易完成後已向賣方配發及發行 8,753,323,092 股股份作為代價股份 (附註1及附註11)。於該交易中發行的普通股已按香港會計指引第5號所載的合併會計原則呈列，猶如該等股份之前已經發行並一直存在。

(b) 攤薄

截至二零零八年六月三十日止六個月，潛在攤薄普通股並沒有用於計算每股攤薄盈利，因為它們具有反攤薄性。截至二零零七年六月三十日止六個月，由於並無攤薄股份，每股基本及攤薄盈利均相同。

21. 股息

董事會議決不派發截至二零零八年六月三十日止六個月的中期股息 (截至二零零七年六月三十日止六個月：無)。

22. 承擔

- (a) 於資產負債表日尚未產生的購買物業、廠房及設備的資本承擔如下：

| | As at 於 | |
|---|---|---|
| | 30 June 2008 二零零八年 六月三十日 RMB'000 人民幣千元 | 31 December 2007 二零零七年 十二月三十一日 RMB'000 人民幣千元 Restated 重列 |
| Contracted but not provided for 已訂約但未撥備 | 5,033 | 66,102 |

22. Commitments (continued)

(b) Operating lease commitments — 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 2008 二零零八年 六月三十日 RMB'000 人民幣千元 | 31 December 2007 二零零七年 十二月三十一日 RMB'000 人民幣千元 Restated 重列 |
| Not later than one year | 不超過一年 | 431 | 6,998 |
| Later than one year and not later than five years | 超過一年但不超過 五年 | — | 732 |
| | | 431 | 7,730 |

23. Discontinued operations

On 30 April 2007, the Welling Group disposed of all of its equity interest in Huaian Welling-Qingjiang Motor Manufacturing Co., Ltd. ("Welling Qingjiang") and its subsidiary, to Midea and Midea International Corporation Company Ltd., a direct wholly-owned subsidiary of Midea. The main business of Welling Qingjiang and its subsidiary was manufacturing and distributing industrial motors. The operating loss of Welling Qingjiang and its subsidiary for the four months ended 30 April 2007 was approximately RMB2,174,000 and the disposal gain was approximately RMB11,736,000. The net amount RMB9,562,000 has been included in the profit from discontinued operations of the Group for the six months ended 30 June 2007.

22. 承擔 (續)

(b) 經營租賃承擔 — 本集團作為承租人

未來根據土地及樓宇的不可撤銷經營租賃的最低租賃付款總額如下：

| | | As at 於 | |
|--|----------------|---|---|
| | | 30 June 2008 二零零八年 六月三十日 RMB'000 人民幣千元 | 31 December 2007 二零零七年 十二月三十一日 RMB'000 人民幣千元 Restated 重列 |
| Not later than one year | 不超過一年 | 431 | 6,998 |
| Later than one year and not later than five years | 超過一年但不超過 五年 | — | 732 |
| | | 431 | 7,730 |

23. 已終止經營業務

於二零零七年四月三十日，威靈集團出售其於淮安威靈清江電機制造有限公司（「威靈清江」）及其附屬公司的全部股權予美的及美的國際控股有限公司（美的之直接全資附屬公司）。威靈清江及其附屬公司之主要業務為製造及分銷工業電機。威靈清江及其附屬公司截至二零零七年四月三十日止四個月的經營虧損約人民幣2,174,000元，出售收益約人民幣11,736,000元，淨額人民幣9,562,000元已計入本集團截至二零零七年六月三十日止六個月已終止經營業務溢利。

23. Discontinued operations (continued) 23. 已終止經營業務(續)

On 31 March 2008, the Group disposed of all of its equity interest in the Disposed Companies to the Vendor (Note 1). The operating gain of the Disposed Group for the six months ended 30 June 2007 amounted to approximately RMB12,112,000 has been included in the profit from discontinued operations of the Group for the six months ended 30 June 2007. The operating gain for the three months ended 31 March 2008 amounted to approximately RMB29,641,000 has been included in the profit from discontinued operations of the Group for the six months ended 30 June 2008.

The results for the discontinued operations were as follows:

於二零零八年三月三十一日，本集團出售其於已出售公司之全部股權予賣方(附註1)。已出售集團截至二零零七年六月三十日止六個月的經營收益約人民幣12,112,000元，已計入本集團截至二零零七年六月三十日止六個月已終止經營業務溢利。截至二零零八年三月三十一日止三個月經營收益約人民幣29,641,000元已計入本集團截至二零零八年六月三十日止六個月已終止經營業務溢利。

已終止經營業務之業績如下：

| | | Six months ended 30 June 截至六月三十日止六個月 | |
|--|---------------------------------------|---|---|
| | | 2008 二零零八年 RMB'000 人民幣千元 | 2007 二零零七年 RMB'000 人民幣千元 Restated 重列 |
| Note | 附註 | | |
| Discontinued operations: 已終止經營業務： | | | |
| | Revenue 營業額 | 4 1,255,737 | 2,070,438 |
| | Cost of goods sold 銷售貨品成本 | (1,136,260) | (1,868,600) |
| Gross profit 毛利 | | 119,477 | 201,838 |
| | Other gains — net 其他收益 — 淨額 | 17 9,527 | 5,832 |
| | Selling and marketing costs 銷售及市場推廣成本 | (52,293) | (130,981) |
| | Administrative expenses 行政開支 | (35,853) | (41,967) |
| | Other operating expenses 其他經營開支 | (249) | (2,270) |
| Operating profits 經營溢利 | | 40,609 | 32,452 |
| | Finance costs 融資成本 | (12,355) | (21,214) |
| | Finance income 融資收入 | 1,956 | 3,190 |
| | Finance costs — net 融資成本 — 淨額 | 18 (10,399) | (18,024) |
| Profits before income tax 扣除所得稅前溢利 | | 30,210 | 14,428 |
| | Income tax expense 所得稅開支 | (569) | (4,490) |
| | Gain on disposal 出售收益 | 29,641 | 9,938 |
| | | (b) — | 11,736 |
| Profit for the period from discontinued operations 期內來自已終止經營業務之溢利 | | 29,641 | 21,674 |

23. Discontinued operations (continued) 23. 已終止經營業務(續)

(a) The deemed contribution arising from the Transaction credited to merger reserve and net cash outflow on disposal of the Disposed Group was determined as follows:

(a) 該交易產生的視作貢獻已計入合併儲備及出售已出售集團之現金流出淨額釐定如下：

| | | Six months ended 30 June 2008 截至二零零八年 六月三十日 止六個月 RMB'000 人民幣千元 |
|---|---------------------------------|--|
| Property, plant and equipment (Note 5) | 物業、廠房及設備 (附註5) | 374,801 |
| Investment properties (Note 5) | 投資物業(附註5) | 102,000 |
| Leasehold land, land use rights and other non-current assets | 租賃土地、土地使用權 及其他非流動資產 | 93,317 |
| Cash and cash equivalents | 現金及現金等價物 | 219,502 |
| Inventories | 存貨 | 373,883 |
| Due from related companies | 應收關聯公司款項 | 1,050,261 |
| Trade and other receivables | 貿易及其他應收款 | 602,779 |
| Pledged bank deposits | 已抵押銀行存款 | 153,538 |
| Trade and other payables | 貿易及其他應付款 | (1,895,257) |
| Income tax liabilities | 所得稅負債 | (725) |
| Due to related parties | 應付關聯方款項 | (866,379) |
| Due to the Company | 應付本公司款項 | (784,744) |
| Provision for warranty (Note 15) | 產品保養撥備(附註15) | (98,463) |
| Borrowings | 借貸 | (359,995) |
| Less: minority interests disposed of | 減：已出售少數 股東權益 | (54,225) |
| Less: statutory reserves released (Note 12) | 減：解除法定儲備 (附註12) | (57,164) |
| Net liabilities disposed of | 已出售負債淨額 | (1,146,871) |
| Net debt receivable assigned to the Vendor (Note 1) | 轉讓予賣方的應收款 淨額(附註1) | 784,744 |
| Deemed contribution arising from the Transaction credited to merger reserve (Note 12) | 該交易產生之視作 貢獻已計入合併 儲備(附註12) | 362,127 |
| Cash proceeds | 現金所得款項 | — |
| Less: cash and cash equivalents disposed of | 減：已出售現金及 現金等價物 | (219,502) |
| Net cash outflow | 現金流出淨額 | (219,502) |

23. Discontinued operations (continued) 23. 已終止經營業務 (續)

(b) The gain and net cash inflow on disposal of Welling Qingjiang and its subsidiary was determined as follows:

(b) 出售威靈清江及其附屬公司之收益及現金流入淨額釐定如下：

| | | Six months ended 30 June 2007 截至二零零七年 六月三十日 止六個月 RMB'000 人民幣千元 |
|--|--------------------|--|
| Land use rights | 土地使用權 | 38,028 |
| Property, plant and equipment (Note 5) | 物業、廠房及設備 (附註5) | 124,461 |
| Intangible assets | 無形資產 | 28 |
| Available-for-sale financial assets | 可供銷售融資資產 | 3,030 |
| Inventories | 存貨 | 70,225 |
| Trade and other receivables | 貿易及其他應收款 | 209,444 |
| Pledged bank deposits | 已抵押銀行存款 | 45,996 |
| Cash and cash equivalents | 現金及現金等價物 | 16,169 |
| Borrowings | 借貸 | (134,423) |
| Trade and other payables | 貿易及其他應付款 | (339,189) |
| | | 33,769 |
| Less: minority interest disposed of | 減：已出售之 少數股東權益 | (10,505) |
| Net assets disposed of | 已出售之淨資產 | 23,264 |
| Gain on disposal | 出售收益 | 11,736 |
| Cash consideration | 現金代價 | 35,000 |
| Less: cash and cash equivalents disposed of | 減：已出售之現金及 現金等價物 | (16,169) |
| Net cash inflow on disposal | 出售之現金流入淨額 | 18,831 |

24. Related party transactions

24. 關聯方交易

(a) Name and relationship with related parties

(a) 關聯方名稱及與其之關係

| Name 名稱 | Relationship 關係 |
|--|---|
| Foshan Midea Material Supplies Co., Ltd. 佛山市美的材料供應有限公司 | Controlled by the ultimate holding company 由最終控股公司控制 |
| Foshan Midea Kitchen Electrical Appliance Manufacturing Co., Ltd. 佛山市美的廚房電器製造有限公司 | Controlled by the ultimate holding company 由最終控股公司控制 |
| Foshan Midea Domestic Electric Co., Ltd. 佛山市美的家用電器有限公司 | Controlled by the ultimate holding company 由最終控股公司控制 |
| Foshan Weite Road Maintenance Equipment Co., Ltd. 佛山市威特公路養護設備有限公司 | Controlled by the ultimate holding company 由最終控股公司控制 |
| Guangdong Midea Electric Appliances Co., Ltd. 廣東美的電器股份有限公司 | Controlled by the ultimate holding company 由最終控股公司控制 |
| Guangdong Midea Environmental Electrical Appliance Manufacturing Co., Ltd. 廣東美的環境電器製造有限公司 | Controlled by the ultimate holding company 由最終控股公司控制 |
| Guangdong Midea Group Wuhu Air-conditioning Equipment Co., Ltd. 廣東美的集團蕪湖製冷設備有限公司 | Controlled by the ultimate holding company 由最終控股公司控制 |
| Guangdong Midea Commercial Air Conditioner Equipment Co., Ltd. 廣東美的商用空調設備有限公司 | Controlled by the ultimate holding company 由最終控股公司控制 |
| Guangdong Midea Refrigeration Equipment Co., Ltd. 廣東美的製冷設備有限公司 | Controlled by the ultimate holding company 由最終控股公司控制 |
| Guangdong Weite Vacuum Electrical Co., Ltd. 廣東威特真空電子有限公司 | Controlled by the ultimate holding company 由最終控股公司控制 |

**24. Related party transactions
(continued)****(a) Name and relationship with related parties (continued)****Name
名稱**

Guangdong Meizhi Compressor Limited

廣東美芝製冷設備有限公司

Wuhu Midea Science and Technology
Co., Ltd.

蕪湖美的科技有限公司

Foshan City Wellkey Electric Material Co., Ltd.

佛山市威奇電工材料有限公司

Hefei Royalstar Refrigerator Co., Ltd.

合肥榮事達冰箱有限公司

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

24. 關聯方交易 (續)**(a) 關聯方名稱及與其之關係 (續)****Relationship
關係**

Controlled by the ultimate holding company

由最終控股公司控制

Controlled by the ultimate holding company

由最終控股公司控制

Controlled by a close family member of the ultimate holding company's substantial shareholder

由最終控股公司主要股東的近親控制

Controlled by the ultimate holding company

由最終控股公司控制

董事視於中國註冊成立的公司美的為本公司最終控股股東。

24. Related party transactions (continued)

(b) Transactions with related parties

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

(i) Continuing operations:

24. 關聯方交易 (續)

(b) 與關聯連方進行的交易

以下交易乃根據各方同意的條款與關聯方進行：

(i) 持續經營業務：

| | | Six months ended 30 June 截至六月三十日止六個月 | |
|--|--------------------|---|---|
| | | 2008 二零零八年 RMB'000 人民幣千元 | 2007 二零零七年 RMB'000 人民幣千元 Restated 重列 |
| Sales to related parties: | 向關聯方銷售： | | |
| Foshan Midea Kitchen Electrical Appliance Manufacturing Co., Ltd. | 佛山市美的廚房電器製造有限公司 | 6,222 | 5,457 |
| Guangdong Midea Environmental Electrical Appliance Manufacturing Co., Ltd. | 廣東美的環境電器製造有限公司 | 2,413 | 654 |
| Guangdong Midea Group Wuhu Air-conditioning Equipment Co., Ltd. | 廣東美的集團蕪湖製冷設備有限公司 | 162,452 | 124,721 |
| Guangdong Midea Commercial Air Conditioner Equipment Co., Ltd. | 廣東美的商用空調設備有限公司 | 61,049 | 54,698 |
| Guangdong Midea Refrigeration Equipment Co., Ltd. | 廣東美的製冷設備有限公司 | 268,961 | 269,978 |
| Guangzhou Hualing Air-conditioning & Equipment Co., Ltd. | 廣州華凌空調設備有限公司 | 40,855 | — |
| Hefei Royalstar Washing Machine Equipment Manufacturing Co., Ltd. | 合肥榮事達洗衣設備製造有限公司 | 78,424 | 38,525 |
| Midea Group Wuhan Refrigeration Equipment Co., Ltd. | 美的集團武漢製冷設備有限公司 | 110,867 | 55,176 |
| Guangdong Midea Microwave Oven Manufacturing Co., Ltd. | 廣東美的微波爐製造有限公司 | 186,767 | 152,813 |
| Chongqing Midea General Air-conditioning Equipment Co., Ltd. | 重慶美的通用製冷設備有限公司 | 1,690 | 16 |
| Huaian Welling Qingjiang Motor Manufacturing Co., Ltd. | 淮安威靈清江電機製造有限公司 | 1,538 | — |
| Foshan Shunde Midea Washer Electrical Appliance Manufacturing Co., Ltd. | 佛山市順德區美的洗滌電器製造有限公司 | 53,758 | 39,736 |
| Guangdong Weite Vacuum Electrical Co., Ltd. | 廣東威特真空電子有限公司 | 2 | — |
| Foshan Weite Road Maintenance Equipment Co., Ltd. | 佛山市威特公路養護設備有限公司 | 43 | 438 |
| | | 975,041 | 742,212 |
| Purchases from related parties: | 向關聯方採購： | | |
| Foshan Midea Material Supplies Co., Ltd. | 佛山市美的材料供應有限公司 | 1,601 | — |
| Foshan City Wellkey Electric Material Co., Ltd. | 佛山市威奇電工材料有限公司 | 23,256 | 56,033 |
| Foshan Midea Domestic Electric Co., Ltd. | 佛山市美的家用電器有限公司 | 651,624 | 1,114,635 |
| | | 676,481 | 1,170,668 |

24. Related party transactions (continued)

(b) Transactions with related parties (continued)

(ii) Discontinued operations:

| | | Six months ended 30 June 截至六月三十日止六個月 | |
|--|--------------------------------|---|---|
| | | 2008 二零零八年 RMB'000 人民幣千元 | 2007 二零零七年 RMB'000 人民幣千元 Restated 重列 |
| Sales to related parties: | | | |
| Hefei Midea-Royalstar Electrical Equipment Marketing Co., Ltd. | 向關聯方銷售： 合肥榮事達美的 電器營銷有限公司 | 32,701 | 118,842 |
| Guangdong Midea Refrigeration Equipment Co., Ltd. | 廣東美的製冷設備有限公司 | 413,975 | 401,794 |
| | | 446,676 | 520,636 |
| Purchases from related parties: | | | |
| Guangdong Midea Refrigeration Equipment Co., Ltd. | 向關聯方採購： 廣東美的製冷設備有限公司 | 121,225 | 113,455 |
| Foshan Midea Domestic Electric Co., Ltd. | 佛山市美的家用電器有限公司 | 37,468 | 17,958 |
| Guangdong Meizhi Compressor Limited | 廣東美芝製冷設備有限公司 | 24,969 | 169,102 |
| Midea Group Wuhan Refrigeration Equipment Co., Ltd. | 美的集團武漢製冷設備有限公司 | 42,174 | — |
| Hefei Royalstar Refrigerator Co., Ltd. | 合肥榮事達冰箱有限公司 | 22,236 | — |
| | | 248,072 | 300,515 |

(c) Key management compensation

24. 關聯方交易 (續)

(b) 與關聯方進行的交易 (續)

(ii) 已終止經營業務：

| | | Six months ended 30 June 截至六月三十日止六個月 | |
|---|-----------------|---|---|
| | | 2008 二零零八年 RMB'000 人民幣千元 | 2007 二零零七年 RMB'000 人民幣千元 Restated 重列 |
| Salaries and other short-term employee benefits | 薪金及其他短期 僱員福利 | 2,102 | 1,646 |

**24. Related party transactions
(continued)****24. 關聯方交易 (續)****(d) Balances with related companies:****(d) 與關聯公司之結餘：**

| | | As at 於 | |
|--|--------------------|---|---|
| | | 30 June 2008 二零零八年 六月三十日 RMB'000 人民幣千元 | 31 December 2007 二零零七年 十二月三十一日 RMB'000 人民幣千元 Restated 重列 |
| Due from related companies: | 應收關聯公司： | | |
| Foshan Midea Kitchen Electrical Appliance Manufacturing Co., Ltd. | 佛山市美的廚房電器製造有限公司 | 7,257 | 5,692 |
| Foshan Midea Domestic Electric Co., Ltd. | 佛山市美的家用電器有限公司 | 214,681 | 140,155 |
| Guangdong Midea Environmental Electrical Appliance Manufacturing Co., Ltd. | 廣東美的環境電器製造有限公司 | 6,586 | 4,768 |
| Guangdong Midea Electric Appliances Co., Ltd. | 廣東美的電器股份有限公司 | 9 | — |
| Guangdong Midea Group Wuhu Air-conditioning Equipment Co., Ltd. | 廣東美的集團蕪湖製冷設備有限公司 | 207,825 | 173,853 |
| Guangdong Midea Commercial Air Conditioner Equipment Co., Ltd. | 廣東美的商用空調設備有限公司 | 51,440 | 44,603 |
| Guangdong Midea Refrigeration Equipment Co., Ltd. | 廣東美的製冷設備有限公司 | 159,645 | 367,107 |
| Guangdong Weite Vacuum Electrical Co., Ltd. | 廣東威特真空電子有限公司 | — | 6 |
| Guangzhou Hualing Air-conditioning & Equipment Co., Ltd. | 廣州華凌空調設備有限公司 | 107,299 | — |
| Hefei Royalstar Washing Machine Equipment Manufacturing Co., Ltd. | 合肥榮事達洗衣設備製造有限公司 | 91,557 | 41,615 |
| Midea Group Wuhan Refrigeration Equipment Co., Ltd. | 美的集團武漢製冷設備有限公司 | 161,382 | 136,767 |
| Guangdong Midea Microwave Oven Manufacturing Co., Ltd. | 廣東美的微波爐製造有限公司 | 247,329 | 188,530 |
| Wuhu Midea Science and Technology Co., Ltd. | 蕪湖美的科技有限公司 | — | 5,418 |
| Chongqing Midea General Air-conditioning Equipment Co., Ltd. | 重慶美的通用製冷設備有限公司 | 1,977 | — |
| Huaian Welling Qingjiang Motor Manufacturing Co., Ltd. | 淮安威靈清江電機製造有限公司 | 1,489 | 1,237 |
| Foshan City Wellkey Electric Material Co., Ltd. | 佛山市威奇電工材料有限公司 | 1,086 | — |
| Foshan Shunde Midea Washer Electrical Appliance Manufacturing Co., Ltd. | 佛山市順德區美的洗滌電器製造有限公司 | 99,921 | 66,786 |
| Hefei Midea-Royalstar Electrical Equipment Marketing Co., Ltd. | 合肥榮事達美的電器營銷有限公司 | — | 7,905 |
| | | 1,359,483 | 1,184,442 |

**24. Related party transactions
(continued)****(d) Balances with related companies
(continued):****24. 關聯方交易 (續)****(d) 與關聯方的結餘 (續) :**

| | | As at 於 | |
|---|----------------------|---|---|
| | | 30 June 2008 二零零八年 六月三十日 RMB'000 人民幣千元 | 31 December 2007 二零零七年十二 月三十一日 RMB'000 人民幣千元 Restated 重列 |
| Due to related companies: | 應付關聯公司： | | |
| Foshan Midea Material Supplies Co., Ltd. | 佛山市美的材料供應有限公司 | 1,208 | 4,566 |
| Foshan Midea Domestic Electric Co., Ltd. | 佛山市美的家用電器有限公司 | 623,167 | 799,400 |
| Guangdong Midea Group Wuhu Air-conditioning Equipment Co., Ltd. | 廣東美的集團蕪湖製冷 設備有限公司 | — | 53,000 |
| Guangdong Midea Commercial Air Conditioner Equipment Co., Ltd. | 廣東美的商用空調 設備有限公司 | 30,000 | 12,460 |
| Guangdong Midea Refrigeration Equipment Co., Ltd. | 廣東美的製冷設備有限公司 | — | 99,928 |
| Hefei Royalstar Washing Machine Equipment Manufacturing Co., Ltd. | 合肥榮事達洗衣設備 製造有限公司 | 8,370 | 11,162 |
| Guangdong Midea Environmental Electrical Appliance Manufacturing Co., Ltd. | 廣東美的環境電器 製造有限公司 | — | 2 |
| Midea Group Wuhan Refrigeration Equipment Co., Ltd. | 美的集團武漢製冷設備有限公司 | 40,000 | 35,001 |
| Midea Home Appliance Investment Company Limited | 美的家電投資有限公司 | — | 11 |
| Guangdong Midea Microwave Oven Manufacturing Co., Ltd. | 廣東美的微波爐製造 有限公司 | — | 3 |
| Foshan City Wellkey Electric Material Co., Ltd. | 佛山市威奇電工材料有限公司 | 27,901 | 43,997 |
| Guangdong Meizhi Compressor Limited | 廣東美芝製冷設備有限公司 | — | 189,147 |
| Huaian Welling Qingjiang Motor Manufacturing Co., Ltd. | 淮安威靈清江電機製造有限公司 | 1,411 | — |
| | | 732,057 | 1,248,677 |

The balances due from/to related companies are interest free, repayable on demand and of trading in nature.

應收／應付關聯公司結餘為免息及須於要求時償還，且屬於貿易性質。

