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本公佈僅參考之用，並不構成收購、購買或認購任何證券之邀請或要約。

GOOD FRIEND INTERNATIONAL HOLDINGS INC.

友佳國際控股有限公司

(於開曼群島註冊成立之有限公司)

(股份代號: 2398)

海外監管公告

上市之台灣存託憑證用外國公司財務報告

本公告乃根據香港聯合交易所有限公司證券上市規則第13.10B條而作出。

以下所附是本公司按臺灣證券交易所股份有限公司的規定於二零二一年五月十四日在臺灣證券交易所股份有限公司網頁刊發的公告。

承董事會命
友佳國際控股有限公司
主席
朱志洋

香港，二零二一年五月十四日

於本公告日期，本公司董事會成員包括 (i) 三名執行董事：朱志洋先生、陳明河先生及溫吉堂先生；及 (ii) 三名獨立非執行董事：顧福身先生、余玉堂先生及高文誠先生。

友佳國際控股有限公司及子公司

民國109年度

合併財務報表暨會計師複核報告
(上市之台灣存託憑證用外國公司財務報告)

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附 件 一

會計師複核報告

友佳國際控股有限公司 公鑒：

友佳國際控股有限公司及子公司（友佳國際集團）按香港一般公認會計原則編製之民國 109 年 12 月 31 日之綜合財務狀況表，暨民國 109 年 1 月 1 日至 12 月 31 日之綜合損益及其他全面收益表、綜合權益變動表及綜合現金流量表（金額以人民幣為單位），業經羅申美會計師事務所王德文會計師（RSM Hong Kong）查核完竣，並於 110 年 5 月 14 日出具無保留意見之查核報告（詳附件五）。隨附友佳國際集團所編製民國 108 年度依新臺幣換算之主要報表（詳附件二）暨合併財務報表之中譯本（詳附件四），業經本會計師依照「第二上市（櫃）公司財務報告複核要點」，採行必要之複核程序予以複核竣事。由於本會計師並未依照中華民國一般公認審計準則查核，故無法對上開合併財務報表之整體是否允當表達表示意見。

如附件三所述，友佳國際集團之合併財務報表格式，係依香港財務報告準則及相關法令編製，致與中華民國規定部分不同，是以友佳國際控股有限公司業已依據「第二上市（櫃）公司財務報告複核要點」、中華民國金融監督管理委員會認可並發布生效之國際財務報導準則、國際會計原則、解釋及解釋公告（以下簡稱「金管會認可之 IFRSs」）及相關法令予以調節，本會計師並據此複核其重編之合併資產負債表、合併綜合損益表及合併現金流量表（附件三）。

依本會計師之複核結果，未發現第一段所述友佳國際集團按新台幣換算之主要合併財務報表暨其相關資訊有違反上述「第二上市（櫃）公司財務報告複核要點」規定而須作重大修正、調整或再補充揭露之情事；本會計師亦未發現第一段所述友佳國際集團合併財務報表之中譯本內容與原文有重大不符而需作修正之情事。

勤業眾信聯合會計師事務所
會計師 李麗鳳

李麗鳳



會計師 蘇郁瑋

蘇郁瑋



證券暨期貨管理委員會核准文號
金管證審字第 1040024195 號

金融監督管理委員會核准文號
台財證六字第 0930128050 號

中 華 民 國 110 年 5 月 14 日

附 件 二

友佳國際控股有限公司及子公司

綜合財務狀況表

民國 109 年及 108 年 12 月 31 日

單位：仟元

	109年12月31日		108年12月31日	
	人 民 幣	新 台 幣	人 民 幣	新 台 幣
資 產				
非流動資產				
物業、廠房及設備	\$ 204,098	\$ 891,704	\$ 218,344	\$ 942,154
使用權資產	122,251	534,115	124,371	536,661
無形資產	1,047	4,574	1,407	6,071
於合營企業的投資	22,261	97,258	21,646	93,402
於聯營公司的投資	88,274	385,669	392,326	1,692,887
遞延所得稅資產	28,551	124,739	27,991	120,781
	<u>466,482</u>	<u>2,038,059</u>	<u>786,085</u>	<u>3,391,956</u>
流動資產				
存 貨	431,164	1,883,756	493,053	2,127,524
貿易應收帳款及其他應收款項及 預付款項	166,688	728,261	227,096	979,919
合約資產	52,653	230,041	44,399	191,582
應收貸款	49,691	217,100	48,394	208,820
按公平值計入其他全面收益的應 收款項	120,105	524,739	101,945	439,893
應收最終控股公司款項	1,008	4,404	-	-
應收直接控股公司款項	8	35	-	-
應收一間關聯公司、同系附屬公 司及最終控股公司的一間聯營 公司款項	28,087	122,712	6,248	26,960
應收合營企業款項	644	2,814	512	2,209
應收聯營公司及一間聯營公司的 附屬公司款項	370,849	1,620,239	235,155	1,014,694
限制性銀行結餘	139,426	609,152	106,333	458,827
銀行及現金結餘	104,014	454,437	74,860	323,021
	<u>1,464,337</u>	<u>6,397,690</u>	<u>1,337,995</u>	<u>5,773,449</u>
總 資 產	<u>\$ 1,930,819</u>	<u>\$ 8,435,749</u>	<u>\$ 2,124,080</u>	<u>\$ 9,165,405</u>

註一：民國 109 及 108 年度財務報表之所有之資產、負債、股東權益及損益科目金額，分別以民國 109 年及 108 年 12 月 31 日之匯率 RMB 1 = NTD4.3690 及 RMB 1 = NTD4.3150 換算。

註二：最近 3 年度人民幣對新台幣最高、最低及平均匯率如下：

年 度	最 高	最 低	平 均
109.1.1-109.12.31	RMB1 : NT4.3940	RMB1 : NT4.1800	RMB1 : NT4.2817
108.1.1-108.12.31	RMB1 : NT4.6120	RMB1 : NT4.2990	RMB1 : NT4.4722
107.1.1-107.12.31	RMB1 : NT4.7080	RMB1 : NT4.4320	RMB1 : NT4.5600

董事長：朱志洋



經理人：朱志洋



會計主管：葉世強



友佳國際控股有限公司及子公司
綜合財務狀況表
民國 109 年及 108 年 12 月 31 日

單位：仟元

	109年12月31日		108年12月31日	
	人 民 幣	新 台 幣	人 民 幣	新 台 幣
權 益				
本公司權益持有人應佔權益				
股本	\$ 4,021	\$ 17,568	\$ 4,021	\$ 17,351
股本溢價	82,183	359,057	82,183	354,620
資本儲備	77,338	337,890	77,338	333,713
其他儲備	53,202	232,440	66,454	286,749
保留盈利	226,125	987,940	478,483	2,064,654
總 權 益	<u>442,869</u>	<u>1,934,895</u>	<u>708,479</u>	<u>3,057,087</u>
負 債				
非流動負債				
其他借貸	38,506	168,233	36,760	158,619
遞延收益	72,270	315,748	73,680	317,929
租賃負債	2,489	10,874	1,784	7,698
	<u>113,265</u>	<u>494,855</u>	<u>112,224</u>	<u>484,246</u>
流動負債				
貿易應付帳款及其他應付款項及應計開支	471,137	2,058,398	389,300	1,679,830
合約負債	260,711	1,139,046	300,336	1,295,950
遞延收益	1,410	6,160	1,410	6,084
應付最終控股公司款項	1,503	6,567	157	677
應付直接控股公司款項	15,627	68,274	815	3,517
應付同系附屬公司款項	2,005	8,760	2,457	10,602
應付合營企業款項	517	2,259	380	1,640
應付一間聯營公司款項	24,111	105,341	23,481	101,321
租賃負債	2,623	11,460	2,486	10,727
訴訟申索撥備	36,335	158,748	60,117	259,405
退貨負債	106,211	464,036	100,903	435,396
即期所得稅負債	25,272	110,413	17,445	75,275
銀行借貸	423,814	1,851,643	400,071	1,726,306
保證撥備	3,409	14,894	4,019	17,342
	<u>1,374,685</u>	<u>6,005,999</u>	<u>1,303,377</u>	<u>5,624,072</u>
總 負 債	<u>1,487,950</u>	<u>6,500,854</u>	<u>1,415,601</u>	<u>6,108,318</u>
總負債及權益	<u>\$ 1,930,819</u>	<u>\$ 8,435,749</u>	<u>\$ 2,124,080</u>	<u>\$ 9,165,405</u>
流動資產淨值	<u>\$ 89,652</u>	<u>\$ 391,691</u>	<u>\$ 34,618</u>	<u>\$ 149,377</u>
總資產減流動負債	<u>\$ 556,134</u>	<u>\$ 2,429,750</u>	<u>\$ 820,703</u>	<u>\$ 3,541,333</u>

註一：民國 109 及 108 年度財務報表之所有之資產、負債、股東權益及損益科目金額，分別以民國 109 年及 108 年 12 月 31 日之匯率 RMB 1 = NTD4.3690 及 RMB 1 = NTD4.3150 換算。

註二：最近 3 年度人民幣對新台幣最高、最低及平均匯率如下：

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107.1.1-107.12.31	RMB1 : NT4.7080	RMB1 : NT4.4320	RMB1 : NT4.5600

董事長：朱志洋



經理人：朱志洋



會計主管：葉世強



友佳國際控股有限公司及子公司

綜合損益及其他全面收益表

民國 109 年及 108 年 1 月 1 日至 12 月 31 日

單位：仟元
除每股盈餘為元外

	109年度		108年度	
	人 民 幣	新 台 幣	人 民 幣	新 台 幣
收 益	\$ 875,318	\$ 3,824,264	\$ 910,695	\$ 3,929,649
收益成本	(678,847)	(2,965,883)	(701,597)	(3,027,391)
毛 利	<u>196,471</u>	<u>858,381</u>	<u>209,098</u>	<u>902,258</u>
其他收入	56,941	248,775	157,038	677,619
分銷及銷售費用	(94,852)	(414,408)	(121,928)	(526,119)
行政費用	(57,485)	(251,152)	(71,562)	(308,790)
研發成本	(27,750)	(121,240)	(29,086)	(125,506)
貿易應收帳款及合約資產之減值虧損	(12,985)	(56,731)	3,009	12,984
其他收益及虧損	36,509	159,508	(7,547)	(32,565)
其他開支	(22,741)	(99,355)	(22,805)	(98,404)
其他營運費用	(1,398)	(6,108)	(1,297)	(5,597)
經營溢利	72,710	317,670	114,920	495,880
財務費用	(18,635)	(81,416)	(24,744)	(106,770)
分佔合營企業溢利	615	2,687	1,141	4,923
分佔聯營公司虧損	(287,061)	(1,254,170)	(57,089)	(246,339)
除所得稅前 (虧損) 溢利	(232,371)	(1,015,229)	34,228	147,694
所得稅開支	(15,848)	(69,240)	(22,069)	(95,228)
本公司擁有人應佔 (虧損) 溢利	(248,219)	(1,084,469)	12,159	52,466
其他全面收益 (開支)				
不會重分類至損益的項目				
分佔聯營公司其他全面收益 (開支)	(4,139)	(18,083)	(28,080)	(121,165)
其後可能重分類至損益的項目				
分佔聯營公司其他全面收益 (開支)	(25,588)	(111,794)	12,637	54,529
換算海外業務產生之匯兌差額	12,490	54,569	(4,790)	(20,669)
按公平值計入其他全面收益的 應收款項公平值 (虧損) / 收益淨額	(154)	(673)	246	1,061
本公司擁有人應佔全面 (開支) 收益總額	<u>(\$ 265,610)</u>	<u>(\$ 1,160,450)</u>	<u>(\$ 7,828)</u>	<u>(\$ 33,778)</u>
每股 (虧損) 盈利				
— 基 本	<u>(\$ 0.62)</u>	<u>(\$ 2.71)</u>	<u>\$ 0.03</u>	<u>\$ 0.13</u>
股 息	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

註一：民國 109 及 108 年度財務報表之所有之資產、負債、股東權益及損益科目金額，分別以民國 109 年及 108 年 12 月 31 日之匯率 RMB 1 = NTD4.3690 及 RMB 1 = NTD4.3150 換算。

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(請參閱勤業眾信聯合會計師事務所 110 年 5 月 14 日複核報告)

董事長：朱志洋



經理人：朱志洋



會計主管：葉世強



友佳國際控股股份有限公司及子公司



民國 109 年及 108 年 1 月 1 日至 12 月 31 日

單位：人民幣仟元

	股本	股本溢價	資本儲備	其他儲備	保留盈餘	總權益
108 年 1 月 1 日餘額	\$ 4,022	\$ 82,281	\$ 77,338	\$ 58,361	\$ 494,404	\$ 716,406
全面收益：						
年內溢利	-	-	-	-	12,159	12,159
其他全面收益：						
分估聯營公司其他全面開支	-	-	-	12,637	(28,080)	(15,443)
換算海外業務產生之匯兌差額	-	-	-	(4,790)	-	(4,790)
按公平值計入其他全面收益的應收款項公 平值收益淨額	-	-	-	246	-	246
全面收益總額	-	-	-	8,093	(15,921)	(7,828)
購買及註銷股份	(1)	(98)	-	-	-	(99)
108 年 12 月 31 日餘額	4,021	82,183	77,338	66,454	478,483	708,479
全面收益：						
年內虧損	-	-	-	-	(248,219)	(248,219)
其他全面收益：						
分估聯營公司其他全面開支	-	-	-	(25,588)	(4,139)	(29,727)
換算海外業務產生之匯兌差額	-	-	-	12,490	-	12,490
按公平值計入其他全面收益的應收款項公 平值虧損淨額	-	-	-	(154)	-	(154)
全面收益總額	-	-	-	(13,252)	(252,358)	(265,610)
109 年 12 月 31 日餘額	\$ 4,021	\$ 82,183	\$ 77,338	\$ 53,202	\$ 226,125	\$ 442,869



董事長：朱志洋



經理人：朱志洋



會計主管：葉世強

友佳國際控股有限公司及子公司



民國 109 年及 108 年 1 月 1 日至 12 月 31 日

單位：新台幣仟元

	股 \$	本 17,986	股 \$	本 367,961	溢 價 \$	資 本 345,856	儲 備 \$	其 他 儲 備 \$	保 留 盈 利 \$	總 權 益 \$
108 年 1 月 1 日餘額										
全面收益：										
年內溢利	-	-	-	-	-	-	-	-	52,466	52,466
其他全面收益：										
分估聯營公司其他全面開支	-	-	-	-	-	-	54,529	(	121,165)	(
換算海外業務產生之匯兌差額	-	-	-	-	-	-	20,669	(-	(
按公平值計入其他全面收益的應收款項收益公平值淨額	-	-	-	-	-	-	1,061	(-	(
全面收益總額	-	-	-	-	-	-	34,921	(	68,699)	(
購買及註銷股份	(	4)	(	423)	-	-	-	-	-	(
匯率影響數	(	631)	(	12,918)	(	12,143)	(	9,162)	(	77,622)
108 年 12 月 31 日餘額	17,351		354,620		333,713		286,749		2,064,654	3,057,087
全面收益：										
年內虧損	-	-	-	-	-	-	-	-	(	1,084,469)
其他全面收益：										
分估聯營公司其他全面開支	-	-	-	-	-	-	111,794	(	18,083)	(
換算海外業務產生之匯兌差額	-	-	-	-	-	-	54,569	(-	(
按公平值計入其他全面收益的應收款項公平值虧損淨額	-	-	-	-	-	-	673	(-	(
全面收益總額	-	-	-	-	-	-	57,898	(	1,102,552)	(
匯率影響數	217		4,437		4,177		3,589		25,838	38,258
109 年 12 月 31 日餘額	\$	17,568	\$	359,057	\$	337,890	\$	232,440	\$	987,940

註一：民國 109 及 108 年度財務報表之所有之資產、負債、股東權益及損益科目金額，分別以民國 109 年及 108 年 12 月 31 日之匯率 RMB 1 = NTD 4.3690 及 RMB 1 = NTD 4.3150 換算。

民國 108 年 1 月 1 日股東權益科目金額，係以民國 107 年 12 月 31 日之匯率 RMB 1 = NTD 4.4720 換算。



董事長：朱志洋



經理人：朱志洋



會計主管：葉世強

友佳國際控股有限公司及子公司

綜合現金流量表

民國 109 年及 108 年 1 月 1 日至 12 月 31 日

單位：仟元

	109年度		108年度	
	人 民 幣	新 台 幣	人 民 幣	新 台 幣
經營活動產生的現金流量				
營運所得現金	\$ 60,544	\$ 264,517	\$ 143,086	\$ 617,416
已繳所得稅及預扣稅	(8,563)	(37,412)	(27,096)	(116,919)
租賃負債利息	(270)	(1,180)	(171)	(738)
經營活動所得現金淨額	<u>51,711</u>	<u>225,925</u>	<u>(115,819)</u>	<u>499,759</u>
投資活動產生的現金流量				
本集團一間聯營公司之附屬公司的一名非控股股東之貸款	(1,297)	(5,667)	(12,767)	(55,090)
收購物業、廠房及設備	(1,995)	(8,716)	(31,571)	(136,229)
出售物業、廠房及設備所得款項	217	948	472	2,037
購置無形資產	(210)	(917)	(16)	(69)
已收利息	3,356	14,662	3,842	16,578
提取限制性銀行存款	(33,093)	(144,583)	(36,346)	(156,832)
提取按公平值計入損益之金融資產	9,610	41,986	217,655	939,181
購入按公平值計入損益之金融資產	(9,610)	(41,986)	(109,635)	(473,075)
投資活動所用現金淨額	<u>(33,022)</u>	<u>(144,273)</u>	<u>31,634</u>	<u>136,501</u>
融資活動產生的現金流量				
銀行及其他借貸所得款項	2,694,968	11,774,315	3,708,993	16,004,305
償還銀行借貸	(2,662,485)	(11,632,397)	(3,877,937)	(16,733,298)
已收政府補貼	-	-	8,647	37,312
租賃付款本金部分	(3,407)	(14,885)	(2,651)	(11,439)
購回股份	-	-	(99)	(427)
已付利息	(18,365)	(80,237)	(24,573)	(106,032)
融資活動所得(所用)現金淨額	<u>10,711</u>	<u>46,796</u>	<u>(187,620)</u>	<u>(809,579)</u>
現金及現金等值物(減少)增加淨額	29,400	128,448	(40,167)	(173,319)
期初現金及現金等值物	74,860	323,021	112,673	503,874
匯率調整數	(246)	2,968	2,354	(7,534)
期末現金及現金等值物	<u>\$ 104,014</u>	<u>\$ 454,437</u>	<u>\$ 74,860</u>	<u>\$ 323,021</u>

註一：民國 109 及 108 年度財務報表之所有之資產、負債、股東權益及損益科目金額，分別以民國 109 年及 108 年 12 月 31 日之匯率 RMB 1 = NTD4.3690 及 RMB 1 = NTD4.3150 換算。

註二：最近 3 年度人民幣對新台幣最高、最低及平均匯率如下：

年 度	最 高	最 低	平 均
109.1.1-109.12.31	RMB1 : NT4.3940	RMB1 : NT4.1800	RMB1 : NT4.2817
108.1.1-108.12.31	RMB1 : NT4.6120	RMB1 : NT4.2990	RMB1 : NT4.4722
107.1.1-107.12.31	RMB1 : NT4.7080	RMB1 : NT4.4320	RMB1 : NT4.5600

(請參閱勤業眾信聯合會計師事務所 110 年 5 月 14 日複核報告)

董事長：朱志洋



經理人：朱志洋



會計主管：葉世強



附件三

單位：新台幣仟元

友佳國際商業有限公司及子公司
友佳國際商業有限公司(含附屬公司)暨合伴資產負債表
民國109年及108年12月31日



代碼	109年12月31日			108年12月31日			109年12月31日			108年12月31日		
	依香港一般公認會計原則編製之金額(註5)	調升金額(減)	編製金額	依香港一般公認會計原則編製之金額(註5)	調升金額(減)	編製金額	依香港一般公認會計原則編製之金額(註5)	調升金額(減)	編製金額	依香港一般公認會計原則編製之金額(註5)	調升金額(減)	編製金額
1100	\$ 454,437	\$ -	\$ 454,437	\$ 323,021	\$ -	\$ 323,021	\$ 1,851,643	\$ -	\$ 1,851,643	\$ 1,726,306	\$ -	\$ 1,726,306
1136	609,152	-	609,152	458,827	-	458,827	1,139,046	-	1,139,046	1,295,950	-	1,295,950
1140	230,041	-	230,041	191,582	-	191,582	1,019,646	-	1,019,646	647,871	-	647,871
1170	1,085,667	-	1,085,667	1,241,870	-	1,241,870	674,709	-	674,709	702,849	-	702,849
1180	88,490	-	88,490	63,763	-	63,763	191,192	-	191,192	117,753	-	117,753
1200	335,395	-	335,395	323,120	-	323,120	364,043	-	364,043	329,110	-	329,110
1210	1,661,714	-	1,661,714	980,100	-	980,100	110,413	-	110,413	75,275	-	75,275
130X	1,883,756	-	1,883,756	2,127,524	-	2,127,524	173,642	-	173,642	276,747	-	276,747
1410	49,038	-	49,038	63,642	-	63,642	11,460	-	11,460	10,727	-	10,727
11XX	6,397,690	-	6,397,690	5,773,449	-	5,773,449	464,036	-	464,036	435,396	-	435,396
1550	482,927	-	482,927	1,786,289	-	1,786,289	6,085,992	-	6,085,992	5,624,072	-	5,624,072
1600	891,704	-	891,704	942,154	-	942,154	168,233	-	168,233	158,619	-	158,619
1755	534,115	-	534,115	536,661	-	536,661	10,874	-	10,874	7,698	-	7,698
1780	4,574	-	4,574	6,071	-	6,071	315,248	-	315,248	317,929	-	317,929
1840	124,739	-	124,739	120,781	-	120,781	494,855	-	494,855	484,426	-	484,426
15XX	2,038,059	-	2,038,059	3,391,956	-	3,391,956	6,500,854	-	6,500,854	6,108,318	-	6,108,318
1XXX	\$ 8,435,749	\$ -	\$ 8,435,749	\$ 9,165,405	\$ -	\$ 9,165,405	\$ 8,435,749	\$ -	\$ 8,435,749	\$ 9,165,405	\$ -	\$ 9,165,405

註一：民國109及108年度財務報表之所有之資產、負債、股東權益及損益科目金額，分別以民國109年及108年12月31日之匯率 RMB1 = NTD4,3690 及 RMB1 = NTD4,3150 換算。

註二：最近3年度人民幣對新台幣最高、最低及平均匯率如下：

年	最高	最低	平均
109.11.109.12.31	RMB1 : NTD4,3940	RMB1 : NTD4,1800	RMB1 : NTD4,2817
108.11.108.12.31	RMB1 : NTD4,6120	RMB1 : NTD4,3990	RMB1 : NTD4,4722
107.11.1107.12.31	RMB1 : NTD4,7080	RMB1 : NTD4,4320	RMB1 : NTD4,5600



會計主管：葉世強



經理人：朱志洋



董事長：朱志洋

友佳國際控股有限公司 子公司
依中華民國金管會認可及發布生效之 IFRSs 重編後合併綜合損益表
民國 109 年及 108 年 12 月 31 日

單位：新台幣仟元，惟
每股盈餘為元

代碼	項 目	109年度				108年度			
		依香港一般公認會計原則編製之金額 (註 3)	調節金額 增(減)	依中華民國金管會認可及發布生效之 IFRSs 編製金額	%	依香港一般公認會計原則編製之金額 (註 3)	調節金額 增(減)	依中華民國金管會認可及發布生效之 IFRSs 編製金額	%
4000	營業收入	\$ 3,824,264	\$ -	\$ 3,824,264	100	\$ 3,929,649	\$ -	\$ 3,929,649	100
5000	營業成本	(2,965,883)	-	(2,965,883)	(78)	(3,027,391)	-	(3,027,391)	(77)
5900	營業毛利	858,381	-	858,381	22	902,258	-	902,258	23
	營業費用								
6100	銷售費用	(414,408)	-	(414,408)	(11)	(526,119)	-	(526,119)	(13)
6200	管理費用	(251,152)	-	(251,152)	(7)	(308,790)	-	(308,790)	(8)
6300	研發費用	(121,240)	-	(121,240)	(3)	(125,506)	-	(125,506)	(3)
6450	預期信用減損損失	(56,731)	-	(56,731)	1	12,984	-	12,984	-
6000	營業費用合計	(843,531)	-	(843,531)	-	(947,431)	-	(947,431)	(24)
6510	其他收益及費損淨額	302,820	(302,820)	-	-	541,053	(541,053)	-	-
6900	營業淨(損)利	317,670	(302,820)	14,850	-	495,880	(541,053)	(45,173)	(1)
	營業外收入及支出								
7010	其他收入	-	248,775	248,775	11	-	677,619	677,619	17
7020	其他利益及損失	-	54,045	54,045	(3)	-	(136,566)	(136,566)	(3)
7050	財務成本	(81,416)	-	(81,416)	(2)	(106,770)	-	(106,770)	(3)
7070	採用權益法之關聯企業及合資損益份額	(1,251,483)	-	(1,251,483)	(33)	(241,416)	-	(241,416)	(6)
7000	營業外收入及支出合計	(1,332,899)	302,820	(1,030,079)	(27)	(348,186)	541,053	192,867	5
7900	稅前淨利(損)	(1,015,229)	-	(1,015,229)	(27)	147,694	-	147,694	4
7950	所得稅費用	(69,240)	-	(69,240)	(1)	(95,228)	-	(95,228)	(3)
8200	本年度淨利(損)	(1,084,469)	-	(1,084,469)	(28)	52,466	-	52,466	1
	其他綜合損益								
8310	不重分類至損益之項目：								
8330	採權益法之關聯企業及合資之其他綜合損益份額	(18,083)	-	(18,083)	-	(121,165)	-	(121,165)	(3)
8360	後續可能重分類至損益之項目：								
8361	國外營運機構財務報表換算之兌換差額	54,569	-	54,569	1	(20,669)	-	(20,669)	-
8367	透過其他綜合損益按公允價值衡量之債務工具投資未實現評價損益	(673)	-	(673)	-	1,061	-	1,061	-
8380	採權益法之關聯企業及合資之其他綜合損益份額	(111,794)	-	(111,794)	(3)	54,529	-	54,529	1
8300	本期其他綜合損益	(75,981)	-	(75,981)	(2)	(86,244)	-	(86,244)	(2)
8500	其他綜合損益總額	(\$ 1,160,450)	\$ -	(\$ 1,160,450)	(30)	(\$ 33,778)	\$ -	(\$ 33,778)	(1)
8600	淨利歸屬於								
8610	本公司業主	(\$ 1,084,469)	\$ -	(\$ 1,084,469)	(28)	\$ 52,466	\$ -	\$ 52,466	1
8700	綜合損益總額歸屬於								
8710	本公司業主	(\$ 1,160,450)	\$ -	(\$ 1,160,450)	(30)	(\$ 33,778)	\$ -	(\$ 33,778)	(1)
	每股盈餘								
9750	基本	(\$ 2.71)	\$ -	(\$ 2.71)		\$ 0.13	\$ -	\$ 0.13	
9850	稀釋	(\$ 2.71)	\$ -	(\$ 2.71)		\$ 0.13	\$ -	\$ 0.13	

註一：民國 109 及 108 年度財務報表之所有之資產、負債、股東權益及損益科目金額，分別以民國 109 年及 108 年 12 月 31 日之匯率 RMB 1 = NTD4.3690 及 RMB 1 = NTD4.3150 換算。

註二：最近 3 年度人民幣對新台幣最高、最低及平均匯率如下：

年 度	最 高	最 低	平 均
109.1.1-109.12.31	RMB1: NT4.3940	RMB1: NT4.1800	RMB1: NT4.2817
108.1.1-108.12.31	RMB1: NT4.6120	RMB1: NT4.2990	RMB1: NT4.4722
107.1.1-107.12.31	RMB1: NT4.7080	RMB1: NT4.4320	RMB1: NT4.5600

(請參閱勤業眾信聯合會計師事務所 110 年 5 月 14 日覆核報告)

董事長：朱志洋



經理人：朱志洋



會計主管：葉世強



友佳國際控股有限公司及子公司

依中華民國金管會認可及證券交易所IFRSs重編後合併權益變動表

民國109年及108年1月1日至12月31日

單位：新台幣仟元

	股本	資本公積	法定盈餘公積	保留盈餘	未分配盈餘	其他儲備	庫藏股票	股票	權益總額
	\$	\$	\$	\$	\$	\$	\$	\$	\$
108年1月1日餘額	17,986	713,817	198,642	2,210,975	62,348	-	-	3,203,768	
107年1月1日至12月31日淨利	-	-	-	52,466	-	-	-	52,466	
107年1月1日至12月31日稅後其他綜合損益	-	-	-	(121,165)	34,921	-	-	(86,244)	
107年1月1日至12月31日稅後綜合損益總額	-	-	-	(68,699)	34,921	-	-	(33,778)	
購入庫藏股票	4	(423)	-	-	-	(427)	(427)	(427)	
庫藏股票註銷	631	(25,061)	(6,974)	(77,622)	(2,188)	427	(427)	(112,476)	
匯率影響數	-	-	-	-	-	-	-	-	
108年12月31日餘額	17,351	688,333	191,668	2,064,654	95,081	-	-	3,057,087	
108年1月1日至12月31日淨利	-	-	-	(1,084,469)	-	-	-	(1,084,469)	
108年1月1日至12月31日稅後其他綜合損益	-	-	-	(18,083)	(57,898)	-	-	(75,981)	
108年1月1日至12月31日稅後綜合損益總額	-	-	-	(1,102,552)	(57,898)	-	-	(1,160,450)	
匯率影響數	217	8,614	2,399	25,838	1,190	-	-	38,258	
109年12月31日餘額	17,568	696,947	194,067	987,940	38,373	-	-	1,934,895	

註一：民國109及108年度財務報表之所有之資產、負債、股東權益及損益科目金額，分別以民國109年及108年12月31日之匯率 RMB 1 = NTD 4.3690 及 RMB 1 = NTD 4.3150 換算。

民國108年1月1日股東權益科目金額，係以民國107年12月31日之匯率 RMB 1 = NTD 4.4720 換算。



董事長：朱志洋



經理人：朱志洋



會計主管：蔡世強

友佳國際控股有限公司及子公司
依中華民國金管會認可及發布生效之 IFRSs 重編後合併現金流量表
民國 109 年及 108 年九月 1 日至 12 月 31 日

單位：新台幣仟元，惟
每股盈餘為元

項 目	109年度			108年度		
	依香港一般公認會計原則編製之金額 (註 3)	調節金額增(減)	依中華民國金管會認可及發布生效之 IFRSs 編製金額	依香港一般公認會計原則編製之金額 (註 3)	調節金額增(減)	依中華民國金管會認可及發布生效之 IFRSs 編製金額
營業活動之現金流量						
本年度稅前淨(損)利	(\$ 1,015,229)	\$ -	(\$ 1,015,229)	\$ 147,694	\$ -	\$ 147,694
不影響現金流量之收益費損項目						
折舊費用	69,397	-	69,397	63,034	-	63,034
攤銷費用	2,490	-	2,490	3,556	-	3,556
預期信用減損損失	56,731	-	56,731	(12,984)	-	(12,984)
財務成本	81,416	-	81,416	106,770	-	106,770
提列負債準備	(65,207)	-	(65,207)	12,880	-	12,880
利息收入	(14,662)	-	(14,662)	(16,578)	-	(16,578)
採權益法之關聯企業及合資損益份額	1,251,483	-	1,251,483	241,416	-	241,416
存貨跌價損失(回升利益)	54,896	-	54,896	2,878	-	2,878
處分不動產、廠房及設備損失	2,718	-	2,718	1,795	-	1,795
其他非現金項目	(38,425)	-	(38,425)	24,923	-	24,923
營業資產及負債之淨變動數						
合約資產	(35,105)	-	(35,105)	10,093	-	10,093
應收帳款	118,972	-	118,972	432,272	-	432,272
應收帳款—關係人	(23,929)	-	(23,929)	(389,955)	-	(389,955)
其他應收款	(677,579)	-	(677,579)	(16,000)	-	(16,000)
存貨	249,085	-	249,085	175,802	-	175,802
預付款項	15,401	-	15,401	129,295	-	129,295
合約負債	(173,122)	-	(173,122)	(252,061)	-	(252,061)
應付票據	363,667	-	363,667	647,871	-	647,871
應付帳款	(36,936)	-	(36,936)	(4,626)	-	(4,626)
應付帳款—關係人	71,971	-	71,971	(640,268)	-	(640,268)
其他應付款	30,815	-	30,815	(11,827)	-	(11,827)
其他應付款—關係人	-	-	-	(3,931)	-	(3,931)
預收款項	(6,160)	-	(6,160)	(16,177)	-	(16,177)
負債準備	(18,171)	-	(18,171)	(18,455)	-	(18,455)
營運產生之現金流入	264,517	-	264,517	617,417	-	617,417
支付之所得稅	(37,412)	-	(37,412)	(116,919)	-	(116,919)
支付租賃負債之利息	(1,180)	-	(1,180)	(738)	-	(738)
營業活動之淨現金流(出)入	225,925	-	225,925	499,760	-	499,760
投資活動之現金流量						
取得按攤銷後成本衡量之金融資產	(144,583)	-	(144,583)	(156,833)	-	(156,833)
取得透過損益按公允價值衡量之金融資產	(41,986)	-	(41,986)	(473,075)	-	(473,075)
處分透過損益按公允價值衡量之金融資產	41,986	-	41,986	939,181	-	939,181
購置不動產、廠房及設備	(8,716)	-	(8,716)	(136,229)	-	(136,229)
處分不動產、廠房及設備價款	948	-	948	2,037	-	2,037
購置無形資產	(917)	-	(917)	(69)	-	(69)
其他應收款—關係人	(5,667)	-	(5,667)	(55,090)	-	(55,090)
收取之利息	14,662	-	14,662	16,578	-	16,578
投資活動之淨現金流出	(144,273)	-	(144,273)	136,500	-	136,500
籌資活動之現金流量						
取得銀行及其他借款	11,774,315	-	11,774,315	16,004,305	-	16,004,305
銀行及其他借款償還	(11,632,397)	-	(11,632,397)	(16,733,298)	-	(16,733,298)
取得政府收入	-	-	-	37,312	-	37,312
租賃負債本金償還	(14,885)	-	(14,885)	(11,439)	-	(11,439)
購置庫藏股	-	-	-	(427)	-	(427)
支付之利息	(80,237)	-	(80,237)	(106,032)	-	(106,032)
籌資活動淨現金流出	46,796	-	46,796	(809,579)	-	(809,579)
匯率變動對現金及約當現金之影響	2,968	-	2,968	(7,534)	-	(7,534)
本期現金及約當現金增加(減少)數	131,416	-	131,416	(180,853)	-	(180,853)
期初現金及約當現金餘額	323,021	-	323,021	503,874	-	503,874
期末現金及約當現金餘額	\$ 454,437	\$ -	\$ 454,437	\$ 323,021	\$ -	\$ 323,021

註一：民國 109 及 108 年度財務報表之所有之資產、負債、股東權益及損益科目金額，分別以民國 109 年及 108 年 12 月 31 日之匯率 RMB 1 = NTD4.3690 及 RMB 1 = NTD4.3150 換算。

註二：最近 3 年度人民幣對新台幣最高、最低及平均匯率如下：

年	度	最	高	最	低	平	均
109.1.1-109.12.31		RMB1 : NT4.3940		RMB1 : NT4.1800		RMB1 : NT4.2817	
108.1.1-108.12.31		RMB1 : NT4.6120		RMB1 : NT4.2990		RMB1 : NT4.4722	
107.1.1-107.12.31		RMB1 : NT4.7080		RMB1 : NT4.4320		RMB1 : NT4.5600	

(請參閱勤業眾信聯合會計師事務所 110 年 5 月 14 日複核報告)

董事長：朱志洋



經理人：朱志洋



會計主管：葉世強



友佳國際控股有限公司及子公司

合併財務報表重編說明

民國 109 及 108 年度

(金額除另予註明者外，係以新台幣仟元為單位)

一、合併財務報表重編原則

友佳國際控股有限公司及子公司（以下簡稱合併公司）如附件四所列之民國 109 年度合併財務報告，係包括友佳國際控股有限公司（以下簡稱本公司）及子公司之合併財務資訊。

合併公司依香港法令及香港財務報告準則（以下簡稱香港一般公認會計原則）編製之主要報表格式，因與中華民國「證券發行人財務報告編製準則」及經金融監督管理委員會認可之國際財務報導準則、國際會計準則、解釋及解釋公告（以下簡稱「中華民國金管會認可及發布生效之 IFRSs」）規定不符，爰依中華民國金融監督管理委員會 101 年 12 月 13 日發布之「第二上市（櫃）公司財務報告複核要點」規定，就合併資產負債表、合併綜合損益表及合併現金流量表依中華民國金管會認可及發布生效之 IFRSs 予以重編（以下簡稱重編合併財務報表）。

因適用之會計原則不同對合併公司民國 109 年度合併綜合損益表之損益影響金額，並未達證券交易法施行細則第六條所訂應重編財務報表之標準，故上述重編合併財務報表僅依中華民國金管會認可及發布生效之 IFRSs 規定之格式與分類，將上述合併資產負債表、合併綜合損益表及合併現金流量表予以重分類。

二、中華民國金管會認可及發布生效之 IFRSs 與香港一般公認會計原則之差異彙總說明

現行已發布生效之中華民國金管會認可及發布生效之 IFRSs 與香港一般公認會計原則在特定方面存有重大差異；其中影響合併公司民國 109 年及 108 年 12 月 31 日合併資產負債表及民國 109 年度及 108 年度合併綜合損益表及合併現金流量表，進而影響重編合併財務報表之主要差異，彙總說明如下：

附 件 四

GOOD FRIEND INTERNATIONAL HOLDINGS INC. 友佳國際控股有限公司

(於開曼群島註冊成立之有限公司)

股份代號: 2398



2020
年報

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董事會

執行董事

朱志洋 (主席及行政總裁)
陳明河
溫吉堂

獨立非執行董事

顧福身
余玉堂
高文誠

公司秘書

羅泰安

法定代表

朱志洋
溫吉堂

香港法律的法律顧問

胡關李羅律師行

審核委員會

顧福身 (委員會主席)
余玉堂
高文誠

薪酬委員會

顧福身 (委員會主席)
余玉堂
高文誠

提名委員會

顧福身 (委員會主席)
余玉堂
高文誠

核數師

羅申美會計師事務所

註冊辦事處

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

香港主要營業地點

香港
德輔道中317至319號
啟德商業大廈
20樓2003室

中國主要營業地點

中國
浙江省
杭州市
蕭山區
蕭山經濟技術開發區
市心北路120號

公司資料

主要股份過戶登記處

Suntera (Cayman) Limited
Suite 3204, Unit 2A
Block 3, Building D
P.O. Box 1586
Gardenia Court, Camana Bay
Grand Cayman, KY1-1100
Cayman Islands

股份過戶登記處香港分處

卓佳證券登記有限公司
香港
皇后大道東183號
合和中心54樓

主要往來銀行

中國銀行
大華銀行
中國工商銀行
凱基銀行
兆豐國際商業銀行
台新國際商業銀行
永豐銀行
盤谷銀行

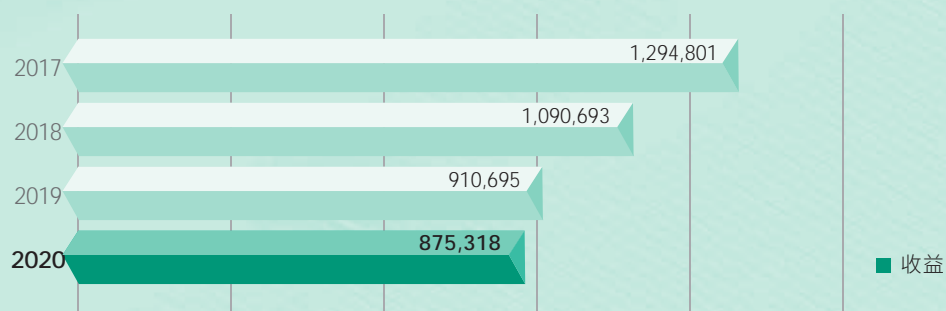
股份代號

2398

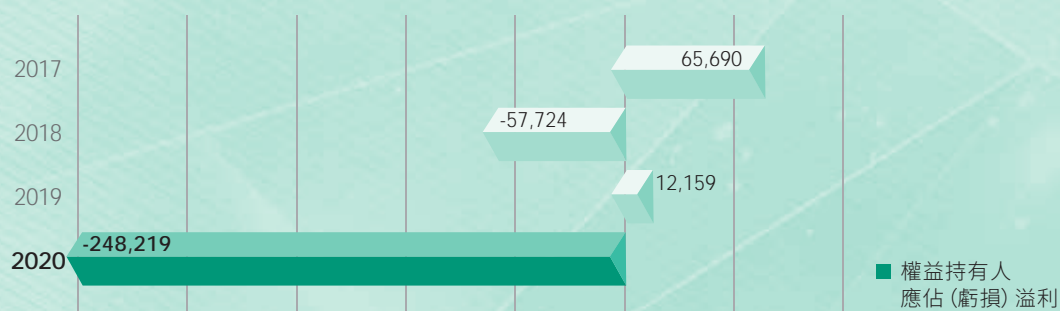
網站

<http://www.goodfriend.hk>

收益 (人民幣千元)



本公司權益持有人應佔 (虧損) 溢利 (人民幣千元)



業務分部 (按收益計算)



兩年財務數字的比較

截至十二月三十一日止年度

	二零二零年 人民幣千元	二零一九年 人民幣千元	變動 (%)
收益	875,318	910,695	(3.9)%
毛利	196,471	209,098	(6.0)%
權益持有人應佔(虧損)溢利	(248,219)	12,159	(2,141.4)%
股東權益	442,869	708,479	(37.5)%
總資產	1,930,819	2,124,080	(9.1)%
每股(虧損)盈利—基本(人民幣元)	(0.62)	0.03	(2,166.7)%

主要財務比率的摘要

截至十二月三十一日止年度

	二零二零年	二零一九年	變動 (%)
毛利率 ^{附註1}	22.4%	23.0%	(2.6)%
淨(虧損)溢利率 ^{附註2}	(28.4)%	1.3%	(2,284.6)%
存貨周轉日數 ^{附註3}	231.8	256.5	(9.6)%
應收款項周轉日數 ^{附註4}	53.5	74.5	(28.2)%
應付賬款周轉日數 ^{附註5}	83.0	84.7	(2.0)%
流動比率(倍) ^{附註6}	1.1	1.0	10.0%
速動比率(倍) ^{附註7}	0.8	0.6	33.3%
資本負債比率(%) ^{附註8}	21.9%	18.8%	16.5%
權益回報率(%) ^{附註9}	(56.0)%	1.7%	(3,394.1)%

附註1： 毛利率按毛利除以收益計算。

附註2： 淨(虧損)溢利率按權益持有人(虧損)應佔溢利除以收益計算。

附註3： 存貨周轉日數乃按期末存貨除以銷售收益成本再乘以365日。

附註4： 應收款項周轉日數乃按期末貿易應收賬除以收入再乘以365日。

附註5： 應付賬款周轉日數乃按期末貿易應付賬除以收益成本再乘以365日。

附註6： 流動比率以相應年末流動資產總值除以流動負債總額計算。上表的數字以比率(而非百分比)呈列。

附註7： 速動比率乃按有關年度完結時之流動資產總值(不包括存貨)除以總流動負債計算。上表數字乃以比率而非百分比形式列示。

附註8： 資本負債比率以年末總負債除以總資產計算。總負債指年末具息負債的總額。

附註9： 權益回報率以權益持有人(虧損)應佔溢利除以相應年末的股東權益總額計算。



本人謹代表董事（「董事」）會（「董事會」），向各位股東提呈友佳國際控股有限公司（「本公司」）及其附屬公司（統稱「本集團」）截至二零二零年十二月三十一日止年度之全年（「本年度」）業績報告。

財務業績

截至二零二零年十二月三十一日止年度，本集團錄得收入約人民幣875,320,000元，較二零一九年下跌約3.9%。而本年度錄得權益持有人應佔虧損約人民幣248,220,000元，而二零一九年為權益持有人應佔溢利約人民幣12,160,000元。

末期股息

董事會不建議派發截至二零二零年十二月三十一日止年度末期股息（二零一九年：無）。

業務回顧

二零二零年，中國經濟運行總體平穩。根據中國國家統計局所發佈的經濟資料顯示，二零二零年中國國內生產總值（GDP）同比增長2.3%。於截至二零二零年十二月三十一日止年度，本集團之主營產品CNC工具機之銷售數量及銷售額分別為1,601台及約人民幣696,110,000。



前景展望

二零二零年初，新冠疫情對本集團生產經營帶來前所未有的挑戰。儘管如此，隨著中國政府採取的各項嚴格防控政策取得了階段性成果，加上本集團實施有效的業務策略，經營情況持續好轉。本集團的整體表現於二零二零年第二季度開始明顯恢復過來。雖然本集團於本年度的業績因需分佔位於德國的聯營公司之虧損而錄得虧損，惟此分佔聯營公司虧損屬非現金項目，因此對本集團的經營現金流量並無影響。另外，在計入此項目前，本集團於截至二零二零年十二月三十一日止年度，在此嚴峻經營環境下乃錄得除稅前溢利約人民幣54,690,000元。因此，管理層認為本集團的整體財務狀況仍然維持穩健。

展望未來，中國政府明確提出要紮實做好「六穩」工作，落實「六保」任務，在此政策下預計中國經濟將穩步向好。本集團會密切注意全球經濟走勢及市場變化，以能抓緊機遇及減低營運風險。另一方面，管理層亦會繼續管控營運成本以使本集團能達致更理想的營運效益。管理層對於本集團的長遠發展前景保持樂觀。

致謝

本人謹代表董事會感謝全體員工及管理層團隊於過去一年之努力，並向所有客戶及供應商表示衷心感謝。

承董事會命

主席

朱志洋

香港，二零二一年三月三十一日

財務回顧

收益

截至二零二零年十二月三十一日止年度，本集團錄得收益約人民幣875,320,000元，與二零一九年比較下跌約3.9%。於本年度，CNC工具機、停車設備及叉車的銷售數量分別為1,601台、9,707台及280台（二零一九年：1,527台、7,792台及841台），本集團之主要收益來源仍為銷售CNC工具機。於本年度，CNC工具機業務的銷售額約為人民幣696,110,000元，較二零一九年下跌約5.8%，佔本集團整體收益約79.5%。另一方面，於本年度本集團的停車設備業務之銷售額較二零一九年上升約46.5%至約人民幣157,210,000元，佔本集團整體收益約18.0%。此外，叉車業務於本年度之銷售額為約人民幣22,000,000元，比較二零一九年下跌約65.8%，佔總收益約2.5%。

毛利及毛利率

截至二零二零年十二月三十一日止年度，本集團之毛利約人民幣196,470,000元，而整體毛利率約為22.4%，與二零一九年的23.0%比較大致持平。

分銷及銷售費用

截至二零二零年十二月三十一日止年度，分銷及銷售費用約為人民幣94,850,000元，與去年比較減少約22.2%。主要由於管理層嚴格控制費用所致。於本年度，分銷及銷售費用佔本集團收益百分比約為10.8%，而二零一九年約為13.4%。

行政費用

截至二零二零年十二月三十一日止年度，行政費用較二零一九年下跌約19.7%，主要由於本年度管理層嚴格控制費用所致。

其他收益及虧損

於本年度的其他收益包含約人民幣13,350,000元的滙兌收益，以及約人民幣23,780,000元為於二零二一年三月有關訴訟之解決而撥回之訴訟申索撥備。

管理層討論及分析

財務費用

於本年度，財務費用下跌約24.7%至約人民幣18,640,000元，主要由於本集團於二零二零年的銀行借貸利息下跌所致。

分佔聯營公司虧損

截至二零二零年十二月三十一日止年度，分佔聯營公司虧損約為人民幣287,060,000元。乃指於本年度內分佔其位於德國的一間聯營公司「FFG European and American Holdings GmbH」的業績。

本公司擁有人應佔虧損／溢利

截至二零二零年十二月三十一日止年度，本公司的擁有人應佔虧損約人民幣248,220,000元。而截至二零一九年十二月三十一日止年度，本公司的擁有人應佔溢利約人民幣12,160,000元。

流動資金及財務資源

於二零二零年十二月三十一日，本集團擁有流動資產淨額約人民幣89,650,000元（二零一九年：人民幣34,620,000元），股東資金約人民幣442,870,000元（二零一九年：人民幣708,480,000元），以及短期銀行貸款約人民幣423,810,000元（二零一九年：人民幣400,070,000元）。本集團之營運資金乃由內部經營所得現金流量及現有銀行授信額度作融資。

於二零二零年十二月三十一日，銀行結餘及現金為數約人民幣104,010,000元（二零一九年：人民幣74,860,000元）。本集團的流動比率（流動資產總額對流動負債總額的比率）約為1.1倍（二零一九年：1.0倍）。資本負債比率（債項總額對資產總值的比率）約為21.9%（二零一九年：18.8%），反映本集團整體財務狀況仍然保持穩健。

資本架構及庫務政策

於二零二零年十二月三十一日，本公司的股本為港幣4,030,740元，分為403,074,000股每股港幣0.01元的股份（二零一九年十二月三十一日：港幣4,030,740元，分為403,074,000股每股港幣0.01元的股份）。

本集團一般透過內部產生的現金流量及銀行給予的信貸額度提供業務所需資金。於二零二零年十二月三十一日，尚未繳清的短期貸款約人民幣423,810,000元（二零一九年：人民幣400,070,000元）。本集團採用的借貸方式主要包括銀行貸款。於本年度，本集團並無作出任何利率對沖安排。

重大投資

截至二零二零年十二月三十一日止年度，本集團並無持有任何重大投資。

重大的附屬公司收購及出售事項

截至二零二零年十二月三十一日止年度，本集團並無任何重大的附屬公司或聯營公司收購或出售事項。

分類資料

截至二零二零年十二月三十一日止年度，有關分類資料的詳情載於綜合財務報表附註6B。

僱員及薪酬政策

於二零二零年十二月三十一日，本集團在香港及中國僱用合共950位（二零一九年：1,080位）全職僱員。本集團的員工總成本（包括董事袍金及酬金）為數約人民幣135,760,000元（二零一九年：人民幣154,020,000元）。本集團的薪酬檢討政策乃依據市場趨勢、未來計劃及個別僱員於各範疇之表現及經定期檢討而釐定。

本公司於二零一六年六月二日採納購股權計劃，旨在鼓勵及表揚合資格參與者為本集團所作出的貢獻。本集團自採納購股權計劃以來，並無授出購股權。

本公司的附屬公司僱員參加中國當地政府營運的國家管理社會福利計劃，而香港僱員則參與強制性公積金計劃。於截至二零二零年十二月三十一日止，本集團向上述計劃作出供款約人民幣480,000元（二零一九年：人民幣5,540,000元）。

資本承擔及或然負債

本集團就有關物業、廠房及設備已訂約但尚未於截至二零二零年十二月三十一日之未經審核綜合財務報表撥備的資本支出已作出的承擔約為人民幣24,250,000元（二零一九年：人民幣24,250,000元）。於二零二零年十二月三十一日，本集團並無任何重大或然負債（二零一九年：無）。

集團資產押記

於二零二零年十二月三十一日，本集團之限制性銀行存款及銀行結餘約人民幣139,430,000元（二零一九年：人民幣106,330,000元）。主要為就一客戶所提出之訴訟申索而被凍結的銀行款項，以及就承兌匯票而存放於銀行的存款。

另外，本公司一間附屬公司以總賬面值約人民幣80,630,000元（二零一九年：人民幣82,480,000元）之土地抵押作其獲授融資額度。於二零二零年十二月三十一日，附屬公司使用約人民幣38,510,000元有抵押融資額度（二零一九年：人民幣36,760,000元）。

有關重大投資或資本資產的未來計劃

於二零二零年十二月三十一日，本公司並無有關重大投資及購入重大資本資產之具體計劃。然而，本集團將繼續尋找新業務發展機遇。

外匯風險

本集團主要在中國以內經營業務。截至二零二零年十二月三十一日止年度，本集團以人民幣收取大部分收益，部分已兌換為港幣、美元、歐元及其他外幣等外幣，以支付有關入口零部件的款項。因此，本集團面對若干程度的外匯波動風險。本集團於本年度並無進行對沖活動。然而，本集團管理層會一直監控匯率風險，並會於有需要時考慮對沖重大外幣風險。

人民幣目前並非自由兌換貨幣。本集團的部分人民幣收益或溢利須轉換為其他貨幣，以履行本集團的外幣義務，例如在宣派股息的情況下派付股息。

董事及高級管理人員的履歷詳情

執行董事

朱志洋先生，74歲，分別於二零零五年九月獲委任為執行董事及於二零一九年十二月獲委任為行政總裁。彼為董事會主席負責本集團之整體策略計劃、管理、業務開發及本集團企業政策之制訂。朱先生在機械、製造及工具機業累積了逾三十年經驗。朱先生亦為杭州友高精密機械有限公司及杭州友華精密機械有限公司之董事，該兩家公司均為本公司之全資附屬公司。

陳明河先生，70歲，於二零零五年十二月獲委任為執行董事。陳先生負責本集團整體業務運作。陳先生在機械、製造及工具機業累積了逾十五年經驗。彼亦為杭州友佳精密機械有限公司、友盛(上海)精密機械有限公司、杭州友達機械科技有限公司及上海顯德精密機械有限公司之董事。彼於一九九三年加入本集團。

溫吉堂先生，56歲，於二零零五年十二月獲委任為執行董事。溫先生為杭州友佳精密機械有限公司工具機械部之副總經理，並由二零一一年一月一日起升任為總經理。彼負責該部門的生產及運作。溫先生於工具機業累積逾三十五年經驗。彼亦為杭州友佳精密機械有限公司、杭州友高精密機械有限公司、杭州友華精密機械有限公司及杭州友達機械科技有限公司之董事。彼於二零零三年加入本集團。

獨立非執行董事

顧福身先生，64歲，於二零零五年十二月獲委任為獨立非執行董事，彼亦為本公司審核委員會、薪酬委員會及提名委員會之主席。彼於投資銀行業及專業會計有逾三十年之豐富經驗。顧先生現為李寧有限公司、興達國際控股有限公司及宏輝集團控股有限公司(全為聯交所主板上市公司)之獨立非執行董事。至二零一七年六月，彼為美聯集團有限公司(聯交所主板上市公司)之獨立非執行董事。

余玉堂先生，84歲，於二零零五年十二月獲委任為獨立非執行董事，彼為本公司審核委員會、提名委員會及薪酬委員會的成員。彼曾任台灣新竹縣政府及省政府顧問。

董事及高級管理人員的履歷詳情

高文誠先生，61歲，於二零二一年一月十日獲委任為獨立非執行董事，及為本公司審核委員會、提名委員會及薪酬委員會的成員。高先生曾任職於經濟部訴願審議委員會及立法院江副院長辦公室。高先生曾於二零零八年至二零一二年期間出任財團法人海峽交流基金會之副秘書長；於二零一二年至二零一九年期間出任中華民國三三企業交流會之副秘書長；於二零一二年至二零一六年期間，他曾出任中國信託商業銀行之顧問；於二零一七至二零二零轉任中國信託商業銀行董事長室之專門委員，嗣於二零二一年一月一日退休。高先生目前為江蘇榮成環保科技股份有限公司之董事。

高級管理人員

強家鑫先生，62歲，獲委任為杭州友高的製造、銷售及售後服務經理，負責國內叉車生產管理、業務、銷售及售後服務工作。強先生在一九七九年畢業於台灣復興工業專科學校機械工程系，並於二零零零年七月一日加入本集團。彼在汽車零件及叉車業有逾三十五年設計、製造及生產管理的工作經驗。

吳立城先生，59歲，獲委任為杭州友佳工具機部之售後服務部經理，並由二零一四年一月升任為協理。彼於二零零零年十月加入本集團及在工具機行業有逾三十六年經驗。

黃飛雄先生，52歲，獲委任為杭州友佳的副總經理，負責一般行政及管理工作。黃先生於2015年畢業於香港城市大學，獲頒工商管理博士學位。彼於二零二零年五月加入本集團前，曾服務於台灣上市公司，並在核數、會計及財務、工廠經營管理方面具有逾二十六年工作經驗。

葉世強先生，55歲，獲委任為本公司的財務總監，負責本集團的財務及會計工作。葉先生持有香港大學社會科學學士學位。彼為特許公認會計師公會及香港會計師公會的資深會員。葉先生於二零零七年十一月加入本集團，並在企業融資、審核及會計範疇累積約三十年經驗。

本公司董事會（「董事會」）欣然提呈其報告，連同本集團截至二零二零年十二月三十一日止年度的經審核綜合財務報表。

主要業務

本公司為一間投資控股公司，其附屬公司主要從事設計及生產CNC工具機、設計及建造立體停車設備，以及設計及組裝叉車。

業務回顧

本集團截至二零二零年十二月三十一日止年度的業務回顧分別載於本年報第6至7頁之「主席報告」及第8至11頁之「管理層討論與分析」。

主要風險及不明朗因素

本集團可能面臨的潛在風險及不明朗因素的描述載於本年報第6至7頁的主席報告內。本集團的財務風險管理目標及政策載於綜合財務報表附註37。

環境政策

本集團不遺餘力貫徹環境保護政策，同時培養並提高僱員對環境保護的認知，落實綠色辦公室的理念，包括雙面打印及影印、推廣使用環保紙及關閉閒置照明及電子設備以降低本集團辦公室的能源消耗等。此外，本集團亦致力於使營運符合適用環境法律及法規，並已採取措施確保其營運所產生的任何廢料及副產品均得以妥善處理及棄置，以盡量減少對環境造成的不利影響。

管理層將不時檢討本集團的環保常規，並將考慮在營運中進一步實施對環境有益的措施及常規，以促進環境保護及可持續發展。

遵守相關法律及法規

於本年度內，就本公司董事（「董事」）所知，本集團並無涉及任何適用法律及法規之嚴重不合規而對其業務及營運產生重大影響。

與僱員、客戶及供應商的主要關係

董事會認同僱員為本集團的寶貴資產及取得成功的關鍵所在。本集團提供具競爭力的薪酬待遇以吸引、激勵並挽留僱員。此外，董事會亦定期審視給予僱員的薪酬待遇並作出必要調整，務求遵循現行市場慣例。

董事會同時重視與客戶及供應商保持良好關係，其對本集團實現長期目標至關重要。

於本年度內，本集團並無與集團公司及業務夥伴發生重大糾紛。

財政期後重要事項

財政期後至本報告日期之期間概無重要事項。

分類資料

本集團截至二零二零年十二月三十一日止年度按業務分類劃分之營業額及業績分析，載於綜合財務報表附註6B。

業績及分派

本集團截至二零二零年十二月三十一日止年度的溢利，以及本集團於該日的業務狀況載於綜合財務報表第71至161頁。

本公司董事（「董事」）不建議派發截至二零二零年十二月三十一日止年度末期股息。

儲備

年內本公司儲備之變動載於綜合財務報表附註43。

股東週年大會

股東週年大會將於二零二一年六月三十日（星期三）（「二零二一股東週年大會」）舉行。二零二一股東週年大會詳情載於二零二一年五月十七日之本公司通函、股東週年大會通告及委任代表表格，隨附於二零二零年年報寄發予本公司之股東（「股東」）。

物業、廠房及設備

年內本集團物業、廠房及設備變動詳情，載於綜合財務報表附註14。

股本

本公司截至二零二零年十二月三十一日止年度的股本變動詳情載於綜合財務報表附註26。

銀行借貸

本集團於二零二零年十二月三十一日之銀行借貸詳情，載於綜合財務報表附註30。

董事

年內及截至本報告日期止，董事如下：

執行董事

朱志洋先生 (主席及行政總裁)

陳明河先生

溫吉堂先生

邱榮賢先生 (於二零二零年七月三十一日辭任)

獨立非執行董事

顧福身先生

余玉堂先生

高文誠先生

根據本公司之公司章程細則(「章程細則」)第87條，溫吉堂先生及余玉堂先生為自彼等上次重選連任起計任期最長之董事，將於二零二一年股東週年大會上輪值退任，且符合資格並願意膺選連任。

獨立確認書

本公司已根據香港聯合交易所有限公司（「聯交所」）證券上市規則（《上市規則》）第3.13條的規定接獲各獨立非執行董事發出的年度獨立確認書。本公司認為所有獨立非執行董事均為獨立人士。

董事認購股份或債券的權利

除於二零一六年六月二日採納之本公司購股權計劃外，於本年度內任何時間，任何董事或本公司高級行政人員、彼等各自之配偶或未滿18歲子女概無獲授可透過收購本公司股份或債券而獲益之任何權利，彼等亦無行使任何上述權利；本公司、其母公司、其附屬公司或同系附屬公司亦無訂立任何安排，使董事可透過收購本公司或任何其他法團之股份或債券以收購該等權利或利益。

董事的服務合約

每位執行董事已於二零二一年一月十一日與本公司簽訂服務協議，由二零二一年一月十一日起為期三年，並將於其後繼續，直至任何一方向另一方發出不少於三個月的書面通知或根據各自的服務協議所載條文予以終止為止。各執行董事或可酌情收取花紅，有關金額將參考本公司薪酬委員會的建議而釐定。

每位獨立非執行董事與本公司已訂立新的服務協議，由二零二零年一月十日開始，為期兩年，直至任何一方向另一方發出不少於三個月的書面通知予以終止為止。

本公司概無與任何擬於即將舉行的二零二一股東週年大會上膺選連任的董事訂立任何不可於一年內由本公司終止而毋須作出賠償（法定賠償除外）的服務合約。

董事於競爭業務中之權益

茲參照本公司日期為二零零五年十二月三十日之招股章程第94至106頁之相關披露及第105頁所載不競爭契約之詳情。於二零二零年十二月三十一日，董事及彼等各自之聯繫人（定義見《上市規則》）概無於與本集團於中國、香港及澳門之業務競爭或可能競爭之業務中擁有權益。

購股權計劃

本公司於二零一六年六月二日採納購股權計劃（「該計劃」），即於股東大會透過股東決議案採納計劃當日（「採納日期」）。該計劃旨在向合資格人士就提升日後對本集團貢獻及／或就其過去的貢獻給予獎勵，以吸引及挽留對本集團表現、增長或成功而言屬重要及／或其貢獻有利於或將有利於本集團表現、增長或成功的合資格人士或維持與彼等的持續關係，另外，倘屬行政人員（如下文所定義），則使本集團能夠吸引及挽留經驗與能力並重的個人及／或獎勵彼等過往的貢獻。該計劃之合資格人士包括本公司之執行董事、經理或其他擔任行政、管理、監督或類似職位之僱員（「行政人員」）、董事或獲提名董事（包括獨立非執行董事）、本集團任何成員公司之顧問、獨立於上述任何人士之人士及董事會可能不時批准之對本公司或本集團作出貢獻之有關其他人士。

該計劃之主要條款概述如下：

- (a) 於根據該計劃及本公司任何其他購股權計劃授出之所有購股權獲行使後可能發行之股份最高上限不得超過本公司於採納日期已發行股份數目之10%，即403,200,000股。除非已獲得股東之批准，惟上限不得超過本公司不時已發行股份總數之30%（或根據《上市規則》可能獲准之有關其他百分比）。

截至本報告日期止，因概無根據該計劃授出購股權，本公司有權授出購股權作認購總數合共最多為40,320,000股之股份，即該計劃下之未使用授權限額佔本公司股份於採納日期已發行股份之10%，及佔本公司於本報告日期止已發行股份約10%。

- (b) 於任何12個月期間根據該計劃或本公司所採納之任何其他購股權計劃授予每名合資格人士之購股權（包括已行使、已註銷及尚未行使之購股權）而已發行及將予發行之本公司股份之上限不得超過本公司已發行股份總數之1%。
- (c) 根據該計劃授出之購股權獲行使而發行之每股本公司股份之認購價，將由董事會釐定並於授出購股權時知會合資格人士，而認購價至少為以下之最高者：(i)在董事會批准授出購股權日期（必須為營業日）（「授出日期」）本公司股份在聯交所日報表所報之收市價；(ii)本公司股份於緊接授出日期前五個營業日在聯交所日報表所報之平均收市價；及(iii)本公司股份於授出日期之面值。
- (d) 購股權必須予以行使之期間將由本公司於授出購股權時指定。此期間之有效期不得超過有關授出日期起計10年。董事會亦可於購股權可獲行使期間對行使購股權制定限制。

董事會報告

- (e) 該計劃並無規定於購股權可行使前須持有購股權之最短期限或須達致之表現目標。
- (f) 於接納購股權時，承授人須於授出日期起計28日內向本公司支付1港元作為授出購股權之代價。
- (g) 該計劃將由該計劃之先決條件獲達成當日起計10年期間內有效及生效，即二零一六年六月二日。

本公司自採納該計劃以來並無授出任何購股權。

董事的股份權益

於二零二零年十二月三十一日，董事或最高行政人員於本公司或任何相聯法團（定義見證券及期貨條例（「證券及期貨條例」）第XV部）的股份、相關股份及債券中，擁有根據證券及期貨條例第352條須存置的本公司登記冊所記錄，或根據上市公司董事進行證券交易的標準守則（「標準守則」）須知會本公司及聯交所的權益或淡倉如下：

1(a). 於本公司的股份、相關股份及債券之好倉

董事姓名	權益性質	證券數目及類別	持股量概約 百分比
朱志洋先生	公司權益	20,000,000股	4.96%

附註： 該20,000,000股股份由朱志洋先生持有約72.22%權益之公司金日環球投資有限公司實益擁有。

1(b). 於本公司之相聯法團的股份、相關股份及債券的好倉總額

董事姓名	相聯團名稱	權益性質	證券數目及類別	持股概約百分比
朱志洋先生	友嘉實業股份有限公司 (「友嘉實業」)	實益擁有人	15,472,255股 普通股股份	15.10%
	友嘉實業	配偶權益 (附註1)	2,485,969股 普通股股份	2.43%
	Fair Fine (Hangzhou) Industrial Co., Ltd. (附註2)	實益擁有人	750股 普通股股份	0.03%

附註：

1. 朱志洋先生之配偶王紫緹女士(前稱王錦足)(「王女士」)持有友嘉實業已發行股本2.43%，故根據證券及期貨條例，朱志洋先生被視為于王女士所持有的友嘉實業所有股份中擁有權益。
2. Fair Fine (Hangzhou) Industrial Co., Ltd. 為友嘉實業的非全資附屬公司，故根據證券及期貨條例為本公司的相聯法團。

除上文所披露者外，於二零二零年十二月三十一日，董事或本公司高級行政人員概無於本公司或其任何相聯法團(定義見證券及期貨條例第XV部)的股份、相關股份或債券中擁有須記入根據證券及期貨條例第352條規定須存置的登記冊，或根據標準守則須知會本公司及聯交所的任何權益。

2. 於本公司及其相聯法團的股份、相關股份及債券中的淡倉總額

於二零二零年十二月三十一日，董事或本公司高級行政人員概無於本公司或其相聯法團的股份、相關股份或債券中擁有須記入根據證券及期貨條例第352條規定須存置的登記冊或根據標準守則須知會本公司及聯交所的任何淡倉。

主要股東

於二零二零年十二月三十一日，每位人士（董事或本公司高級行政人員除外）於本公司股份及相關股份中擁有根據證券及期貨條例第336條須予存置的登記冊所記錄的權益或淡倉如下：

於本公司股份及相關股份的好倉總額

股東名稱	權益性質	所持普通股數目	約佔本公司 已發行股本的 百分比
友佳實業（香港）有限公司 （「友佳實業香港」）	實益擁有人	232,000,000股股份 (附註)	57.56%
友嘉實業	受控制公司的權益	232,208,000股股份 (附註)	57.61%

附註：友嘉實業擁有友佳實業香港約99.99%權益，故根據證券及期貨條例，友嘉實業被視為於友佳實業香港所持有的232,000,000股本公司股份中擁有權益。

除上文所披露者外，於二零二零年十二月三十一日，根據證券及期貨條例第336條規定須予存置的本公司登記冊所記錄，並無其他人士於本公司股份或相關股份中擁有權益或淡倉。

董事進行證券交易之標準守則

本公司已採納《上市規則》附錄十所載的標準守則。經本公司作出查詢後，所有董事已確認於截至二零二零年十二月三十一日止年度，其已遵守標準守則所載有關董事進行證券交易的標準規定。

薪酬政策

本公司成立薪酬委員會旨在根據本集團之經營業績、個人表現及比較之市場慣例，檢討本集團之薪酬政策及全體董事及高級管理層之薪酬架構。

本公司已採納一項購股權計劃，作為對董事及合資格僱員之獎勵，該計劃詳情載於上述購股權計劃內。

董事及五位最高薪人士之酬金

董事及本集團五位最高薪人士之酬金詳情載於綜合財務報表附註9。

關連人士交易及關連交易

關連年度關連人士交易之詳情載於綜合財務報表附註39。關連年度所有於《上市規則》第14A.73條項下屬不獲完全豁免之關連交易或持續關連交易之關連人士交易之詳情已在下列披露。本集團已就該等交易遵守《上市規則》第14A章所載之要求。

不獲豁免持續關連交易

誠如二零一七年五月二十六日之本公司公告及二零一七年六月二十七日之本公司通函所載，本公司已於二零一七年五月二十六日與友嘉實業訂立：(a) 零部件協議（「CKD零部件協議」），據此，由二零一七年七月十三日起三年，本集團（及／或其指定允許公司）（「本公司關連方」）同意向友嘉實業及其附屬公司（及／或其指定允許公司）（「友嘉關連方」）供應CKD零部件，而友嘉關連方同意向本公司關連方供應CKD零部件；及(b) 工具機協議（「CNC工具機協議」），據此，由二零一七年七月十三日起三年，本公司關連方向友嘉關連方購買指定CNC工具機，並有權於中國、香港及澳門特別行政區（「銷售地區」）以獨家形式銷售指定CNC工具機，及友嘉關連方須授權本公司關連方於銷售地區以獨家形式銷售指定CNC工具機。CKD零部件協議和CNC工具機協議已於二零二零年七月十二日到期。

誠如本公司於二零二零年七月十日刊發的公告及本公司於二零二零年八月十四日刊發的通函所載，本公司已於二零二零年七月十日與友嘉實業訂立協議以重續CKD零部件協議（「重續CKD零部件協議」）及CNC工具機協議（「重續CNC工具機協議」），由二零二零年八月三十一日起為期三年。

由於友嘉實業為本公司控股股東友佳實業香港之控股公司，故根據《上市規則》，友嘉實業為本公司之聯繫人及關連人士。CKD零部件協議、CNC工具機協議、重續CKD零部件協議及重續CNC工具機協議項下之交易分別構成本公司之持續關連交易，須遵守《上市規則》第14A章項下的申報、公佈、取得獨立股東批准及年度審核之規定。

批准CKD零部件協議及CNC工具機協議、其項下擬進行之交易及關連年度上限的決議案已於二零一七年七月十三日之股東特別大會上獲獨立股東通過。根據CKD零部件協議，於二零二零年一月一日至二零二零年七月十二日期間本公司關連方向友嘉關連方供應CKD零部件及本公司關連方向友嘉關連方購買CKD零部件之年度上限分別為人民幣1,900,000元及人民幣67,020,000元，該期間實際供貨金額為人民幣330,000元而實際購買金額為人民幣24,240,000元。而根據CNC工具機協議，於二零二零年一月一日至二零二零年七月十二日期間本公司關連方向友嘉關連方購買CNC工具機之年度上限為人民幣582,590,000元，實際購買金額為人民幣15,750,000元。

批准重續CKD零部件協議及重續CNC工具機協議的決議案、其項下擬進行之交易及有關年度上限已於二零二零年八月三十一日之股東特別大會上獲本公司獨立股東通過。根據重續CKD零部件協議，於二零二零年八月三十一日至二零二零年十二月三十一日期間本公司有關方向友嘉有關方供應CKD零部件及本公司有關方向友嘉有關方購買CKD零部件之年度上限分別為人民幣1,080,000元及人民幣28,630,000元，實際供貨金額及購買金額分別為人民幣300,000元及人民幣21,450,000元。而根據重續CNC工具機協議，於二零二零年八月三十一日至二零二零年十二月三十一日期間本公司有關方向友嘉有關方購買CNC工具機之年度上限為人民幣40,000,000元，實際購買金額為人民幣8,570,000元。

獨立非執行董事已審閱CKD零部件協議、CNC工具機協議、重續CKD零部件協議及重續CNC工具機協議及其項下於本年度進行之交易並確定關連交易於所有重大方面：

- (i) 按本集團一般及正常業務訂立；
- (ii) 以一般商業條款進行；及
- (iii) 根據CKD零部件協議、CNC工具機協議、重續CKD零部件協議及重續CNC工具機協議之相關條款進行，乃公平及合理並符合股東整體利益。

本公司之核數師已就其審查結果向董事會發出了一份報告，確認關連《上市規則》第14A.56條要求之事項。

優先購買權

章程細則或開曼群島（為本公司註冊成立之司法管轄區）法例均無規定本公司須按比例向現有股東提呈發售新股份之優先購買權條文。

購買、贖回或出售本公司上市證券

本公司及其附屬公司於截至二零二零年十二月三十一日止年度內概無購買、贖回或出售任何本公司上市證券。

主要客戶及供應商

年內，本集團首五大客戶佔本集團總營業額約10.87%，而最大客戶佔本集團總營業額約2.58%。五大供應商於本年度佔本集團總採購額約29.20%，而最大供應商約佔本集團總採購額約15.79%。

概無董事或其聯繫人於任何上述客戶或供應商持有權益。

於本年度，就本公司董事所知，除友佳實業香港為本集團上述五大供應商之外，並沒有擁有5%以上本公司股份之股東於上述本集團之客戶或供應商持有任何權益。

足夠公眾持股量

根據本公司公開所得的資料及就本公司董事所知，於本報告日期，本公司已發行股本之最少25%由公眾股東持有。

准許的彌償

章程細則規定，本公司須以本公司之資金，就董事因有關本公司之民事或刑事法律程序中進行辯護所招致之法律責任並獲判勝訴或獲判無罪作出彌償。此外，本公司已為董事及本公司之高級管理人員投購責任保險，為若干針對董事及高級管理人員而作出之法律訴訟提供合適之保額。

股票掛鈎協議

除在上述標題「購股權計劃」所披露的該計劃外，本公司於本年度終結日或年內任何時間概無訂立任何股票掛鈎協議。

董事於交易、安排或合約之權益

除綜合財務報表附註39所載者外，董事或其有關連實體並無在本公司、其母公司、其附屬公司或同系附屬公司所訂立，且於年結日或本年度內任何時間存在之重大交易、安排或合約上，直接或間接擁有重大權益。

審核委員會及年度業績審閱

本公司成立審核委員會（「審核委員會」），其書面職權範圍符合企業管治守則的規定。審核委員會的職責包括檢討及監管本集團的財務匯報程序、風險管理及內部監控系統。審核委員會的現有成員包括三位獨立非執行董事，即顧福身先生（擔任主席）、余玉堂先生及高文誠先生。審核委員會已與管理層共同審閱本集團截至二零二零年十二月三十一日止年度的綜合財務報表。

企業管治

有關本公司所採納的主要企業管治常規之報告，載於第26至40頁。

可分配儲備

於二零二零年十二月三十一日，本公司可供分派予本公司股東的儲備約為人民幣226,125,000元（二零一九年：人民幣478,483,000元）。根據開曼群島公司法第22章（一九六一年第3號法律，經合併及修訂），本公司的股份溢價賬約為人民幣82,183,000元（二零一九年：人民幣82,183,000元）可分配給股東，但前提是緊隨該日期之後建議分派股息或股利時，本公司將能夠償還其在正常業務過程中到期的債務。公司的股份溢價賬戶亦可以繳足紅股之方式分派給股東。

五年財務概要

本集團過往五個財政年度的業績及資產與負債的概要載於第162頁。

核數師

羅申美會計師事務所（「羅申美」）已於二零一九年十月二十五日獲董事會委任為本公司核數師以填補關黃陳方·德勤會計師行於二零一九年十月二十四日辭任後之臨時空缺。截至二零一九年十二月三十一日止年度及二零二零年十二月三十一日止年度之綜合財務報表已由羅申美審核。而本公司將於應屆二零二一股東週年大會上提呈續聘羅申美為本公司核數師的決議案。

本公司之核數師於過往三年並無其他變動，除以上所述者外。

承董事會命

友佳國際控股有限公司

主席

朱志洋

香港，二零二一年三月三十一日

本公司致力維持良好之企業管治標準，並透過鞏固有效的架構，提倡資料披露之完整性、透明度及質素，藉以提高股東價值。

遵守企業管治守則

本公司已採納其企業管治常規，取自於香港聯合交易所有限公司（「聯交所」）證券上市規則（「《上市規則》」）附錄十四所載的企業管治守則（「《企業管治守則》」）的守則條文，並進行檢討及定期更新，以遵循企業管治之最新常規。於回顧年度內，本公司一直遵守《企業管治守則》所載之守則條文，惟偏離《企業管治守則》如下：

守則條文第E.1.2條規定董事會主席應出席股東週年大會。本公司董事會（「董事會」）主席朱志洋先生因其他業務活動而未能出席二零二零年六月三十日舉行之本公司股東週年大會，根據本公司章程細則（「章程細則」），由本公司獨立非執行董事顧福身先生擔任股東週年大會主席。

守則條文第A.2.1條規定主席與行政總裁之角色應有區分，並不應由一人同時兼任。本公司當時的行政總裁及執行董事陳向榮先生於二零一八年十一月八日離世。董事會主席朱志洋先生於二零一八年十二月七日獲委任為行政總裁。儘管此兩角色均由同一位人士所擔任，其部份責任由其他執行董事分擔以平衡權力。此外，所有重大決定均經由董事會及高級管理層商議後才作出。另董事會包含三位獨立非執行董事，彼等帶來不同獨立之觀點。因此，董事會認為已具備足夠的權力平衡及保障。董事會將定期進行檢討及監督，確保目前結構不會削弱本公司的權力平衡。

董事進行證券交易

本公司已採納《上市規則》附錄十所載的有關董事進行證券交易的標準守則（「標準守則」）。經本公司作出查詢後，所有董事已確認於截至二零二零年十二月三十一日止年度，其已遵守標準守則所載有關董事進行證券交易的標準規定。

董事會

董事會負責領導及監控本公司，並負責監管本集團之預算、主要政策及重大交易、財務業績、業務、策略方針及表現。董事會亦下放權力及責任予管理層，以便日常管理本集團。此外，董事會亦將各種職責分派至以下董事會轄下各委員會。該等委員會之詳情載於本報告內。

董事會現時由六位董事組成，分別為三位執行董事及三位獨立非執行董事：

執行董事

朱志洋先生 (主席及行政總裁)

陳明河先生

溫吉堂先生

邱榮賢先生 (自二零二零年七月三十一日辭任)

獨立非執行董事

顧福身先生

余玉堂先生

高文誠先生

董事會以均衡之架構組成，目的在確保整個董事會擁有穩固之獨立客觀性，其組成情況符合《企業管治守則》所推薦董事會成員最少須有三分之一為獨立非執行董事之做法。各董事履歷載於第12至13頁之「董事及高級管理人員的履歷詳情」一節。

董事均有足夠時間及精神以處理本集團的事務。董事每年向本公司披露其於公眾公司或組織擔任職位的數目及性質，以及其他重大承擔的職務。董事會認為執行董事及獨立非執行董事組合之比例合理及適當，並充分發揮制衡作用，以保障本公司股東（「股東」）及本集團之利益。

主席及行政總裁

主席負責領導董事會、本集團之策略規劃。本公司行政總裁負責本集團之業務的日常管理。

本公司當時的行政總裁及執行董事陳向榮先生於二零一八年十一月八日離世。董事會主席朱志洋先生於二零一八年十二月七日獲委任為本公司行政總裁。

董事會主席及本公司行政總裁之職位由二零一八年十二月七日起已由同一名人士擔任。

獨立非執行董事

三名擔任非執行董事的董事皆為獨立，並獲委任為獨立非執行董事。

三位獨立非執行董事均極具才幹，在會計及金融各範疇亦擁有學術及專業資格。加上他們在各行業所累積之經驗，對董事會有效地履行其職責方面提供強大的支持。其中顧福身先生擁有《上市規則》第3.10(2)條規定之適合專業資格及會計及有關財務專業知識。各獨立非執行董事已向本公司發出年度獨立確認書，而本公司認為彼等各自均屬《上市規則》第3.13條項下之獨立人士。

三位獨立非執行董事之特定任期為兩年，並須根據章程細則之規定最少每三年輪值告退一次。

董事會的職責

董事會制定企業策略、批核整體業務計劃以及評估本公司之財務表現及管理。董事會授權本集團管理層進行之具體工作，包括執行董事會批准之策略；監察經營預算；執行內部監控程序；以及確保本集團符合有關法定要求及其他規則及規例。

企業管治職能

董事會亦負責履行下列企業管治職責：—

1. 制定及檢討本公司之企業管治政策及常規，並且提出建議；
2. 檢討及監察董事及高級管理人員之培訓及持續專業發展；
3. 檢討及監察本公司在遵守法律及監管規定方面之政策及常規；
4. 制定、檢討及監察僱員及董事之操守準則及合規手冊（如有）；
5. 根據《上市規則》附錄十四檢討本公司遵守《企業管治守則》之情況及在企業管治報告書內之披露；及
6. 檢討董事履行其職責在本公司付出的貢獻。

於回顧年度內，董事會已履行上述職責。

董事培訓

根據董事們向本公司提供的培訓紀錄，於二零二零年董事有參與以下培訓：

董事	培訓類型
執行董事	
朱志洋	A, B
陳明河	A, B
溫吉堂	A, B
邱榮賢 (自二零二零年七月三十一日辭任)	A, B
獨立非執行董事	
顧福身	A, B
余玉堂	A, B
高文誠	A, B

A： 出席研究會及／或會議／或論壇

B： 閱讀資訊、報紙、雜誌和有關董事責任、經濟、金融、投資及本公司業務之資料

董事會會議次數及出席率

董事會每年最少舉行四次定期會議，並在有需要的情況下舉行會議。於截至二零二零年十二月三十一日止年度，董事會共舉行四次會議，以下董事之出席率如下：

董事	出席率
朱志洋先生	4/4
陳明河先生	3/4
溫吉堂先生	4/4
顧福身先生	4/4
余玉堂先生	3/4
高文誠先生	4/4
邱榮賢先生 (自二零二零年七月三十一日辭任)	2/2

董事已於每次董事會會議前收到會議的正式通知書、議程及會議材料之詳情。

董事會會議記錄由公司秘書保存，並可供董事查閱。每位董事會成員均有權查閱董事會文件及相關資料，並可隨時獲公司秘書提供意見及服務，以及於有需要時尋求外部專業意見。

本公司已就針對董事之相關法律行動，安排適當之保險保障。

審核委員會

本公司已成立審核委員會（「審核委員會」），並遵循《企業管治守則》以書面制訂職權範圍書。審核委員會由三位獨立非執行董事組成，即顧福身先生（擔任主席）、余玉堂先生及高文誠先生。

審核委員會旨在監控健全的內部監控系統的成立並維持該系統，並遵循此系統。

審核委員會主要負責就外聘核數師之委任、重聘及罷免向董事會作出建議，並審批外聘核數師之酬金及聘任條款，以及與該等核數師之辭任或罷免有關之任何事宜；審閱中期報告及年報和本集團賬目；以及監察財務申報及本集團風險管理及內部監控系統是否有效。審核委員會已於本年度履行其職責並審閱本公司截至二零二零年六月三十日止六個月之未經審核財務報表。審核委員會亦已審閱截至二零二零年十二月三十一日止年度之經審核財務報表。

本公司即將於二零二一年六月三十日（「星期三」）舉行股東週年大會（「二零二一股東週年大會」）。審核委員會已向董事會建議，於二零二一股東週年大會上提名執業會計師羅申美會計師事務所續任為本公司之核數師。

會議次數及出席率

於二零二零年年度，審核委員會會面三次，本公司管理層及外聘核數師在合適情況下均有出席。有關審核委員會成員的會議出席詳情載列如下：

成員姓名	出席率
顧福身先生	3/3
余玉堂先生	2/3
高文誠先生	3/3

董事提名

在考慮提名新董事時，董事會將考慮候選人之資歷、能力、工作經驗、領導能力及專業道德，尤其是彼等於機械工程行業及／或其他專業範疇之經驗。

本公司已成立提名委員會（「提名委員會」），並遵循《企業管治守則》以書面制訂職權範圍書，成員包括三位獨立非執行董事，分別為顧福身先生（擔任主席）、余玉堂先生及高文誠先生。

提名委員會之功能為檢討及監督董事會之架構、規模及組成；物色合資格人士出任董事會成員；評估獨立非執行董事之獨立性，以及向董事會就委任及重選董事作出推薦建議。

根據章程細則，三分之一董事將於本公司應屆二零二一年股東週年大會上退任。根據本公司之公司章程細則第87條，溫吉堂先生及余玉堂先生為自彼等上次重選連任起計任期最長之董事，將於二零二一年股東週年大會上輪值退任，且符合資格並願意膺選連任。

會議次數及出席紀錄

提名委員會於截至二零二零年十二月三十一日止年度舉行一次會議，其出席詳情如下：

成員姓名	出席率
顧福身先生	1/1
余玉堂先生	0/1
高文誠先生	1/1

董事會成員多元化政策

本公司於二零一三年八月訂立董事會成員多元化政策，目的是為董事會成員的多元化訂立方向。

董事會明白一個多元化的董事會對於提高董事會效率及企業管治的重要性。多元化的董事會包括善用董事的不同技能、行業知識和經驗、教育、背景和其他素質，而不會產生基於種族、年齡、性別或宗教的歧視。在決定最佳董事會組合時會考慮該等因素，並盡可能取得適當的平衡。

本公司提名委員會負責物色及提名董事候選人予董事會批准；負責董事會所需的適當組合和評估董事候選人的經驗、專業知識、技能和董事會所需的多元化因素；以及監督董事會的繼任。提名委員會負責審查及向董事會報告有關董事會成員的多元化事宜。

董事的任命將根據候選人的優點及其他客觀標準作出，充分考慮該等因素對於董事會成員多元化的好處。候選人加入董事會時，會按照候選人所需的知識、經驗、技能、教育背景及其他素質來考慮。最終的決定將會取決於候選人的優點和將會為董事會作出的貢獻。

目前，提名委員會尚未就實踐董事會成員多元化政策而訂定任何可計量目標。然而，提名委員會將會不時考慮及檢討董事會成員多元化政策以及訂定任何可計量目標。

提名政策

年內，董事會採納一項提名政策，其列舉了委任及重選董事時應考慮的標準及程序。

提名委員會在評估擬候選人時將考慮以下因素：

- 品格和誠信；
- 資格包括與公司業務和公司戰略相關的專業資格、技能、知識和經驗；
- 作為董事會成員，願意投入足夠的時間履行職責；
- 董事會多元化政策以及為實現董事會多元化而採取的任何可衡量的目標；
- 獨立董事候選人之要求；及
- 適用於公司業務或董事會建議的其他觀點。

此外，應採立之提名程序如下：

1. 提名委員會定期檢討董事會的架構、規模及組成（包括技能、知識及經驗），並就董事會的任何建議變更提出建議，以補充本公司的企業策略；
2. 當有必要填補因空缺或委任額外董事時，提名委員會根據上述所載的準則下，在外部機構或本公司的協助或非協助下，向委員會確定或選擇候選人；
3. 如果該流程產生一個或多個理想的候選人，提名委員會應根據公司的需要和每個候選人的參考檢查（如適用）按優先順序對其進行排名；
4. 提名委員會向董事會提出建議，包括委任的條款及條件；及
5. 董事會根據提名委員會的建議審議並決定任命。

股息政策

根據開曼群島公司法及章程細則，股息可從本公司的利潤中支付，或以本公司的償付能力支付，而不計入本公司的股份溢價賬的信貸款項。然而，任何股息均不得超過董事建議的金額。

本公司股息支付的聲明及建議須待董事批准後，視乎營運業績、營運資金、財務狀況、未來前景及資本要求以及董事不時考慮的任何其他因素而定。本公司日後之任何聲明、推薦及派付股息可能會或可能不會反映股息的歷史聲明及分派，並由董事全權酌情決定。本公司沒有任何預定的派息率。

董事薪酬

本公司已成立薪酬委員會（「薪酬委員會」），並遵循《企業管治守則》以書面制訂職權範圍書，成員包括三位獨立非執行董事，分別為顧福身先生（擔任主席），余玉堂先生及高文誠先生。

薪酬委員會之功能為制定及檢討董事及高級管理層之薪酬政策及架構。

會議次數及出席紀錄

薪酬委員會於截至二零二零年十二月三十一日止年度舉行一次會議以審閱本公司各董事及高級管理層的現有薪酬，其出席詳情如下：

成員姓名	出席率
顧福身先生	1/1
余玉堂先生	0/1
高文誠先生	1/1

薪酬政策

薪酬委員會根據僱員之貢獻、資格及能力決定本集團僱員之薪酬政策。

薪酬委員會根據本公司以往業績、董事個別表現及可比較之市場數據決定董事之薪酬。每名執行董事有權分別支取每年審核之底薪。有關董事薪酬詳情載於綜合財務表附註9。

本公司於二零一六年六月二日採納一項購股權計劃，有效期為10年至二零二六年六月一日。購股權計劃目的讓董事會向特選之合資格人士授出購股權，以鼓勵及致力提升彼等之日後貢獻，以符合本集團利益。購股權計劃之詳情載於「董事會報告」內之「購股權計劃」。

高級管理人員之薪酬

按等級劃分，高級管理人員於截至二零二零年十二月三十一日止年度之薪酬載列如下：

薪酬等級 (港元)	人數
少於1,000,000元	3
1,000,001元至1,500,000元	1

根據《上市規則》附錄十六所披露有關董事薪酬及五位最高薪僱員之進一步詳情分別載於綜合財務報表註釋9(a)及9(b)。

公司秘書

本公司從外部秘書服務供應商聘請及委任其代表羅泰安先生為本公司之公司秘書。本公司公司秘書之主要聯絡人為本公司之財務總監葉世強先生。羅先生已完全符合《上市規則》第3.29條之相關培訓規定。

組織章程文件

於回顧年度內，本公司之組織章程文件並無任何變動。

核數師酬金

就回顧年度，支付予／應付予本公司核數師羅申美會計師事務所之酬金載列如下：

向本集團提供的服務	已付／應付費用 千港元
核數服務	1,500
非核數服務	120

風險管理及內部監控

董事會確認其就本集團風險管理及內部監控系統應承擔的責任，並已按照《企業管治守則》第C.2段的要求建立了風險管理及內部監控系統，並持續監督和檢討其運行的有效性。該系統旨在管理未能達成業務目標的風險，促進有效及高效運營，合理保證財務報告可靠性及遵守適用法律及法規以及保障本集團資產。然而該系統乃旨在控制而非消除未能達成業務目標之風險，並僅可為重大錯誤陳述或虧損提供合理而非絕對的保證。

風險管理和內部監控組織體系特點

根據《企業管治守則》第C.2.2條的要求，為確保本公司在風險管理和內部審核方面具備足夠的資源、員工資歷及經驗、足夠的培訓課程和有關預算，本公司建立了完善的風險管理和內部監控組織體系，包括董事會轄下審核委員會、高級管理層、本公司各部門。本公司各部門為風險管理和內部監控第一道防線；本公司高級管理層為風險管理和內部監控第二道防線；董事會轄下審核委員會為風險管理和內部監控第三道防線。審核委員會及董事會為本公司風險管理和內部監控的最高決策機構。

內部審計工作

鑑於公司的規模、性質及業務的複雜情況，公司審核委員會負責內部控制的建立健全和有效實施；每年公司聘請外部第三方機構根據年度風險評估結果確定年度內部控制覆核工作範圍，並根據公司實際情況開展內部控制覆核工作。

風險管理和內部監控工作開展

本公司每年對風險管理及內部監控系統的有效性進行檢討，根據內部環境、風險評估、控制活動、信息與溝通及內部監督的五項內部監控元素，對所有重要的監控方面，包括財務監控、運作監控及合規監控等進行評估。

二零二零年本公司圍繞總體經營目標，通過在其管理的各個環節和經營過程中執行風險管理的基本流程，逐步建立了風險管理體系，從本公司層面和經營層面全面處理和識別了可能面臨的風險，形成了本公司特有的系統完善的風險庫和風險框架，作為風險管理和內部控制的基礎。

本公司高級管理層組織各風險責任部門從風險發生的可能性和影響程度兩方面，對風險識別結果進行了綜合和深入分析，評估出本公司面臨的重大風險，並針對重大風險進行專項深入應對，制定了重大風險應對方案。重大風險應對方案由高級管理層審核，經審核委員會審議及董事會批准後實施。

風險管理和內部監控長效機制形成

二零二零年，本公司在充分識別和評估風險的基礎上，通過具體的業務流程落實內部控制的基本風險應對手段，建立了財務報告編製與披露重要流程的管理程序和內部監控措施，並最終通過《風險管理制度》固化風險管理的長效機制。相關流程管理程序、內部監控措施以及《風險管理制度》經高級管理層審批通過，並簽發執行。

《風險管理制度》明確了風險管理的總體目標和基本原則、風險管理職責分工和彙報途徑、風險管理方法論、風險管理主要工作內容及日常工作事項。該制度要求，高級管理層每年組織開展風險管理工作，持續監控各風險責任部門經營管理中存在的重大風險和風險變化信息，並編製《風險清單及風險管理框架》上報高級管理層和審核委員會，彙報各風險責任部門風險管理框架和組織體系建設、風險預警機制、本年度風險信息識別、評估方法和結果，需要協調解決的資源和事項等。

《風險管理制度》規定，高級管理層定期或不定期（至少每年一次）對各部門能否按照有關規定開展風險管理工作及其工作效果進行監督評價，形成《風險彙總評估報告》，對風險管理工作實施的有效性提出改進建議。相關部門須針對改進建議制定具體整改方案，並為每個任務指定明確的整改執行人和預期整改完成時間。高級管理層持續監控整改的執行情況。《風險彙總評估報告》直接報送高級管理層和董事會轄下的審核委員會。

二零二零年風險管理和內部監控工作開展的結果表明，本公司不存在重大風險監控嚴重失誤的情形，也未發現重大風險監控弱項。本公司財務報告、信息披露等管理流程嚴格遵守《上市規則》的規定，董事會評估公司的風險管理和內部監控工作運行有效。

年內，董事會亦已更新及確保本公司負責會計及財務申報職能之員工具備足夠資源、資歷及經驗以及獲提供充足培訓計劃及預算費用。

處理及發佈內幕消息的程序和內部監控措施

董事會已制定有關處理及發佈內幕消息的內幕消息政策。內幕消息政策訂明本集團之責任、共享非公開資料之限制、謠言之處理、非故意之選擇性披露、豁免及免除內幕消息之披露、對外通訊與溝通指引以及遵守及報告程序。本公司管理層須不時採取一切合理措施，確保已有恰當程序預防本公司違反有關的披露規定。彼等必須即時知會財務總監任何可能涉及透露或洩漏內幕消息的事宜，而財務總監將於合理切實可行情況下盡快通知董事會，從而迅速採取適當行動。如有證據顯示嚴重違反有關內幕消息政策，董事會將決定或指派適當人士決定有關糾正問題之行動及避免重蹈覆轍。

董事對財務報表之責任

董事會肩負於每個財政期間編製本公司賬目之職責，該等賬目可真實公平地反映本集團業務狀況及該期間之業績及現金流量。編製截至二零二零年十二月三十一日止年度之財務報表時，董事會已揀選及貫徹應用合適會計政策；作出審慎、公平及合理之判斷及估計，並採納持續經營基準編製有關賬目。董事會負責採取一切合理所需步驟保障本集團資產，並且防止及偵查欺詐及其他不正常情況。

與股東通訊及投資者關係

董事會深明與股東保持良好溝通尤關重要。有關本集團之資料（包括本公司之中期報告及年報、公佈及通函等）均會適時透過多種正式途徑向股東傳達。

本公司之股東大會為董事會與股東直接溝通之寶貴機會。公司鼓勵股東出席本公司之股東大會。

本公司於二零二零年六月三十日舉行股東週年大會（「二零二零股東週年大會」）。召開二零二零股東週年大會之通告乃載於日期為二零二零年五月十五日之通函，並連同二零一九年年報一併寄發予股東。董事會主席因其他業務活動而無法參加二零二零股東週年大會。獨立非執行董事顧福身先生出席及主持二零二零股東週年大會。除余玉堂先生及高文誠先生外，其他董事因各人之其他事務未能出席二零二零股東週年大會。

主席於二零二零股東週年大會上就進行投票表決之程序作出詳盡解釋。於二零二零股東週年大會上提呈之所有決議案，均已個別獲股東以按股數投票表決方式通過。投票表決結果已於會後在香港交易及結算所有限公司（「港交所」）及本公司網站公佈。

召開二零二一年股東週年大會之通告將根據章程細則及《企業管治守則》在可行情況下盡快登載於港交所及本公司網站，並且連同二零二零年年報寄發予股東。

本公司致力加強與其投資者的溝通及關係。指定高級管理人員經常與機構投資者及分析員公開交流，以簡報本公司的發展。

本公司亦設有網站www.goodfriend.hk，刊載本公司的最新業務發展和營運、財務資料及消息。

股東可隨時透過公司秘書向董事會提出書面查詢及關注，公司秘書的聯絡詳情如下：

香港德輔道中317至319號
啟德商業大廈20樓2003室
傳真：(852) 3586 2620
電郵：investor@goodfriend.hk

股東的權利

本公司的股東大會提供機會讓股東與董事會交流。本公司每年須於董事會決定的地點舉行股東週年大會。股東週年大會以外的每個股東大會須稱為股東特別大會（「股東特別大會」）。有關程序須受章程細則及適用法例和規則所規限。

股東召開股東特別大會的程序：

於遞呈要求日期持有本公司繳足股本（附有權利於本公司股東大會上投票）不少於十分之一的任何一名或以上股東，於任何時候均有權向本公司董事會或秘書發出書面要求，要求董事會召開股東特別大會，以處理有關要求中列明的任何事務；且有關大會須於遞呈該項要求後的兩(2)個月內舉行。

書面要求必須列明大會目的、由提出要求人士簽署及送呈至本公司的香港主要營業地點或本公司的註冊辦事處，註明收件人為本公司董事會或秘書，並且可由有關要求人士各自簽署的一式多份文件組成。有關要求將由本公司的香港股份過戶登記分處核實，待其確認要求屬妥當後，本公司的秘書將促請董事會考慮召開股東特別大會。相反，如有關要求經核實為不妥當，有關要求人士將獲告知有關結果，亦因此不會召開股東特別大會。

有關要求人士召開的任何會議，應與由董事會召開的會議之召開方法相同。

於股東大會上提出議案的程序

如欲於本公司的股東大會上提出議案，股東應在有足夠的前置時間下，將已由有關股東正式簽署及載列有關要求的書面資料，遞交至本公司的香港主要營業地點，註明收件人為本公司董事會及秘書。有關要求將由本公司的香港股份過戶登記分處核實，待其確認要求屬妥當後，本公司的秘書將把有關要求轉交董事會。會否在股東大會上提呈有關議案將由董事會酌情決定。

股東提議某人士獲選為董事的程序，刊載於本公司的網站www.goodfriend.hk。

核數師聲明

本公司之核數師於本集團截至二零二零年十二月三十一日止年度之財務報表之核數師報告內確認彼等所承擔之責任。

香港，二零二一年三月三十一日

環境、社會及管治報告

關於本報告

友佳國際控股有限公司（「本公司」，連同其附屬公司，以下簡稱「本集團」，或「我們」）謹此呈報2020年的年度環境、社會及管治（「ESG」）報告，以概述本集團有關主要ESG議題的政策、措施及績效。

報告期間

本報告闡述本集團自2020年1月1日至2020年12月31日期間（「2020財政年度」）有關環境及社會層面的整體表現。

報告範圍

ESG報告關注本集團的主要業務活動。經綜合考慮銷售、業務類型、利潤額、資產額等一系列指標，ESG報告的範圍與過往截至2019年12月31日止財政年度（「2019財政年度」）的ESG報告一致，覆蓋以下位於中華人民共和國（「中國」）的實體：

- 杭州友佳精密機械有限公司
- 杭州友高精密機械有限公司
- 杭州友華精密機械有限公司
- 杭州友達機械科技有限公司

儘管ESG報告未能覆蓋本集團全部的營運活動，本集團旨在完善內部數據收集機制，並逐步擴大披露範圍。

報告基準

本報告根據香港聯合交易所有限公司（「聯交所」）證券上市規則（「主板上市規則」）附錄二十七所載之《環境、社會及管治報告指引》（「ESG指引」）並以四項報告原則—重要性、量化、平衡及一致性為基準編製。本公司已遵照ESG指引所載之「不遵守就解釋」條文。ESG報告應與2020年年報第26至40頁的《企業管治報告》一併閱讀。

ESG報告乃以中、英文兩種語言編製，並於聯交所網站(www.hkexnews.hk)及本公司網站(<http://www.goodfriend.hk>)刊發。如中、英文兩個版本有任何抵觸或不相符之處，應以英文版為準。

本公司董事（「董事」）會（「董事會」）負責我們的ESG的策略及報告，包括評估及確定相關的風險，並確保已設有適當的ESG風險管理和內部監控系統。我們已委任我們的業務職能部門透過檢討本公司的營運、舉行內部討論，以識別相關ESG事宜及評估有關事宜對我們的業務及利益相關方的重要性。管理層已對ESG風險管理和內部監控系統的有效性向董事會做出確認。

重大議題選擇

利益相關方溝通

本公司根據自身業務和運營的特點，將主要利益相關方確定為投資者、政府與監管機構、員工、非政府組織、客戶、供應商和社區。

利益相關方	期望與訴求	溝通方式
投資者	<ul style="list-style-type: none"> 保障股東權利及權益 資產保值增值 企業治理機制 信息披露真實、準確、及時和完整 	<ul style="list-style-type: none"> 股東大會 新聞稿及公告 公司報告 在公司網站發佈消息 投資者會議
政府與監管機構	<ul style="list-style-type: none"> 遵守法律法規 依法納稅 保護環境 行業發展 回饋社區 	<ul style="list-style-type: none"> 會議 合規報告 實地檢查 特別調查 妥善提交文件
員工	<ul style="list-style-type: none"> 平等僱傭 有競爭力的薪酬體系 員工培訓 職業發展 人文關愛 健康與安全 	<ul style="list-style-type: none"> 勞動合同 業餘活動 經理郵箱 志願活動 日常交流
非政府組織	<ul style="list-style-type: none"> 當地發展投資 參與當地社區項目 承擔環境責任 人權 公平地分享利益 	<ul style="list-style-type: none"> 年度ESG報告 直接溝通 廠區參觀
客戶	<ul style="list-style-type: none"> 客戶滿意度管理 客戶投訴管理 產品責任 	<ul style="list-style-type: none"> 日常交流 定期走訪 客戶服務中心及熱線
供應商	<ul style="list-style-type: none"> 供應商行為準則 供應商評估 供應商合作 	<ul style="list-style-type: none"> 高層會晤 研討會 營銷峰會 供應商准入與評估 實地考察 日常交流
社區	<ul style="list-style-type: none"> 噪聲管理 助力經濟發展 投身社區公益 	<ul style="list-style-type: none"> 公益活動 社區服務 環保活動

重大議題評估

在對公司內部和外部的利益相關方進行意見收集後，我們從兩個維度對ESG議題進行排序，即從對業務運營的影響及對利益相關方的權利及利益的影響兩個維度出發，以反映我們對環境及社會的影響，並更好地回應利益相關方的期望與訴求。我們的重大ESG議題如下：

重要性評估矩陣



市場

我們能夠成為中國最具規模的CNC¹工具機生產廠離不開我們對自己的高標準要求，我們從創立伊始便秉持著以誠立業，以信立世的經營理念，所以為了更好更快地成長，我們不僅對合作夥伴進行嚴格的篩選，對質量高標準嚴要求，還盡全力為客戶提供熱忱的服務。

2020財政年度內，我們未發現任何因安全與健康問題而退回產品的情況。

質量保證

本集團主要生產經營CNC工具機、停車設備以及叉車。我們始終堅持所有產品必須通過嚴格的質量控制系統，確保客戶無後顧之憂。關於產品質量，我們取得了ISO 9001質量管理體系認證，實行來料、生產、包裝、發貨一條龍的產品安全管理體系。我們每年都根據制定的進料檢驗管理、製作過程檢驗管理、成品檢驗管理和不合格產品控制管理程序開展

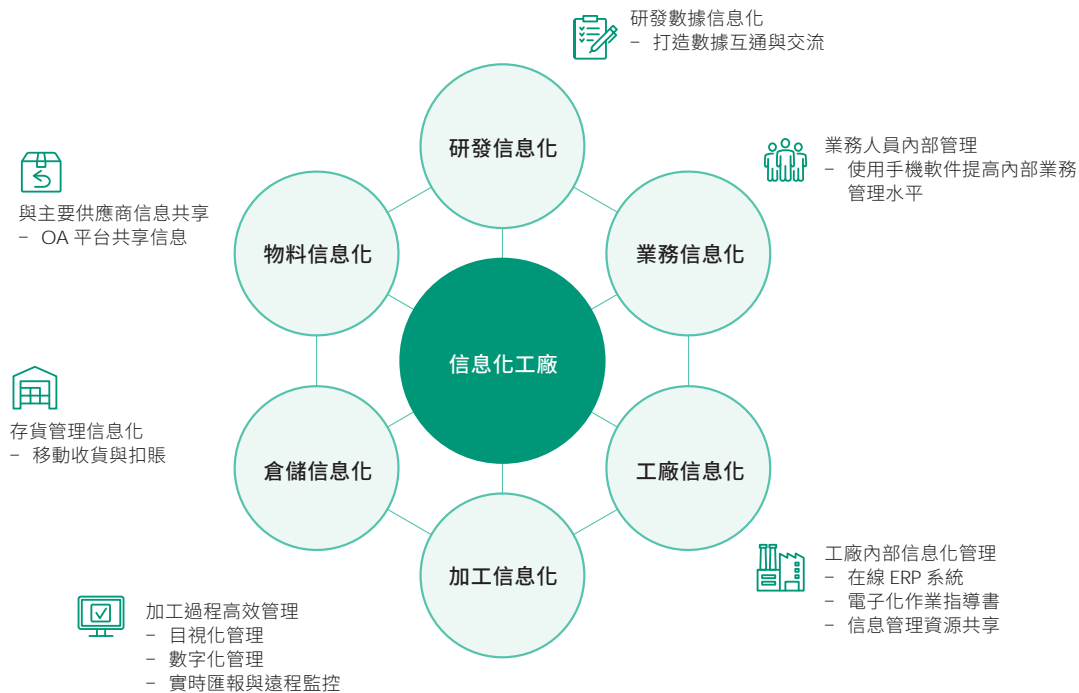
¹ 指電腦數碼控制，常稱作CNC。

質量管理自查工作，並組織開展質量內審工作。我們亦已取得ISO 10012測量管理體系認證，其訂明測量管理體系的品質管理要求，由進行測量的組織用作整體管理系統的一部分，並確保符合計量的要求。

我們的生產運作已符合國標(GB) (由中國國家標準化管理委員會(SAC)、國際標準化組織(ISO)及國際電工委員會(IEC)中國國家委員會頒佈的中國國家標準)，包括但不限於下列各項：

- 金屬切削機床安全防護通用技術條件(GB15760-2004)
- 加工中心安全防護技術條件(GB18568-2001)

工業4.0²使得每一款產品都具有數據精準、可追溯、高標準的質量。為了提高產品質量，我們正逐步建立集數據化、可視化、信息網絡於一身的工廠。我們以客戶需求為主線，成功將六個信息化管理應用於工具機部日常工作當中，覆蓋CNC工具機研究與發展（「研發」）、設計、製造、檢驗、出廠及售後服務整個過程以全方位提升產品質量，推進CNC工具機發展。



² 「工業4.0」該詞亦被稱為第四次工業革命，乃由一群科學家、商界／行業高管向德國政府提出了如何制定其高科技戰略，以維持全球製造業份額及其領先的工業國地位。

環境、社會及管治報告

此外，我們也為提升機械、製造及工具機業質量控制工作貢獻一份力量。為提升中國行業質量技術要求，自截至2018年12月31日止財政年度（「2018財政年度」）以來，我們已積極參與中國起重機械標準化技術委員會(SAC/TC227)主導的《機械式停車設備設計規範》的起草工作。

質量提升根本在科技，我們致力於科技創新，不斷提高產品的技術含量以提升我們的產品質量。我們目前擁有有效專利超過68項，包括軟件著作權15項，其中我們於2020財政年度申請並取得了16項有效專利。我們還建立了《專利管理制度》，對於專利研發和保護流程進行規管並全面遵守法律法規，包括但不限於《中華人民共和國專利法》及《中華人民共和國商標法》。

客戶服務

質量是企業生命延續的要素，顧客則是主掌生命的原動力，有了堅實而穩固的顧客群，我們才能積極推廣各項活動讓企業蓬勃發展。

我們始終為了讓客戶感受到更加優質的服務體驗而努力。為了及時提交客戶訂單，提升客戶滿意度，我們在內部實行精益管理，建立了跨部門的分科會和專案組，通過對經營管理數據的匯總、分類，對問題的發生點和檢出點進行定位，及時解決日常經營過程中出現的問題。此外，我們定期針對產品質量和售後服務開展滿意度問卷調查工作。2020財政年度，我們沒有客戶投訴事件發生，平均客戶滿意度為99%（2019財政年度：97%）。

另外，我們對客戶文檔進行權限設置，最大限度地保障客戶隱私。

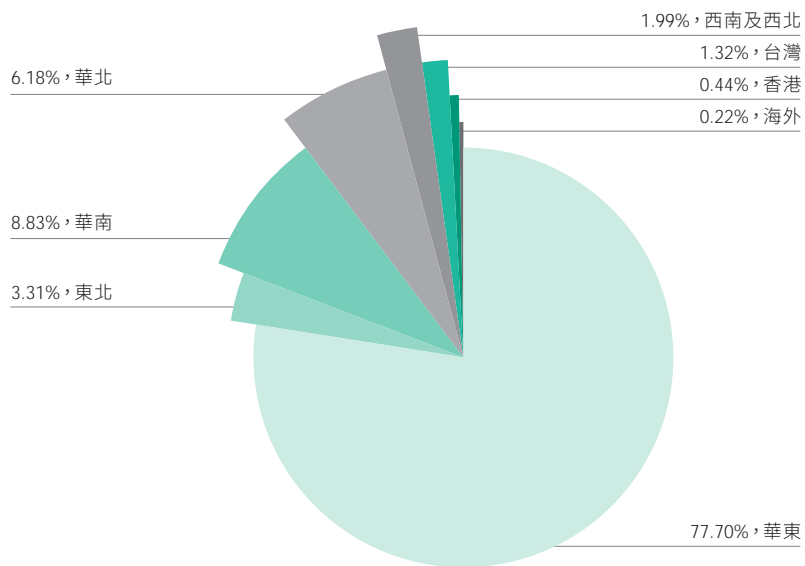
供應商管理

我們給客戶提供的高質量環保產品取決於我們優秀的供應商管理。我們對供應商提出了嚴格要求。我們執行嚴格公正的供應商准入程序和評估機制，制定《供應商管理程序》、《供應商管理作業流程圖》、《供應商月度評核表》以及其他相關政策及程序。在對新供應商進行選擇時，我們會根據這些制度，進行一系列的評估程序，具體包括實地調查、索樣、品質確認等流程。

同時，我們不斷強化供應商的環境及社會風險管理，要求供應商符合相關的環保要求，督促我們的供應商通過ISO 14000環境管理體系認證。在評價供應商時，我們將其對環境與社會的影響納入考慮範圍，篩選出品質優異、環保意識強的供應商進行合作。

我們會優先選擇當地的供應商，促進當地經濟的發展。於2020財政年度與我們合作的供應商為453個³（2019財政年度：824個），主要來源於江浙滬地區，具體地域分佈如下。

2020財政年度供應商按地域分佈



對於合格供應商，我們會進行月度和年度評核，評審不過關的供應商將被取消資格。對於優秀的供應商，我們會在年終頒發「優良供應商獎」。

商業道德

為了營造積極健康的經營環境，確保集團良性發展。在內部，我們建立了《反貪污受賄管理法》，嚴格遵守規章制度和法規。對於供應商，在簽訂合同時，我們要求對方簽署《廠商承諾書》，保證整個交易過程的透明。此外，對於不道德行為，我們提供多種匿名的檢舉渠道。

我們嚴格遵守相關規章制度和法規，包括但不限於《中華人民共和國刑法》。2020財政年度內，我們未有貪污、賄賂、勒索、欺詐及洗黑錢的行為引起的訴訟案件發生。

³ 該數據指2020財政年度的供應商數量。

⁴ 由於約分，數據加總未必等於100%。

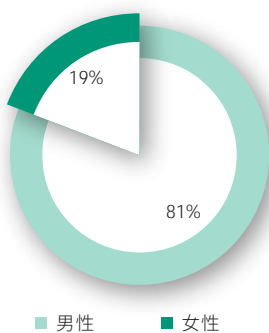
僱員

我們嚴格遵循人權、勞工國際公約及運營所在地的勞動僱傭法規及相關政策，迄今為止共確定了適用的法律法規標準共40項，並制訂了相關制度，包括但不限於《勞動合同管理》、《員工聘用管理》、《職業健康體檢》、《工傷事故處理》和《離職管理》等制度。

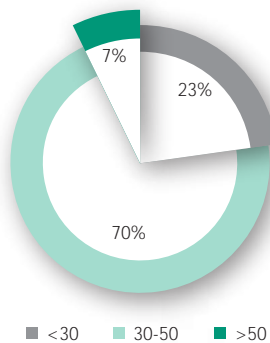
我們致力於為員工營造創新、共贏、平等的工作環境。我們在保障員工於工作環境的安全與健康的同時，關心關愛員工，開展多樣化員工活動以促進員工身心健康。為實現企業和個人共同發展，我們完善人才培育體系，暢通內部溝通渠道，為員工提供良好的職業發展平台。

2020財政年度，我們共有員工⁵ 918人（2019財政年度：1,075人），其中女員工175人（2019財政年度：194人），佔總員工的19%（2019財政年度：21%）。員工總流失比率21%（2019財政年度：22%）。按性別、年齡組別、僱員類別、地區及僱員類型劃分的僱員佔比情況如下。

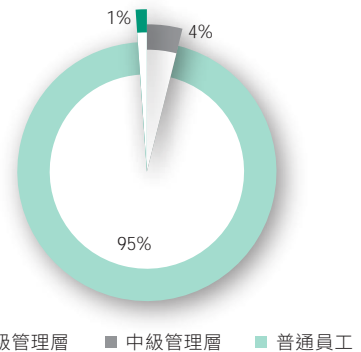
按性別劃分的
僱員佔比情況



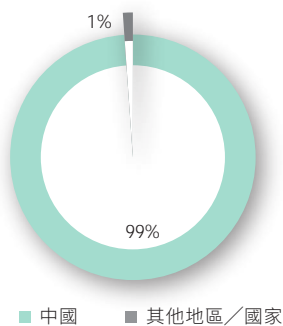
按年齡組別劃分的
僱員佔比情況



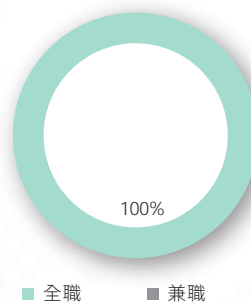
按僱員類別劃分的
僱員佔比情況



按地區劃分的
佔比情況



按僱員類型劃分的
佔比情況



⁵ 指於2020年12月31日的員工數量。

僱傭與勞工準則

勞工準則

本集團堅持平等及公平僱傭，反對任何形式的就業歧視，我們保證員工不會因種族、國籍、膚色、宗教、身體殘疾、性別、性取向、社團成員或婚姻狀況等因素受到歧視。

對於女員工，我們維護女員工的職業發展權利。我們規定女員工享有與男員工同等的升職以及技術及管理技能的專業培訓權利。我們在組織員工外出進修、崗位培訓及出國考察等多種培訓及發展機會時均要求有一定比例的女員工參加。

我們嚴格遵守國際勞工公約、當地有關勞工標準的法律法規，包括但不限於《中華人民共和國禁止使用童工的規定》和《中華人民共和國未成年保護法》。

我們杜絕僱傭童工，禁止任何形式的強迫、騷擾、體罰、精神壓迫或是語言辱罵勞工。我們尊重員工加入協會的權利。

我們在2020財政年度內未有僱傭童工事件、強迫勞工及歧視的行為發生。

薪酬福利

我們遵循《中華人民共和國勞動合同法》，在中國境內按照中國的社會保障政策，按時為員工足額繳納養老、醫療、失業、工傷、生育及住房公積金等各項社會保障，同時為員工購買商業保險，以提高員工應對突發性困難的能力。

我們制定了《員工管理規則》，制度中明確要將員工的能力、表現與崗位績效結合，及時調整薪酬、保險及福利方面的政策。例如，我們針對CNC工具機無缺勤和缺勤率較低的員工以及值班表現優異的主管給予獎勵。

培訓與發展

企業發展與員工的成長緊密相連，員工的技術技能、能力的發展預示著企業的前景。讓每一位員工在相應的崗位擁有相應的技能是我們成功的關鍵。我們激勵員工不斷提升和發展自我，為所有員工提供各種培訓以及技能相關的比賽活動，讓員工們在競爭中相互學習，發現不足，提升自己。

2020財政年度內，我們的全體（2019財政年度：65%）員工均接受培訓及人均培訓時間達到28小時（2019財政年度：29小時）。

此外，我們與杭州職業技術學院合作成立的友嘉機電學院是我們人才的搖籃。友嘉機電學院是浙江省重點的先進製造業人才培養基地，擁有價值人民幣1.3億元的先進設備，擁有教授和副教授約20名，博士、碩士及專、兼職高級人才50餘人。為員工的成長以及培訓提供了良好的空間。

安全與健康

員工的職業安全與健康，是本集團可持續發展的根基。雖然我們在生產經營過程中無較大的職業安全與健康威脅出現，但是我們防患於未然，始終注重保障員工的職業安全與健康。我們嚴格遵守《中華人民共和國勞動法》、《中國職業病防治法》和其他地方職業病防治法律法規，制定了《職業安全健康教育制度》，不斷完善員工健康管理。

我們已通過ISO 45001職業健康安全管理体系驗證標準認證，不斷提高職業健康安全水平，形成自我監督、自我發現和自我完善的全面機制。每年，我們對生產廠房的周邊環境都會進行一次完整全面的審查，以保證員工的工作環境安全。2020財政年度內，我們未發生任何因工死亡事件或重大事故。

導致我們員工發生職業健康問題的主要因素是粉塵和噪聲，為保障員工健康，我們已採取以下措施：

- **淨化粉塵**

在停車場建築生產過程中，焊接產生的粉塵威脅員工的健康。所以，我們投入了8台煙霧淨器。煙霧淨化器通過風機吸力，吸入煙霧、煙塵、異味廢氣，同時進風口處的阻火器阻止焊接產生的火花的進入，過濾煙霧等，淨化之後的氣體經出風口排除。這樣，保證了員工的安全的同時也保護了自然環境。

- **處理噪聲**

機器的噪聲可能會影響員工的聽力。為了防止員工的聽力損失，我們加工課投入人民幣15萬元建設了振動應力消除(VSR)技術車間，實現噪音為98分貝，關門後周圍噪音平均為78分貝的良好效果，並且我們禁止我們的員工於振動過程結束之前進入車間。在此情況下減少了員工在工作場所中受到身體傷害的可能性。

- **預防疾病**

我們為員工提供定期體檢，預控疾病的發生。我們的員工食堂為員工提供高標準的平衡飲食。

關愛員工

我們會不定期組織多種娛樂活動，幫助員工緩解工作壓力，更好地維持工作與生活的平衡。例如，我們每年舉辦「歡樂出發毅路同行」以增強員工愛護自然的意識，幫助員工舒緩壓力。我們已多年成功舉辦員工家庭活動，旨在增強親子維繫。我們還定期舉辦運動會，員工團隊合作，促進公司團結感。

於2019財政年度，為促進員工的身體健康，我們在一個名為「悅跑圈」的移動應用平台上建立了跑步小組。

此外，我們幫助困難員工，以緩解其經濟壓力。如我們為存在住房困難的員工發放人民幣500元／月的住房補貼，幫助員工減輕高房租帶來的壓力。我們亦鼓勵員工互幫互助。倘任何員工因特殊情況存在經濟壓力，我們會主動籌集資金及為他們度過困難提供財務資助。

環境

本集團重視企業可持續發展管理，提高資源使用率。我們致力於在企業經營的每一個方面減輕對環境的影響。我們的生產工廠通過了ISO 14001環境管理體系認證。我們每年還會定期組織開展內、外部審查活動，確保企業環境管理體系的可控性、長效性。

本集團不斷優化環境、能源管理體系制度，制定了《品質環境手冊》、《危害物說明書》、《作業指導書》和《空氣污染管制管理》等相關制度，促進保護環境、節能減排的管理規範化和制度化。

本集團嚴格遵守國家和地方關於環境保護及污染控制的法律法規，包括但不限於以下內容：

- 《中華人民共和國環境保護法》
- 《中華人民共和國水污染防治法》
- 《中華人民共和國大氣污染防治法》
- 《中華人民共和國固體廢物污染防治法》
- 《中華人民共和國噪聲污染防治法》

我們的生產營運已符合國家和地方標準，包括但不限於以下內容：

- 《揮發性有機物無組織排放標準》(GB 37822-2019)
- 《環境空氣質量標準》(GB 3095-2012)
- 《重點工業企業揮發性有機物排放標準》(DB3301/T0277-2018)

2020財政年度內我們並無環境污染事故、違法事件或周圍居民投訴發生。

環境、社會及管治報告

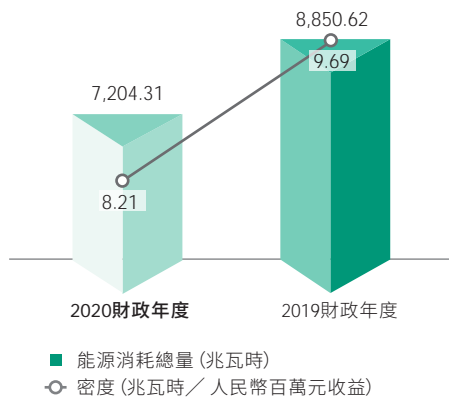
資源管理

我們營運中主要消耗的資源有電、汽油、柴油、天然氣、鋼鐵及包裝材料等，我們採取多種方式降低資源消耗。

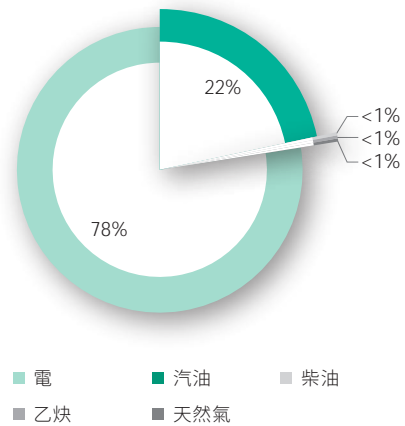
低碳生產

我們營運中主要使用的能源有電、汽油、柴油及天然氣。2020財政年度內我們共使用能源7,204.31兆瓦時（2019財政年度：8,850.62兆瓦時），其中外購電力佔能源消耗總量的78%（2019財政年度：70%）。相較於2019財政年度，因化石燃料及用電減少，能源消耗總量下降19%。

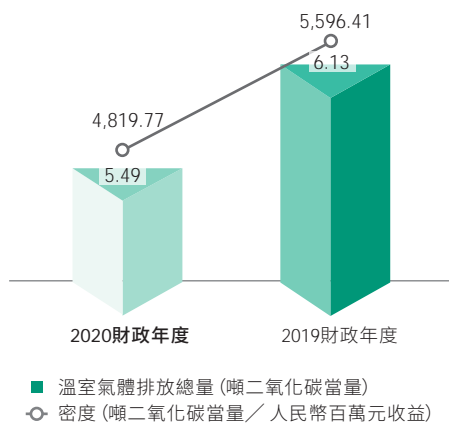
能源消耗總量及其密度



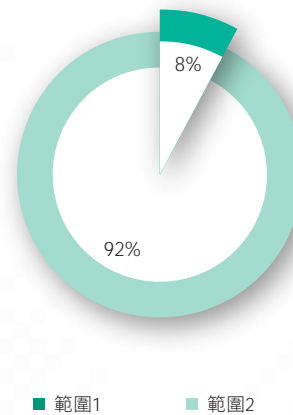
2020財政年度能源消耗按種類劃分佔比



溫室氣體排放總量及其密度



2020財政年度按範圍劃分之溫室氣體排放



2020財政年度內，我們的直接溫室氣體排放的二氧化碳當量（範圍1）為396.96噸（2019財政年度：594.53噸二氧化碳當量），間接溫室氣體排放的二氧化碳當量（範圍2）為4,422.81噸（2019財政年度：5,001.88噸二氧化碳當量）。相較於2019財政年度，溫室氣體排放總量減少14%，與能源使用總量減少一致。

為了減少溫室氣體的排放，我們採取了多項措施。我們將耗電量較大的燈更換成了節能LED燈，生產工廠區域內的所有路燈都配備了智能傳感照明控制模塊，有效地降低了電力的使用。同時我們每年會實行變壓器停電的措施，降低能耗。

關於汽車停車場結構的生產，我們使用的都是符合歐洲能效標準的設備。儘管設備的成本更高，我們秉持著環境友好的理念，不惜成本堅決貫徹落實環境保護措施。

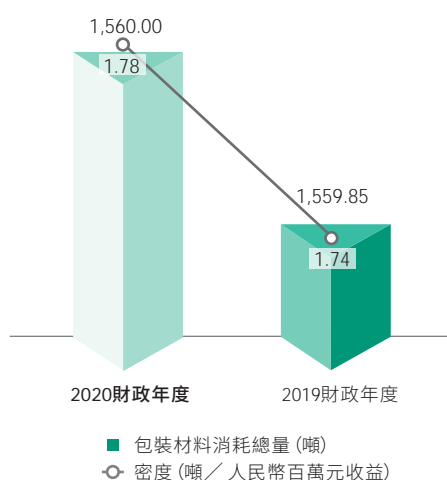
原材料和包裝材料

汽車停車場結構的生產對鋼材有大量的需求。為避免由於我們自行切割組裝鋼材結構而產生不必要的鋼材浪費，我們聘請了為我們定制鋼材的供應商。

木料是包裝材料消耗的主要類型。我們的CNC工具機通常會在運送給客戶時使用木質盒子進行包裝。為減少我們的包裝材料的消耗，我們與包裝材料的供應商簽訂協議，對包裝材料進行回收，從而降低消耗，減少對環境的影響。

在2020財政年度內，我們共使用包裝材料1,560噸（2019財政年度：1,563.97噸），主要為木料。

包裝材料消耗量及其密度



廢氣排放物管理

我們經營產生的大氣污染物主要類型包括揮發性有機化合物（「VOCs」）、氮氧化物（「NOx」）、硫氧化物（「SOx」）及顆粒物（「PM」）。生產過程中產生的VOCs佔大氣污染物排放量總額最多。我們的流動車輛所產生的無機大氣污染物（即NOx、SOx和PM）的排放量被認為是微不足道的。為改善工作環境及減少對周邊環境的影響，我們根據環保專案的要求，在本集團領導的支持下，建立了廢氣處理專案。處理後的廢氣達到《大氣污染物綜合排放標準》(GB16297-1996)規定的排放標準。

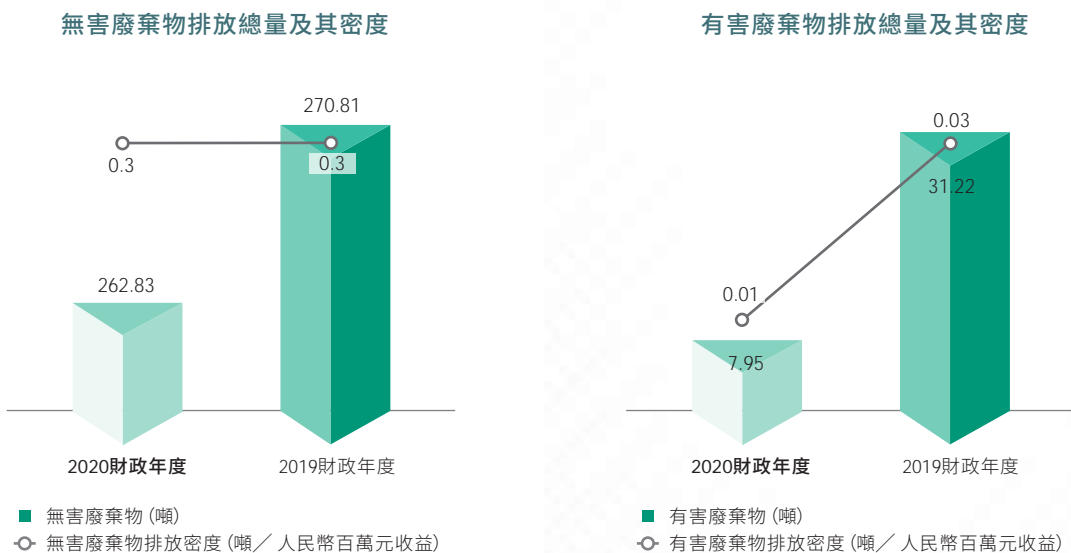
生產過程中產生的粉塵對員工的健康有著重大的影響。倘不進行處理，排放不僅會對周圍環境且會對整個大氣造成危害。煙塵回收設備安裝後，所有的粉塵氣體排放都要經過處理後再排放到空氣中。為減輕揮VOCs排放對環境及我們員工的影響，我們亦對噴漆設施進行了改造。這些措施將大大減少生產活動對周圍環境的影響。

廢物管理

固廢

我們生產過程中所產生的廢棄物主要分為有害廢棄物以及無害廢棄物。無害廢棄物主要包括生活垃圾、廢鐵、磨砂輪和辦公耗材等。2020財政年度的報告範圍擴大至將紙張使用包括在辦公耗材內，這導致辦公耗材廢物大幅增加至2020財政年度的3.43噸（2019財政年度：0.38噸）。

有害廢棄物主要包括磨削泥、沾染油漆的活性炭、油漆桶和廢油等。



我們於生產和經營活動中實施了《廢棄物排放管理規定》。

我們按照《國家危險廢物名錄》對廢棄物進行分類辨識及對應分級處理。對於廢油類有害廢棄物，本集團聘請具有資質的第三方專業處理機構對其進行處理。

在生產中，機器產生大量的熱無法進行排放，我們會使用切削液（冷卻液）對機器設備進行降溫，在降溫過程中，切削液裡將會沾染生產過程中產生的廢油以及其他雜質。我們引進了切削液的回收裝置，對切削液進行處理並回收。

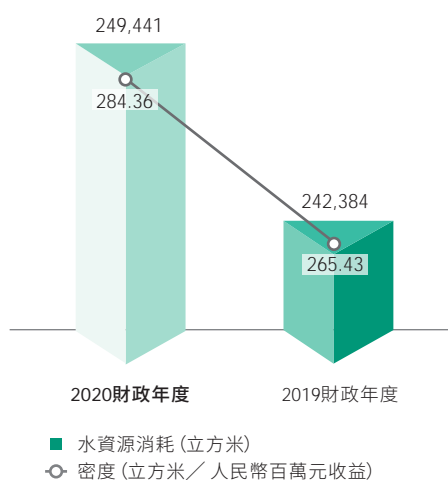
水資源管理

我們的用水取自城市供水系統。2020財政年度內，我們共消耗水249,441立方米（2019財政年度：242,384立方米）。

在生產活動中，2020財政年度內，我們產生249,390噸的工業廢水和生活廢水。生活廢水主要來源於辦公衛生間及廚房，無有毒、有害物質和特殊物質排放。工業廢水直接通過市政污水管網排放，市政府的污水處理廠處理後達標排放。2020財政年度內廢水污染物排放的詳情闡釋如下：

廢水中的排放物	單位	年度排放量
氨氮	噸	0.07
懸浮粒子	噸	1.68
含硫量	噸	0.006
含氮量	噸	0.355

水資源消耗情況及其密度



社區

我們始終堅持「取之於民，用之於民」的理念，在經營好企業的同時，我們把一部分利潤回饋給社會，這個觀念深深紮根在本集團每個人的心裡。此外，由於生產廠區附近有不少的居民區，我們在生產活動中時刻注意，盡量減少擾民。

管理噪聲

我們主要噪聲源包括空壓機、龍門銑床、臥式鏜床和行車等動力設備。我們通過實施在設備周圍加蓋防噪罩，建設吸音牆等措施來控制噪聲，降低對周邊居民區的噪聲影響程度。

助力經濟發展

我們與杭州職業技術學院聯合成立的友嘉機電學院不僅為我們企業帶來了理論知識與實踐操作都精通的人才，還給當地帶來了大批機電方面的精英，為當地學生提供就業機會。在1993年，杭州友佳精密機械有限公司在杭州的蕭山區成立，給當地帶來了大量的就業機會，推動了當地的經濟發展，並且很榮幸地成為當地帶動經濟發展的10大企業之一。我們製造的高質量的CNC工具機、叉車以及停車設備，亦對當地工業升級以及企業轉型提供了強大的支持。

投身社區公益

我們積極參與各類公益活動和慈善捐款。在2020財政年度內，我們參與了無償獻血活動，在公司號召下，50名員工共捐獻21,600毫升血液。

支持教育事業

我們極其關注並支持教育事業的發展。去年我們與杭州蕭山技師學院共同舉辦了職業技術展覽會。然而，在新冠疫情的影響下，2020財政年度內並無舉辦與教育有關的社會活動。

ESG數據總覽

環境關鍵績效指標	單位	2020財政年度	2019財政年度
氣體排放 附註1			
NO _x	噸	0.05	0.08
SO _x	噸	0.01	0.02
PM	噸	0.002	0.01
VOCs	噸	13.66	25.02
總量	噸	13.73	25.13
溫室氣體排放 附註2			
範圍1	噸二氧化碳當量	396.96	594.53
範圍2	噸二氧化碳當量	4,422.81	5,001.88
總量	噸二氧化碳當量	4,819.77	5,596.41
密度 附註3	噸／人民幣百萬元	5.49	6.13
有害廢棄物			
磨削泥	噸	5.8	21.25
沾染油漆的活性炭	噸	1.2	2.50
油漆桶	噸	0.26	2.64
廢油液	噸	0.4	4.83
廢棄光管	噸	0.1	不適用
墨盒	噸	0.04	不適用
漆渣	噸	0.0365	不適用
廢舊電池	噸	0.01	不適用
其他有害廢棄物	噸	0.105	不適用
有害廢棄物排放總量	噸	7.95	31.22
密度 附註3	噸／人民幣百萬元	0.01	0.03
無害廢棄物			
廢鐵	噸	70.20	70.65
生活垃圾	噸	132.00	166.24
磨砂輪	噸	1.2	1.43
辦公耗材	噸	3.43	0.38
其他工業垃圾	噸	56.00	32.11
無害廢棄物排放總量	噸	262.83	270.81
密度 附註3	噸／人民幣百萬元	0.30	0.30

環境、社會及管治報告

環境關鍵績效指標	單位	2020財政年度	2019財政年度
用水量			
總量	立方米	249,441.00	242,384.00
密度 <small>附註3</small>	立方米／人民幣百萬元	284.36	265.43
能源消耗			
電力	兆瓦時	5,583.65	6,216.61
汽油	兆瓦時	1,574.12	2,018.20
柴油	兆瓦時	26.91	577.98
天然氣	兆瓦時	17.30	37.83
乙炔	兆瓦時	2.33	不適用
總量	兆瓦時	7,204.31	8,850.62
密度 <small>附註3</small>	兆瓦時／人民幣百萬元	8.21	9.69
包裝材料消耗			
木材	噸	1,560.00	1,559.85
其他材料	噸	0	31.14
總量	噸	1,560.00	1,590.99
密度 <small>附註3</small>	噸／人民幣百萬元	1.78	1.74

附註1： 茲提述中國生態環境部發佈的《道路機動車大氣污染物排放清單編製技術指南（試行）》有關NO_x、SO_x及PM的計算。由於無法獲取運行里程的數據，叉車產生的大氣污染物排放並無納入計算。

附註2： 茲提述《溫室氣體議定書：企業核算與報告準則》及中國生態環境部應對氣候變化司發佈的《2019年度減排項目中國區域電網基準線排放因子》有關溫室氣體排放的計算。

附註3： 密度乃按對應年度的總量除以收益（人民幣百萬元）計算。於2020年相應收益為人民幣877.2百萬元。

社會關鍵績效指標	單位	2020財政年度	2019財政年度
僱員			
總計 附註4	/	918	1,075
按性別			
女	/	175	194
男	/	743	881
按年齡組別			
30歲以下	/	217	305
30歲至50歲	/	639	696
50歲以上	/	62	74
按僱員類型			
高級管理層	/	9	6
中級管理層	/	41	134
普通員工	/	868	935
按地域分佈			
中國	/	908	不適用
香港	/	0	不適用
其他地區／國家	/	10	不適用
按僱傭類型			
全職	/	918	不適用
兼職	/	0	不適用
僱員流失比例 附註5	%	21	22
安全			
因工死亡人數	/	0	0
因工死亡人數的比率	/	0	0
工傷損失工作日數	/	526	527

環境、社會及管治報告

社會關鍵績效指標	單位	2020財政年度	2019財政年度
發展及培訓			
受訓僱員百分比 ^{附註6}			
整體	%	100	65
按性別			
女	%	100	44
男	%	100	70
按僱員類型			
高級管理層	%	100	82
中級管理層	%	100	99
普通員工	%	100	60
每名僱員完成受訓的平均時數 ^{附註7}			
整體	時數／僱員	28	29
按性別			
女	時數／僱員	24	26
男	時數／僱員	29	30
按僱員類型			
高級管理層	時數／僱員	6	18
中級管理層	時數／僱員	27	32
普通員工	時數／僱員	29	29

附註4： 社會關鍵績效指標僅覆蓋四個實體：杭州友佳精密機械有限公司、杭州友高精密機械有限公司、杭州友華精密機械有限公司及杭州友達機械科技有限公司。因此，與2020年報的其他章節呈列的數字相比，可能存在差異。

附註5： 僱員流失比例乃按離職員工總數除以2020年12月31日的離職員工總數與員工總數之和計算。

附註6： 受訓僱員百分比乃按受訓僱員總數除以員工總數計算。

附註7： 每名僱員完成受訓的平均時數乃按受訓時數總數除以員工總數。

附錄一—ESG索引

層面	描述	位置／備註
A.環境		
層面A1：排放物		
一般披露	有關廢氣及溫室氣體排放、向水及土地的排污、有害及無害廢棄物的產生等的：(a)政策；及(b)遵守對發行人有重大影響的相關法律及規例的資料	資源管理；廢氣排放管理；廢物管理；水資源管理
A1.1	排放物種類及相關排放資料	廢氣排放管理
A1.2	溫室氣體總排放量(以噸計算)及(如適用)密度(如以每產量為單位、每項設施計算)	資源管理
A1.3	所產生有害廢棄物總量(以噸計算)及(如適用)密度(如以每產量為單位、每項設施計算)	廢物管理
A1.4	所產生無害廢棄物總量(以噸計算)及(如適用)密度(如以每產量為單位、每項設施計算)	廢物管理
A1.5	描述減低排放量措施及所得成果	資源管理；廢氣排放管理；廢物管理；水資源管理
A1.6	描述處理有害及無害廢棄物的方法、減低產生量的措施及所得成果	廢物管理

層面	描述	位置／備註
層面A2：資源使用		
一般披露	有效使用資源 (包括能源、水及其他原材料) 的政策	資源管理；廢物管理；水資源管理
A2.1	按類型劃分的直接及／或間接能源 (如電、氣或油) 總耗量 (以兆瓦時計算) 及密度 (如以每產量單位、每項設施計算)	資源管理
A2.2	總耗水量及密度 (如以每產量單位、每項設施計算)	水資源管理
A2.3	描述能源使用效益計劃及所得成果	資源管理
A2.4	描述求取適用水源上可有任何問題，以及提升用水效益計劃及所得成果	資源管理
A2.5	製成品所用包裝材料的總量 (以噸計算) 及 (如適用) 每生產單位佔量	資源管理
層面A3：環境及天然資源		
一般披露	減低發行人對環境及天然資源造成重大影響的政策	資源管理；廢氣排放管理；廢物管理；水資源管理
A3.1	描述業務活動對環境及天然資源的重大影響及已採取管理有關影響的行動	資源管理；廢氣排放管理；廢物管理；水資源管理

層面	描述	位置／備註
B. 社會		
層面B1：僱傭		
一般披露	有關薪酬及解僱、招聘及晉升、工作時數、假期、平等機會、多元化、反歧視以及其他待遇及福利的：(a)政策；及(b)遵守對發行人有重大影響的相關法律及規例的資料	僱員
B1.1	按性別、僱傭類型、年齡組別及地區劃分的僱員總數	ESG數據總覽
B1.2	按性別、年齡組別及地區劃分的僱員流失比率	ESG數據總覽(註：僅披露總僱員流失比率)
層面B2：健康與安全		
一般披露	有關提供安全工作環境及保障僱員避免職業性危害的：(a)政策；及(b)遵守對發行人有重大影響的相關法律及規例的資料	健康與安全
B2.1	因工作關係而死亡的人數及比率	ESG數據總覽
B2.2	因工傷損失工作日數	ESG數據總覽
B2.3	描述所採納的職業健康與安全措施，以及相關執行及監察方法	健康與安全
層面B3：發展及培訓		
一般披露	有關提升僱員履行工作職責的知識及技能的政策。描述培訓活動	培訓與發展
B3.1	按性別及僱員類別(如高級管理層、中級管理層等)劃分的受訓僱員百分比	ESG數據總覽
B3.2	按性別及僱員類別劃分，每名僱員完成受訓的平均時數	ESG數據總覽

層面	描述	位置／備註
層面B4：勞工準則		
一般披露	有關防止童工或強制勞工的：(a)政策；及(b)遵守對發行人有重大影響的相關法律及規例的資料	僱傭與勞工準則
B4.1	描述檢討僱傭慣例的措施以避免童工及強制勞工	僱傭與勞工準則
B4.2	描述在發現違規情況時消除有關情況所採取的步驟	僱傭與勞工準則
層面B5：供應鏈管理		
一般披露	管理供應鏈的環境及社會風險政策	供應商管理
B5.1	按地區劃分的供應商數目	供應商管理
B5.2	描述有關聘用供應商的慣例，向其執行有關慣例的供應商數目、以及有關慣例的執行及監察方法	供應商管理
層面B6：產品責任		
一般披露	有關所提供產品和服務的健康與安全、廣告、標籤及私隱事宜以及補救方法的：(a)政策；及(b)遵守對發行人有重大影響的相關法律及規例的資料	市場
B6.1	已售或已運送產品總數中因安全與健康理由而須回收的百分比	質量控制
B6.2	接獲關於產品及服務的投訴數目以及應對方法	客戶服務
B6.3	描述與維護及保障知識產權有關的慣例	質量控制
B6.4	描述質量檢定過程及產品回收程序	質量控制
B6.5	描述消費者數據保障及私隱政策，以及相關執行及監察方法	客戶服務

層面	描述	位置／備註
層面B7：反貪污		
一般披露	有關防止賄賂、勒索、欺詐及洗黑錢的：(a)政策；及(b)遵守對發行人有重大影響的相關法律及規例的資料	商業道德
B7.1	於匯報期內對發行人或其僱員提出並已審結的貪污訴訟案件的數目及訴訟結果	商業道德
B7.2	描述防範措施及舉報程序，以及相關執行及監察方法	商業道德
層面B8：社區投資		
一般披露	有關以社區參與來了解發行人營運所在社區的需求及確保其業務活動會考慮社區利益的政策	社區
B8.1	專注貢獻範疇 (如教育、環境事宜、勞工需求、健康、文化、體育)	助力經濟發展；投身社區公益；支持教育事業
B8.2	在專注範疇所動用資源 (如金錢或時間)	助力經濟發展；投身社區公益；支持教育事業



致友佳國際控股有限公司股東

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意見

吾等已審核載於第71至161頁的友佳國際控股有限公司(「貴公司」)及其附屬公司(「貴集團」)的綜合財務報表,此等綜合財務報表包括於二零二零年十二月三十一日的綜合財務狀況表以及截至該日止年度的綜合損益及其他全面收益表、綜合權益變動表及綜合現金流量表,以及綜合財務報表附註,包括主要會計政策概要。

吾等認為,綜合財務報表已根據香港會計師公會(「香港會計師公會」)頒佈之香港財務報告準則(「香港財務報告準則」)真實及公平反映 貴集團於二零二零年十二月三十一日的綜合財務狀況以及其截至該日止年度的綜合財務表現及其綜合現金流量,並已按照香港公司條例的披露規定妥為編製。

意見基準

吾等已根據香港會計師公會頒佈之香港核數準則(「香港核數準則」)進行審核。吾等於該等準則項下之責任乃於吾等之報告「核數師就審核綜合財務報表須承擔的責任」一節進一步闡述。吾等根據香港會計師公會頒佈之專業會計師道德守則(「道德守則」)獨立於 貴集團,吾等亦已根據道德守則達致吾等之其他道德責任。吾等認為吾等所獲得的審核憑證屬充足及適當以為吾等之意見提供基準。

關鍵審核事項

關鍵審核事項為就吾等之專業判斷而言,對吾等審核本期間之綜合財務報表最為重要的事項。該等事項是在吾等審核整體綜合財務報表及出具意見時進行處理的,且吾等不會對該等事項提供單獨的意見。吾等所識別之關鍵審核事項如下:

1. 貿易應收賬款及合約資產之減值評估
2. 存貨減值評估

致友佳國際控股有限公司股東

(於開曼群島註冊成立之有限公司) (續)

關鍵審核事項 (續)

關鍵審核事項

1. 貿易應收賬款及合約資產之減值評估

請參閱綜合財務報表附註20A、20B及37(d)。

於二零二零年十二月三十一日，貿易應收賬款及合約資產賬面值 (扣除減值) 為約人民幣181,041,000元。

貿易應收賬款及合約資產之減值評估涉及於報告期末對 貴集團貿易應收賬款及合約資產的預期信貸虧損 (「預期信貸虧損」) 進行評估時的判斷及管理層估計。

貴集團管理層按適當分組根據撥備矩陣估計貿易應收賬款及合約資產之全期預期信貸虧損金額。就共同評估而言， 貴集團使用應收賬款之賬齡評估客戶減值情況，原因為該等客戶乃由數量眾多的小客戶組成，而該等客戶具有可反映彼等根據合約條款償還所有到期款項之能力的共同風險特性。此外，貿易應收賬款及合約資產乃就具有重要結餘或信用減值的債務人個別予以評估。預期信貸虧損乃根據於報告日期基於債務人過往違約經驗得出的過往信貸虧損經驗、債務人經營所在行業的整體經濟環境及對目前及未來環境方向的評估而估計得出。信貸減值之貿易應收賬款的虧損撥備金額按資產賬面值與估計未來現金流量現值之間的差額，並考慮預期未來信貸虧損計量。

於截至二零二零年十二月三十一日止年度， 貴集團確認貿易應收賬款及合約資產減值淨額總計人民幣12,985,000元。 貴集團於二零二零年十二月三十一日貿易應收賬款及合約資產之全期預期信貸虧損為人民幣39,846,000元。

吾等之審核如何處理關鍵審核事項

吾等有關貿易應收賬款及合約資產預期信貸虧損之虧損撥備的程序包括：

- 了解對貿易應收賬款及合約資產減值評估的關鍵控制，包括但不限於 貴集團管理層對交易對手信譽度的評估；
- 抽樣將二零二零年十二月三十一日貿易應收賬款的賬齡報告中個別結餘與相關銷售協議、銷售發票及其他支持文件進行比對，對賬齡報告進行測試；及
- 評估 貴集團管理層於釐定二零二零年十二月三十一日貿易應收賬款及合約資產的信貸虧損撥備時採用的基準及作出的判斷，包括彼等對個別評估貿易應收賬款及合約資產的識別及評估、 貴集團管理層對貿易應收賬款在撥備矩陣中分為不同類別的合理性及在撥備矩陣中應用於各類別的估計虧損率的基準 (參照歷史違約率及前瞻性資料)。

致友佳國際控股有限公司股東

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關鍵審核事項 (續)

關鍵審核事項

2. 存貨減值評估

請參閱綜合財務報表附註5(b) (誠如「估計不確定因素之主要來源」所呈列) 及23。

於二零二零年十二月三十一日，存貨賬面值 (扣除減值) 為約人民幣431,164,000元。

貴集團之存貨成本主要包括原材料、直接勞工、其他直接成本及相關生產雜項支出。鑒於生產週期較長及原材料價格波動不可預測，存貨面臨賬面值超過可變現淨值的風險。

在評估可變現淨值及就存貨作出恰當撥備時，管理層透過識別滯銷或陳舊存貨估計存貨減值，並考慮存貨的實質狀況、賬齡、市況、類似項目的市場價格、完工成本及作出銷售所必要的成本。

於截至二零二零年十二月三十一日止年度，貴集團確認存貨減值人民幣12,565,000元。於二零二零年十二月三十一日，存貨減值總計為人民幣34,830,000元。

吾等之審核如何處理關鍵審核事項

吾等有關存貨減值評估的程序包括：

- 了解 貴集團管理層對存貨減值評估的關鍵控制；
- 參與 貴集團管理層進行的存貨盤點，以評估減值評估所依據的陳舊存貨是否被恰當識別；
- 根據採購及／或生產紀錄抽樣核對存貨賬齡報告；
- 依據賬齡報告及存貨後續變動評估存貨減值的合理性；
- 將存貨現時賬面值與最近售價及／或可變現淨值進行抽樣對比；及
- 依據上文取得的資料評估存貨減值撥備的充足性。

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其他資料

董事負責編製其他資料。其他資料包括年報所載之所有資料，惟不包括綜合財務報表及吾等就此之核數師報告。

吾等有關綜合財務報表之意見並不涵蓋其他資料，吾等並不就此發表任何形式之核證結論。

就吾等對綜合財務報表之審核而言，吾等之責任乃閱讀其他資料，從而考慮其他資料是否與綜合財務報表或吾等於審核過程中獲悉的資料存在重大不符，或存在重大錯誤陳述。倘若吾等基於已完成的工作認為其他資料出現重大錯誤陳述，吾等須報告此事實。吾等就此並無報告事項。

董事就綜合財務報表須承擔的責任

董事須負責根據香港會計師公會頒佈之香港財務報告準則及香港公司條例之披露規定編製及真實而公允地列報綜合財務報表，並負責董事認為就確保綜合財務報表之編製免受由於欺詐或錯誤而導致的重大錯誤陳述所必需之有關內部控制。

於編製綜合財務報表時，董事須負責評估 貴集團持續經營的能力，並披露與持續經營有關的事項(如適用)。除非董事有意將 貴集團清盤或停止營運，或除此之外並無其他實際可行的辦法，否則董事須採用以持續經營為基礎的會計法。

審核委員會協助董事履行彼等監督 貴集團的財務報告流程之職責。

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核數師就審核綜合財務報表須承擔的責任

吾等之目標為對整體綜合財務報表是否免受由於欺詐或錯誤而導致的重大錯誤陳述取得合理保證並出具包括吾等意見之核數師報告。吾等僅向閣下(作為整體)出具包括吾等意見之核數師報告，除此以外，吾等的報告書不作其他用途。吾等不就本報告之內容向任何其他人士負上或承擔責任。

合理保證為高水平之保證，但並非保證按照香港核數準則進行之審核在某一重大錯誤陳述存在時總能發現。錯誤陳述可由欺詐或錯誤引起，倘合理預期彼等個別或匯總起來可能影響該等綜合財務報表使用者所作出的經濟決策，則有關的錯誤陳述可被視作重大。

吾等根據香港核數準則進行審核的工作之一乃運用專業判斷，在整個審核過程中保持職業懷疑態度。吾等亦：

- 識別及評估是否由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述之風險，設計及執行審核程序以應對該等風險，以及取得充足及適當的審核憑證，作為吾等意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部控制之上，因此未能發現因欺詐而導致之重大錯誤陳述之風險高於因錯誤而導致之重大錯誤陳述之風險。
- 了解與審核相關之內部控制，以設計適當之審核程序，但目的並非對貴集團內部控制之效能發表意見。
- 評價董事所採用會計政策之恰當性及所作出會計估計及相關披露資料之合理性。
- 對董事採用以持續經營為基礎的會計法之恰當性作出結論，並根據所得之審核憑證，決定是否存在與事件或情況有關之重大不確定性，而可能對貴集團持續經營能力構成重大疑慮。倘吾等認為存在重大不確定性，則有必要於核數師報告中提請使用者對綜合財務報表中之相關披露資料之關注。倘有關披露資料不足，則修訂吾等之意見。吾等結論乃基於截至核數師報告日期所取得之審核憑證。然而，未來事件或情況可能導致貴集團無法繼續持續經營。

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核數師就審核綜合財務報表須承擔的責任 (續)

- 評價綜合財務報表 (包括披露資料) 的整體列報方式、結構及內容，以及綜合財務報表是否公允反映有關交易及事項。
- 就 貴集團內實體或業務活動之財務資料獲取充分及適當之審核證據，以對綜合財務報表發表意見。吾等負責指導、監督及執行集團審核。吾等僅對吾等之審核意見承擔責任。

吾等與審核委員會溝通了 (其中包括) 計劃之審核範圍、時間安排及重大審核發現等事項，包括吾等於審核期間識別出內部控制之任何重大缺陷。

吾等亦向審核委員會提交聲明，說明吾等已符合有關獨立性之相關職業道德要求，並與彼等溝通所有可能合理地被認為會影響吾等獨立性之關係及其他事項，以及在適用的情況下，用以消除對獨立性產生威脅的行動或所採取的防範措施。

從與審核委員會溝通之事項中，吾等決定哪些事項對本期間綜合財務報表的審核最為重要，因而構成關鍵審核事項。吾等會於核數師報告中描述該等事項，惟法律或法規不允許對某事項作出公開披露，或於極端罕見之情況下，若有合理預期於吾等報告中溝通某事項而造成之負面後果將會超過其產生之公眾利益，吾等將不會於此等情況下於報告中溝通該事項。

出具本獨立核數師報告的審計項目合夥人為王德文。

羅申美會計師事務所

執業會計師

香港

二零二一年五月十四日

綜合損益及其他全面收益表

	附註	二零二零年 人民幣千元	二零一九年 人民幣千元
收益	6A	875,318	910,695
收益成本	6B	(678,847)	(701,597)
毛利		196,471	209,098
其他收入	7A	56,941	157,038
分銷及銷售費用		(94,852)	(121,928)
行政費用		(57,485)	(71,562)
研發成本		(27,750)	(29,086)
貿易應收賬款及合約資產之(減值虧損)／減值虧損撥回		(12,985)	3,009
其他收益及虧損	7B	36,509	(7,547)
其他開支	7C	(22,741)	(22,805)
其他營運費用		(1,398)	(1,297)
財務費用	10	(18,635)	(24,744)
分佔合營企業溢利	18	615	1,141
分佔聯營公司虧損	19	(287,061)	(57,089)
除稅前(虧損)／溢利	8	(232,371)	34,228
所得稅開支	11	(15,848)	(22,069)
本公司擁有人應佔(虧損)／溢利		(248,219)	12,159
其他全面收益：			
<i>可能重新分類至損益的項目：</i>			
換算海外業務產生之匯兌差額		12,490	(4,790)
按公平值計入其他全面收益(「按公平值計入其他全面收益」)的 應收款項公平值(虧損)／收益淨額		(154)	246
分佔聯營公司其他全面收益	19	(25,588)	12,637
		(13,252)	8,093
<i>不會重新分類至損益的項目：</i>			
分佔聯營公司其他全面收益	19	(4,139)	(28,080)
本公司擁有人應佔年內其他全面收益，扣除稅項		(17,391)	(19,987)
本公司擁有人應佔全面收益總額		(265,610)	(7,828)
每股(虧損)／盈利(以每股人民幣元呈列)	12		
—基本		(0.62)	0.03
—攤薄		不適用	不適用
股息	13	—	—

綜合財務狀況報表

	附註	二零二零年 人民幣千元	二零一九年 人民幣千元
非流動資產			
物業、廠房及設備	14	204,098	218,344
使用權資產	15	122,251	124,371
無形資產	16	1,047	1,407
於合營企業的投資	18	22,261	21,646
於聯營公司的投資	19	88,274	392,326
遞延所得稅資產	31	28,551	27,991
		466,482	786,085
流動資產			
存貨	23	431,164	493,053
貿易應收賬款及其他應收款項及預付款項	20A	166,688	227,096
合約資產	20B	52,653	44,399
應收貸款	21	49,691	48,394
按公平值計入其他全面收益的應收款項	22	120,105	101,945
應收最終控股公司款項	39	1,008	–
應收直接控股公司款項	39	8	–
應收一間關聯公司、同系附屬公司及最終控股公司的 一間聯營公司款項	39	28,087	6,248
應收合營企業款項	39	644	512
應收聯營公司及一間聯營公司的附屬公司款項	39	370,849	235,155
限制性銀行結餘	24	139,426	106,333
銀行及現金結餘	25	104,014	74,860
		1,464,337	1,337,995

綜合財務狀況報表

	附註	二零二零年 人民幣千元	二零一九年 人民幣千元
流動負債			
貿易應付賬款及其他應付款項及應計開支	27	471,137	389,300
合約負債	28	260,711	300,336
遞延收益	32	1,410	1,410
應付最終控股公司款項	39	1,503	157
應付直接控股公司款項	39	15,627	815
應付同系附屬公司款項	39	2,005	2,457
應付合營企業款項	39	517	380
應付一間聯營公司款項	39	24,111	23,481
租賃負債	33	2,623	2,486
訴訟申索撥備	35	36,335	60,117
退貨負債	35	106,211	100,903
即期稅項負債		25,272	17,445
銀行及其他借貸	30	423,814	400,071
保證撥備	29	3,409	4,019
		1,374,685	1,303,377
流動資產淨值			
		89,652	34,618
總資產減流動負債			
		556,134	820,703
非流動負債			
銀行及其他借貸	30	38,506	36,760
遞延收益	32	72,270	73,680
租賃負債	33	2,489	1,784
		113,265	112,224
資產淨值			
		442,869	708,479
資本及儲備			
股本	26	4,021	4,021
股份溢價		82,183	82,183
資本儲備		77,338	77,338
其他儲備		53,202	66,454
保留盈利		226,125	478,483
總權益			
		442,869	708,479

已於二零二一年五月十四日獲董事會批准，並由下列董事代表簽署：

朱志洋
董事

溫吉堂
董事

綜合權益變動表

	股本 人民幣千元	股份溢價 (附註a) 人民幣千元	資本儲備 (附註b) 人民幣千元	其他儲備 (附註c) 人民幣千元	保留盈利 人民幣千元	總計 人民幣千元
於二零一九年一月一日	4,022	82,281	77,338	58,361	494,404	716,406
年內全面收益總額	-	-	-	8,093	(15,921)	(7,828)
購回及註銷股份(附註26)	(1)	(98)	-	-	-	(99)
於二零一九年十二月三十一日及 二零二零年一月一日	4,021	82,183	77,338	66,454	478,483	708,479
年內全面收益總額	-	-	-	(13,252)	(252,358)	(265,610)
於二零二零年十二月三十一日	4,021	82,183	77,338	53,202	226,125	442,869

附註：

a. 股份溢價

根據開曼群島公司法，凡公司不論以現金股份溢價或其他溢價發行股份，均須將一筆與其股份溢價價值總額相等的款額撥入股份溢價賬。動用股份溢價賬受開曼群島公司法規管。根據本公司組織章程大綱及章程細則的規定，本公司股份溢價可分配予股東，惟本公司於緊隨分派後能夠於日常業務過程中支付其到期債務。

b. 資本儲備

資本儲備指於本公司股份於香港聯合交易所有限公司(「聯交所」)上市前本集團進行的公司重組中以本公司已發行股份面值為代價收購的附屬公司實繳股本／股本與股份溢價的差額。

c. 其他儲備

除貨幣換算儲備及按公平值計入其他全面收益之應收款項儲備外，其他儲備包括根據中華人民共和國(「中國」)法定規定設立的一般儲備及法定儲備。

法定儲備包括法定盈餘儲備及任意盈餘儲備。

根據中國相關規則及法規，本公司在中國成立的附屬公司須將其10%除稅後溢利(誠如根據中國會計準則及法規所釐定)轉撥至法定盈餘儲備，直至該儲備的結餘達致其各自註冊資本的50%。轉撥至該儲備必須在向該等附屬公司的擁有人分派股息前作出。法定盈餘儲備可用作抵銷過往年度的虧損(如有)，並可按現有權益擁有人的權益百分比轉換為股本，惟有關發行後的結餘不得低於其註冊資本的25%。

此外，經權益擁有人批准後，本公司附屬公司可將其10%除稅後溢利(誠如根據中國會計準則及法規所釐定)轉撥至任意盈餘儲備。

綜合現金流量表

	二零二零年 人民幣千元	二零一九年 人民幣千元
經營活動現金流量		
除稅前(虧損)/溢利	(232,371)	34,228
調整：		
無形資產攤銷	570	824
物業、廠房及設備折舊	9,460	9,006
使用權資產折舊	6,424	5,602
存貨減值	12,565	667
利息開支	18,635	24,744
利息收入	(3,356)	(3,842)
出售物業、廠房及設備虧損	622	416
訴訟申索撥備撥回	(23,782)	-
退貨負債撥備	5,308	-
貿易應收賬款及合約資產之減值虧損/(減值虧損撥回)	12,985	(3,009)
分佔聯營公司虧損	287,061	57,089
分佔合營企業溢利	(615)	(1,141)
存貨撇銷	870	1,162
貿易應收賬款撇銷	12,954	4,337
未變現匯兌(收益)/虧損淨額	(8,740)	5,776
保證費用	3,549	2,985
已收新冠肺炎相關租金寬免	(55)	-
	334,455	104,616

綜合現金流量表

	二零二零年 人民幣千元	二零一九年 人民幣千元
未扣除營運資金費用前之經營溢利	102,084	138,844
存貨減少	56,142	39,580
貿易應收賬款及其他應收款項及預付款項減少	34,250	117,375
合約資產(增加)/減少	(8,035)	2,339
按公平值計入其他全面收益的應收款項(增加)/減少	(18,332)	4,723
受限制銀行結餘增加	(33,093)	(36,346)
應收最終控股公司款項增加	(1,008)	-
應收直接控股公司款項增加	(8)	-
應收一間關聯公司、同系附屬公司及最終控股公司的一間聯營公司款項增加	(21,839)	(6,225)
應收合營企業款項增加	(132)	(51)
應收聯營公司及一間聯營公司的附屬公司款項增加	(135,694)	(84,096)
貿易應付賬款及其他應付款項及應計開支增加	81,837	146,331
合約負債減少	(39,625)	(58,415)
應付最終控股公司款項增加/(減少)	1,346	(141,160)
應付直接控股公司款項增加/(減少)	14,812	(2,017)
應付同系附屬公司的款項減少	(452)	(1,180)
應付合營企業款項增加	137	18
應付一間聯營公司的款項增加/(減少)	630	(4,954)
保證撥備減少	(4,159)	(4,277)
遞延收入減少	(1,410)	(3,749)
營運所得現金	27,451	106,740
已繳所得稅及預扣稅	(8,563)	(27,096)
租賃負債利息	(270)	(171)
經營活動所得現金淨額	18,618	79,473

綜合現金流量表

	二零二零年 人民幣千元	二零一九年 人民幣千元
投資活動現金流量		
本集團一間聯營公司之附屬公司的一名非控股股東之貸款	(1,297)	(12,767)
收購物業、廠房及設備	(1,995)	(31,571)
出售物業、廠房及設備所得款項	217	472
購買無形資產	(210)	(16)
已收利息	3,356	3,842
提取按公平值計入損益(「按公平值計入損益」)之金融資產	9,610	217,655
購入按公平值計入損益之金融資產	(9,610)	(109,635)
投資活動所得現金淨額	71	67,980
融資活動現金流量		
銀行及其他借貸所得款項	2,694,968	3,708,993
償還銀行借貸	(2,662,485)	(3,877,937)
已收政府補貼	-	8,647
租賃付款本金部分	(3,407)	(2,651)
購回股份	-	(99)
已付利息	(18,365)	(24,573)
融資活動所得／(所用)現金淨額	10,711	(187,620)
現金及現金等值物增加／(減少)淨額	29,400	(40,167)
匯率變動之影響	(246)	2,354
於一月一日的現金及現金等值物	74,860	112,673
於十二月三十一日的現金及現金等值物	104,014	74,860
現金及現金等值物分析		
銀行及現金結餘	104,014	74,860

1. 一般資料

友佳國際控股有限公司（「本公司」）為於開曼群島註冊成立的有限公司。註冊辦事處位於Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands。主要營業地點的地址為香港德輔道中317至319號啟德商業大廈20樓2003室。本公司股份在聯交所主板上市。此外，本公司於二零一零年三月十八日在台灣證券交易所發行及上市67,200,000份台灣存託憑證，相當於本公司67,200,000股新近發行的股份。本公司董事認為，友佳實業（香港）有限公司（「友佳實業香港」）（一間在香港註冊成立的公司）及友嘉實業股份有限公司（「友嘉」）（一間在台灣註冊成立的公司）分別為直接控股公司及最終控股公司。

本公司為一間投資控股公司。其附屬公司之主要業務載於綜合財務報表附註17。

2. 編製基準

該等綜合財務報表已根據香港會計師公會（「香港會計師公會」）頒佈之所有適用香港財務報告準則（「香港財務報告準則」）編製。香港財務報告準則包括香港財務報告準則（「香港財務報告準則」）；香港會計準則（「香港會計準則」）；及詮釋。該等綜合財務報表亦遵守聯交所證券上市規則（「上市規則」）之適用披露條文及香港公司條例（第622章）之披露規定。本集團已採納之重大會計政策披露如下。

香港會計師公會已頒佈若干於本集團本會計期間首次生效或可供提早採納之新訂及經修訂香港財務報告準則。在該等綜合財務報表中反映之因初次應用該等與本集團有關的變動而引致之當前及過往會計期間會計政策之任何變動詳述於附註3。

3. 採納新訂及經修訂香港財務報告準則

(a) 應用新訂及經修訂香港財務報告準則

本集團編製綜合財務報表時首次應用自二零二零年一月一日或之後開始之年度期間強制生效的提述香港財務報告準則概念框架的修訂及下列香港會計師公會頒佈的香港財務報告準則修訂本：

香港會計準則第1號及香港會計準則第8號 (修訂本)	重大的定義
香港財務報告準則第3號 (修訂本)	業務的定義
香港財務報告準則第9號、香港會計準則第39號及 香港財務報告準則第7號 (修訂本)	利率基準改革

此外，本集團已提早應用香港財務報告準則第16號 (修訂本) 新冠肺炎相關租金寬免。

除下文所述者外，於本年度應用提述香港財務報告準則概念框架的修訂及香港財務報告準則修訂本對本集團於本年度及過往年度之財務狀況及表現及／或該等綜合財務報表所載列之披露並無構成重大影響。

香港會計準則第1號及香港會計準則第8號 (修訂本) 重大的定義

該等修訂本為重大一詞提供新定義，指出「倘遺漏、錯報或隱瞞某資料可合理預期影響通用目的財務報表的主要用戶基於該等提供有關特定報告實體財務資料的財務報表作出的決策，則該資料屬重大」。該等修訂本亦闡明重大性取決於資料 (不論於整份財務報表中單獨或與其他資料合併使用) 之性質或牽涉範圍。

應用該等修訂本並無對綜合財務報表構成影響。

香港財務報告準則第3號 (修訂本) 業務的定義

該等修訂本澄清了業務的定義，並就如何釐定交易是否為業務合併提供進一步指引。此外，該等修訂本引入一項可選的「集中測試」，允許對所收購的一組活動及資產是否為資產而非業務收購進行簡化評估，前提是所收購的總資產的絕大部分公平值集中於單一可識別資產或一組類似可識別資產。

本集團已就收購日期為二零二零年一月一日或之後的交易追溯應用該等修訂。應用該等修訂本對綜合財務報表並無影響。

3. 採納新訂及經修訂香港財務報告準則 (續)

(a) 應用新訂及經修訂香港財務報告準則 (續)

香港財務報告準則第9號、香港會計準則第39號及香港財務報告準則第7號 (修訂本) 利率基準改革

該等修訂本修改了特定對沖會計規定，因持續利率基準改革引致不確定因素期間對沖項目或對沖工具受現行利率基準修改影響前繼續應用對沖會計於受影響之對沖。

該等修訂本對本集團綜合財務報表並無影響。

香港財務報告準則第16號 (修訂本) 新冠肺炎相關租金寬免

該修訂本為承租人提供一個可行的權宜方法，允許承租人無須評估由新冠肺炎疫情直接引發之若干合資格租金寬免(「新冠肺炎相關租金寬免」)是否屬於租賃修訂，而是將該等租金寬免進行入賬，猶如其為非租賃修訂。

本年度本集團已選擇提早採納該等修訂本，並就所有給予本集團的合資格新冠肺炎相關租金寬免應用權宜方法。因此，已收取之租金寬免已就於觸發該等付款的事件或條件發生之期間於損益內確認為負可變租賃付款(見附註15)。於二零二零年一月一日，權益部分之期初結餘並無受到影響。

(b) 已頒佈但尚未生效的新訂及經修訂香港財務報告準則

除香港財務報告準則第16號 (修訂本) 新冠肺炎相關租金寬免外，本集團並無應用已頒佈但尚未於二零二零年一月一日開始之財政年度生效之任何新訂及經修訂香港財務報告準則。該等新訂及經修訂香港財務報告準則包括以下可能與本集團有關之準則。

3. 採納新訂及經修訂香港財務報告準則 (續)

(b) 已頒佈但尚未生效的新訂及經修訂香港財務報告準則 (續)

	於以下日期或 之後開始之 會計期間 生效
香港財務報告準則第9號、香港會計準則第39號、香港財務報告準則第7號、 香港財務報告準則第4號及香港財務報告準則第16號 (修訂本) 利率基準改革—第二期	二零二一年一月一日
香港財務報告準則第3號 (修訂本) 對概念框架的提述	二零二二年一月一日
香港會計準則第16號 (修訂本) 物業、廠房及設備：作擬定用途前的所得款項	二零二二年一月一日
香港會計準則第37號 (修訂本) 虧損合約—履行合約的成本	二零二二年一月一日
香港財務報告準則二零一八年至二零二零年週期之年度改進	二零二二年一月一日
香港會計準則第1號 (修訂本) 負債分類為流動或非流動	二零二三年一月一日
<p>本集團正在評估該等修訂本及新訂準則預期於首次應用期間的影響。迄今為止，本集團認為採納該等修訂本及新訂準則不太可能對綜合財務報表產生重大影響。</p>	

4. 主要會計政策

除非下文會計政策 (即若干金融工具按公平值計量) 另有所述，否則該等綜合財務報表按歷史成本慣例編製。

編製符合香港財務報告準則的財務報表須運用若干主要會計估計，在應用本集團會計政策的過程中亦須管理層作出判斷。涉及較高程度判斷或複雜性的範疇或假設及估計對綜合財務報表而言屬重大的範疇於附註5披露。

4. 主要會計政策 (續)

於編製此等綜合財務報表時應用之主要會計政策載列如下。

(a) 合併

綜合財務報表包括本公司及其附屬公司直至十二月三十一日之財務報表。附屬公司指本集團擁有控制權之實體。當本集團承受或享有參與實體所得之可變回報，且有能力透過其對實體之權力影響該等回報時，則本集團控制該實體。當本集團之現有權力賦予其目前掌控有關業務（即大幅影響實體回報之業務）之能力時，則本集團對該實體擁有權力。

在評估控制權時，本集團會考慮其潛在投票權以及其他人士持有之潛在投票權，以釐定其是否擁有控制權。僅在持有人能實際行使潛在投票權之情況下，方會考慮其權利。

附屬公司之賬目由其控制權轉至本集團當日起綜合入賬，直至控制權終止之日起不再綜合入賬。

致使控制權喪失之出售一間附屬公司之盈虧為(i)出售代價公平值加於該附屬公司保留之任何投資之公平值，及(ii)本公司應佔該附屬公司之淨資產加任何有關該附屬公司之餘下商譽以及任何有關累計外幣匯兌儲備兩者之間之差額。

集團內公司間之交易、結餘及未變現溢利予以對銷。除非交易提供已轉讓資產出現減值之憑證，未變現虧損亦予以對銷。附屬公司之會計政策在必要時會作出更改，以確保與本集團所採納之政策一致。

溢利或虧損及其他全面收益各部分歸屬本公司擁有人。

本公司於附屬公司之所有權之變動（不會導致失去控制權）作為股本交易入賬（即與擁有人（以彼等之擁有人身份）進行交易）。控股及非控股權益之賬面值經調整以反映其於附屬公司相關權益之變動。非控股權益被調整之金額與已付或已收代價公平值之間之任何差額須直接於權益內確認並歸屬於本公司擁有人。

於本公司財務狀況表內，於附屬公司之投資乃按成本減減值虧損列賬。

4. 主要會計政策 (續)

(b) 聯營公司

聯營公司指本集團擁有重大影響力之實體。重大影響力指有權參與投資對象之財務及經營決策，而非對該等政策擁有控制權或共同控制權。於評估本集團有否具有重大影響力時，將會考慮現時可予行使或轉換之潛在投票權（包括其他實體所持有之潛在投票權）之存在及影響。於評估潛在投票權是否對重大影響力有所影響時，持有人之動機及有否財政能力行使或轉換該權利均不予考慮。

於聯營公司之投資乃採用權益會計法於綜合財務報表入賬，且初步按成本確認。所收購聯營公司之可識別資產及負債乃按其於收購當日之公平值計量。倘收購成本超出本集團分佔聯營公司之可識別資產及負債之公平淨值，則有關差額將以商譽入賬，商譽乃計入投資之賬面值。倘本集團分佔可識別資產及負債之公平淨值高於收購成本，則有關差額將於綜合損益確認。

本集團評估是否存在客觀憑證顯示於一間聯營公司的權益可能存在任何減值。如存在客觀憑證，該項投資之全部賬面值（包括商譽）會根據香港會計準則第36號作為單一資產進行減值測試，方法為將其可收回金額（即使用價值與公平值減出售成本之較高者）與其賬面值進行比較。任何已確認減值虧損不會分配至構成投資賬面值一部分的任何資產（包括商譽）。有關減值虧損之任何撥回於該項投資的可收回金額其後增加時根據香港會計準則第36號確認。

本集團分佔聯營公司收購後溢利或虧損及其他全面收益於綜合損益及其他全面收益表確認。倘本集團分佔聯營公司虧損相等於或多於其於聯營公司之權益（包括任何其他無抵押應收款），則本集團不會進一步確認虧損，除非其已產生責任或代聯營公司付款。倘聯營公司其後錄得溢利，則本集團僅於其分佔溢利相等於其分佔未確認之虧損後，方會恢復確認其分佔之該等溢利。

出售一間聯營公司致使重大影響力喪失之盈虧為(i)出售代價公平值加上於該聯營公司保留的任何投資的公平值與(ii)本集團於該聯營公司的全部賬面值（包括商譽）以及任何有關累計外幣匯兌儲備兩者之間的差額。倘一項於一間聯營公司的投資變為於一間合營企業的投資，本集團將繼續應用權益法並不再重新計量保留權益。

4. 主要會計政策 (續)

(b) 聯營公司 (續)

本集團與其聯營公司間之交易之未變現溢利，按本集團於聯營公司之權益對銷。除非交易提供證據證明所轉讓之資產出現減值，否則未變現虧損亦予以對銷。聯營公司之會計政策已於有需要時作出變動，以確保與本集團所採納之政策一致。

於本公司財務狀況表中，於聯營公司之投資乃按成本減減值虧損列賬。

(c) 合營安排

合營安排是由兩方或以上擁有共同控制權的安排。共同控制權乃經合約同意一項安排的控制權分享，共同控制權僅於分享控制權各方一致同意有關相關活動的決策時存在。相關活動是指對安排之回報有重大影響之活動。在評估共同控制權時，本集團會考慮其潛在投票權以及其他人士持有的潛在投票權。在持有人能實際行使潛在投票權的情況下，方會考慮其權利。

合營安排可分為共同經營和合營企業。共同經營為一項合營安排，據此對安排擁有共同控制權的各方對該安排的資產及負債享有權利及負有義務。合營企業指一項合營安排，據此對安排擁有共同控制權的各方對安排之資產淨值擁有權利。本集團已評估其各項共同安排之種類並釐定該等安排全屬合營企業。

於一家合營企業的投資按權益法於綜合財務報表內列賬，初始按成本確認。所收購合營企業的可識別資產及負債按收購日期的公平值計量。投資成本超出本集團應佔合營企業可識別資產及負債公平淨值的數額作為商譽入賬，而商譽列入投資的賬面值。本集團應佔可識別資產及負債公平淨值超出收購成本的差額於綜合損益內確認。

本集團會評估有否客觀證據證明於一間合營公司的權益可能減值。倘存在任何客觀證據，該項投資的全部賬面值 (包括商譽) 會根據香港會計準則第36號以單一資產的方式進行減值測試，方法為比較其可收回金額 (即使用價值與公平值減出售成本兩者中的較高者) 與其賬面值。任何已確認的減值虧損不會分配至構成該項投資賬面值部份的任何資產 (包括商譽)。有關減值虧損的任何撥回乃於該項投資的可收回金額其後增加時根據香港會計準則第36號確認。

4. 主要會計政策 (續)

(c) 合營安排 (續)

本集團應佔合營企業的收購後溢利或虧損及其他全面收益於綜合損益及其他全面收益表確認。倘本集團應佔合營企業虧損相等於或多於其於合營企業之權益 (包括任何實質上構成本集團於合營企業投資淨額一部分之長期權益)，則本集團不進一步確認虧損，除非本集團已產生責任或代合資企業付款。倘合營企業其後錄得利潤，則本集團僅於其應佔利潤相等於其應佔未確認之虧損後，方會恢復確認其應佔之該等利潤。

出售一家合營企業 (導致失去共同控制權) 之收益或虧損指(i)出售代價的公平值連同於該合營企業任何保留投資的公平值與(ii)本集團於該合營企業的全部賬面值 (包括商譽) 以及任何相關累計外幣換算儲備兩者間差額。倘於合營企業之投資變成於聯營公司之投資，本集團會繼續應用權益法且不會重新計量保留權益。

對銷本集團與其合營企業間交易之未變現利潤乃以本集團於合營企業之權益為限。除非交易提供憑證顯示所轉讓資產出現減值，否則未變現虧損亦予以對銷。合營企業之會計政策已於有需要時作出變動，以確保與本集團所採納之政策貫徹一致。

於本公司財務狀況表中，於合營企業之投資乃按成本減減值虧損列賬。

(d) 外幣換算

(i) 功能及呈列貨幣

本集團旗下各實體之財務報表所列之項目採用該實體經營所在主要經濟環境之貨幣 (「功能貨幣」) 計量。綜合財務報表以人民幣 (「人民幣」) 呈列，而人民幣為本公司之功能及呈列貨幣。

(ii) 各實體財務報表內之交易及結餘

外幣交易於首次確認時按交易當日之匯率換算為功能貨幣。以外幣計值之貨幣資產及負債按各報告期末之匯率予以換算。因此換算政策所產生之收益及虧損於損益內確認。

4. 主要會計政策 (續)

(d) 外幣換算 (續)

(ii) 各實體財務報表內之交易及結餘 (續)

以公平值計量及外幣計值的非貨幣項目按釐定公平值當日之匯率換算。

當非貨幣項目的收益或虧損於其他全面收益確認時，任何收益或虧損匯兌部分將於其他全面收益中確認。當非貨幣項目的收益或虧損於損益確認時，任何該收益或虧損匯兌部分將於損益確認。

(iii) 綜合賬目時換算

所擁有之功能貨幣與本公司之呈列貨幣不同之本集團所有實體之業績及財務狀況乃按下列方式換算為本公司之呈列貨幣：

- 各財務狀況表所列之資產及負債按財務狀況表日期之收市匯率換算；
- 收入及支出均按期內平均匯率換算，除非該平均值並非為按於交易日期之現行匯率累計影響之合理近似值，在此情況下，收入及支出按交易日期匯率換算；及
- 產生的所有匯兌差額於其他全面收益確認，並於外幣匯兌儲備累計。

於綜合賬目時，換算屬於海外實體投資淨額一部分的貨幣項目所產生的匯兌差額，均於其他全面收益確認，並於外幣匯兌儲備累計。當海外業務售出，該匯兌差額重新分類至綜合損益作為出售收益或虧損的一部分。

收購海外實體所產生的商譽及公平值調整作為海外實體的資產及負債處理，並按收市匯率換算。

4. 主要會計政策 (續)

(e) 物業、廠房及設備

持有作生產或提供貨品或服務或作行政用途之物業、廠房及設備 (惟不包括下文所述在建物業)，物業、廠房及設備按成本減其後累計折舊及其後累計減值虧損 (如有) 於綜合財務狀況表列賬。

其後成本僅於與該項目相關之未來經濟利益可能流入本集團，且該項目之成本能可靠地計量時，方計入資產之賬面值或確認為獨立資產 (如適用)。所有其他維修及保養於產生之期間在損益確認。

物業、廠房及設備之折舊按足以撇銷其成本減其剩餘價值之比率，於估計可使用年內使用直線法計算。主要年率如下：

樓宇	20年
機械及設備	10年
辦公及電腦設備	3-5年
汽車	4年

本集團於各報告期末檢討及調整 (如適用) 剩餘價值、可使用年期及折舊方法，而估計之任何變動的影響以預期基準入賬。

在建工程指在建樓宇以及待安裝之機器及設備，以成本減去減值虧損列賬。折舊於相關資產可供使用時開始計算。

出售物業、廠房及設備之收益或虧損為出售所得款項淨額與相關資產賬面值兩者間之差額，並於損益確認。

(f) 租賃

於合約成立時，本集團會評估合約是否為租賃或包含租賃。倘合約賦予在一段時間內控制已識別資產使用的權利以換取代價，則合約為租賃或包含租賃。倘客戶有權主導已識別資產之用途及從該用途中獲得絕大部份經濟收益，則控制權已轉移。

4. 主要會計政策 (續)

(f) 租賃 (續)

(i) 本集團作為承租人

倘合約包含租賃組成部分及非租賃組成部分，本集團已選擇不分開處理非租賃組成部分，並就所有租賃將各租賃組成部分及任何相關非租賃組成部分入賬為單一租賃組成部分。

於租賃開始日期，本集團確認使用權資產及租賃負債，惟租賃期為12個月或以下的短期租賃以及低價值資產租賃（就本集團而言，主要為辦公室傢具）除外。當本集團就低價值資產訂立租賃時，本集團按逐項租賃情況決定是否將租賃資本化。而與該等不作資本化租賃相關的租賃付款於租賃期內按系統基準確認為開支。

倘租賃已資本化，租賃負債初步按租期內應付租賃款項現值確認，並按租賃中所內含之利率貼現，倘該利率不易釐定，則使用相關增量借貸利率。初步確認後，按攤銷成本計量租賃負債及使用實際利率法計量利息開支。計量租賃負債時，並不包括不依賴某個指數或利率之可變租賃款項，因此計入其所產生會計期間之損益內。

於租賃資本化時確認之使用權資產初步按成本計量，其中包括租賃負債之初步金額加上於開始日期或之前作出之任何租賃付款，以及產生之任何初步直接成本。於適用情況下，使用權資產成本亦包括拆除及移除相關資產或恢復相關資產或該資產所在地之估計成本，折現至其現值再減去任何已收租賃優惠。使用權資產其後按成本減累計折舊及減值虧損列賬，惟符合投資物業定義之使用權資產按公平值列賬。

本集團合理確定於租期結束時將取得相關租賃資產所有權的使用權資產自開始日期起至可使用年期結束時計提折舊。否則，使用權資產於其估計可使用年期及租期（以較短者為準）按直線法折舊。

已付可退還租賃按金根據香港財務報告準則第9號入賬，並初步按公平值計量。於初步確認時對公平值的調整被視為額外租賃付款，並計入使用權資產成本。

4. 主要會計政策 (續)

(f) 租賃 (續)

(i) 本集團作為承租人 (續)

倘因指數或利率變化引致未來租賃付款出現變動，或本集團預期根據剩餘價值擔保應付的估計金額發生變化，或就本集團是否合理確定將行使購買、續租或終止選擇權的有關重新評估發生變化，則租賃負債將重新計量。倘以此方式重新計量租賃負債，則應當對使用權資產的賬面值進行相應調整，而倘使用權資產的賬面值已調減至零，則應於損益中列賬。

當租賃範疇發生變化或租賃合約原先並無規定的租賃代價發生變化（「租賃修改」），且未作為單獨的租賃入賬時，則亦要重新計量租賃負債。在該情況下，租賃負債根據經修訂的租賃付款及租賃期限，使用經修訂的貼現率在修改生效日期重新計量。唯一的例外是因新型冠狀病毒(COVID-19)疫情而直接產生的任何租金減免，且符合香港財務報告準則第16號第46B段所載的條件。在該等情況下，本集團利用香港財務報告準則第16號第46A段所載的實際權宜方法，確認代價變動，猶如其並非租賃修改。

(ii) 本集團作為出租人

倘本集團作為出租人，其於租賃開始時釐定各租賃為融資租賃或經營租賃。倘租賃轉移相關資產所有權附帶之絕大部分風險及回報至承租人，則租賃分類為融資租賃。否則，租賃分類為經營租賃。

(g) 無形資產

(i) 研發費用

研究活動的開支於產生的期間確認為開支。

(ii) 獨立收購之無形資產

獨立收購之具有有限可使用年期的無形資產按成本減累計攤銷及任何累計減值虧損入賬。具有有限可使用年期的無形資產的攤銷按直線基準於其估計可使用年期計算。估計可使用年期及攤銷法於各報告期末檢討，估計的任何變動的影響按前瞻基準入賬。

4. 主要會計政策 (續)

(g) 無形資產 (續)

(ii) 獨立收購之無形資產 (續)

所購置的電腦軟件許可證根據購置及使用該特定軟件所產生的成本資本化。該等成本按其估計可使用年期 (3至5年) 攤銷。

無形資產於出售或當預期使用或出售不會帶來未來經濟利益時取消確認。取消確認無形資產所產生收益或虧損按出售所得款項淨額與資產賬面值之差額計量並於取消確認資產時於損益中確認。

(h) 非金融資產減值

非金融資產的賬面值於各報告日期檢討有無減值跡象，倘資產已減值，則作為開支透過綜合損益表撇減至其估計可收回金額。可收回金額就個別資產釐定，除非資產並無產生大部分獨立於其他資產或資產組合的現金流入則除外。在此情況下，可收回金額就資產所屬的現金產生單位釐定。可收回金額按個別資產或現金產生單位的使用價值與其公平值減出售成本兩者中的較高者計算。

使用價值為資產／現金產生單位估計未來現金流量的現值。現值按反映貨幣時間價值及資產／現金產生單位 (已計量減值) 的特有風險的稅前貼現率計算。

現金產生單位之減值虧損首先用於抵銷單位商譽，然後於現金產生單位之其他資產之間按比例分配。隨後估計變動導致之可收回金額增加計入損益，直至撥回減值。

(i) 存貨

存貨按成本及可變現淨值兩者的較低者列賬。成本以加權平均基準釐定。製成品及在製品之成本包括原材料、直接人工及所有生產經常性開支之適當部分及 (如適用) 分包費用。可變現淨值按一般業務過程中估計的銷售價格減去的估計完工成本及估計銷售所需費用計算。

4. 主要會計政策 (續)

(j) 合約資產及合約負債

合約資產於本集團根據合約所載的付款條件無條件收取代價前確認收益時確認。合約資產根據附註4(y)所載的政策評估預期信貸虧損(「預期信貸虧損」)，並於有權無條件收取代價時重新分類為應收款項。

合約負債於本集團確認相關收益前客戶支付代價時確認。倘本集團在確認相關收益前有權無條件收取代價，亦會確認合約負債。於該等情況下亦會確認相應的應收款項。

對於與客戶簽訂之單獨合約，應以淨合約資產或淨合約負債列報。對於多項合約，無關聯合約的合約資產及合約負債不以淨值基準進行列報。

倘合約包括重大融資部分，合約結餘包括按實際利息法計算的應計利息。

(k) 確認及終止確認金融工具

當本集團實體成為工具合約條文之訂約方時，會於綜合財務狀況表內確認金融資產及金融負債。

金融資產及金融負債初步按公平值計量。直接歸屬於收購或發行金融資產及金融負債(按公平值計入損益的金融資產及金融負債除外)的交易成本，於初始確認時計入金融資產或金融負債公平值或自該等公平值中扣除(如適用)。直接歸屬於收購按公平值計入損益的金融資產或金融負債的交易成本，即時於損益中確認。

本集團僅於自金融資產產生現金流量的合約權利到期時，或於其將金融資產以及該資產絕大部分的所有權風險及回報轉讓予其他實體時終止確認該資產。倘本集團並未轉讓亦未保留絕大部分所有權風險及回報並繼續控制已轉讓資產，則本集團確認其於該資產的保留權益並就其可能支付的金額確認相關負債。倘本集團保留已轉讓金融資產的絕大部分所有權風險及回報，則本集團繼續確認該金融資產並亦就已收到的所得款項確認一項有抵押借貸。

本集團於且僅於本集團的責任獲履行、取消或已到期時終止確認金融負債。終止確認的金融負債賬面值與已付及應付代價(包括任何已轉讓的非現金資產或已承擔的負債)之差額於損益中確認。

4. 主要會計政策 (續)

(l) 金融資產

所有以常規方式購買或出售之金融資產均於交易日期確認及終止確認。以常規方式買賣為要求於市場法規或慣例所確定之時間框架內交付資產的金融資產買賣。所有已確認金融資產後續根據金融資產的分類以其整體按攤銷成本或公平值計量。

債務投資

本集團持有的債務投資可分類為以下其中一個計量類別：

- 攤銷成本，條件為持有投資旨在收取合約現金流量，即純粹為支付本金及利息。投資利息收入採用實際利率法計算。
- 按公平值計入其他全面收益—可撥回，條件為投資之合約現金流量包括純粹為支付本金及利息，且持有投資的業務模式同時以收回合約現金流量及出售該投資為目標。公平值變動於其他全面收益內確認，惟預期信貸虧損、利息收入（按實際利率法計算）及外匯收益及虧損於損益內確認除外。當投資終止確認時，於其他全面收益累計的金額由權益撥回至損益。
- 按公平值計入損益，條件為投資不符合按攤銷成本或按公平值計入其他全面收益（可撥回）的計量標準。投資公平值變動（包括利息）於損益確認。

(m) 貿易應收賬款及其他應收賬款

應收賬款於本集團具無條件收取代價的權利時予以確認。倘代價僅隨時間推移即會成為到期應付，則收取代價的權利為無條件。倘於本集團具無條件收取代價權利之前已確認為收入，則有關金額入賬列為一項合約資產。

應收賬款採用實際利率法按攤銷成本減信貸虧損撥備列賬。

(n) 現金及現金等值物

現金及現金等值物包括銀行存款及手頭現金、銀行及其他金融機構的活期存款以及可隨時兌換為已知數額現金的短期高流動性投資（該等投資所面對的價值變動風險並不重大，並於購入起計三個月內到期）。現金及現金等值物均進行預期信貸虧損評估。

4. 主要會計政策 (續)

(o) 借貸

借貸初步按公平值扣除已產生的交易成本確認，其後採用實際利率法按攤銷成本計量。

除非本集團具無條件權利延遲負債結算至報告期後至少十二個月，否則借貸分類為流動負債。

(p) 金融負債及權益工具

金融負債及權益工具乃根據合約安排訂立之實質內容以及香港財務報告準則中金融負債及權益工具之定義予以分類。權益工具指證明實體於本集團扣除其所有負債後之資產剩餘權益之任何合約。就特定類別之金融負債及權益工具採納之會計政策於下文載列。

權益工具

權益工具指證明實體於扣除其所有負債後之資產剩餘權益之任何合約。本公司發行之權益工具按已收取所得款項扣除直接發行成本列賬。

金融負債

金融負債 (包括貿易應付賬款及其他應付款項、應付最終控股公司款項、應付直接控股公司款項、應付同系附屬公司、應付一間聯營公司、應付合營企業款項及銀行及其他借貸款項) 其後採用實際利率法按攤銷成本計量。

(q) 財務擔保合約

財務擔保合約在擔保發行時確認為金融負債。負債初步按公平值計量，其後則按下列較高者計量：

- 根據香港財務報告準則第9號的預期信貸虧損模式釐定的金額；及
- 初步確認的金額減去 (如適用) 根據香港財務報告準則第15號的原則確認的累計收入金額。

4. 主要會計政策 (續)

(q) 財務擔保合約 (續)

財務擔保的公平值釐定為債務工具項下的合約付款與在並無擔保下將須作出的付款之間的現金流量之差額的現值，或就承擔責任而可能須支付予第三方的估計金額。

倘提供有關與聯營公司的貸款或其他應付款項的擔保為無補償，則公平值作為供款入賬，並確認為投資成本的一部分。

(r) 貿易應付賬款及其他應付款項

貿易應付賬款及其他應付款項初步按公平值確認，其後則採用實際利率法按攤銷成本計量，除貼現影響微小則作別論，在此情況下，則按成本列賬。

(s) 保證

倘客戶並無選擇單獨購買一項保證，本集團按照香港會計準則第37號撥備、或有負債及或有資產（「香港會計準則第37號」）計入保證，除非保證在除保證產品符合協定的規格外已為客戶提供一項服務（即服務型擔保）。

就服務型保證而言，承諾服務為一項履約義務。在此情況下，本集團分配交易價的一部分至保證。

(t) 收益及其他收入

當產品或服務的控制權轉移至客戶時，按本集團預期享有的承諾代價金額確認收益，不包括代表第三方收取的款項。收益不包括增值稅或其他銷售稅，並已扣除任何貿易折扣。

就工具機及叉車的收入而言，本集團管理層已評估銷售合約相關貨物之控制權已於交付、所有權轉移及客戶檢查及接收貨品時轉移。

就停車設備的收入而言，本集團管理層已評估合約條款及中國法規環境，並認為相關履約責任並不符合隨時間確認標準，因此本集團之停車設備收益於客戶取得明確貨品之控制權的時間點予以確認。

4. 主要會計政策 (續)

(t) 收益及其他收入 (續)

就工具機、停車設備及叉車而言，客戶通常須於本集團開展任何工作前預先支付合約總金額30%，此將在合約開始時產生合約負債。於生產停車設備過程中，客戶將通常須作出進度付款。一般而言，客戶將須於本集團安裝停車設備至客戶指定地點前支付不少於合約總金額80%。就工具機而言，客戶將須於本集團運送工具機至客戶指定地點前支付不少於合約總金額90%。就叉車而言，客戶通常須於本集團運送叉車至客戶指定地點前支付全部合約總金額。倘客戶滿意停車設備安裝及簽收工具機及叉車，其將向本集團發出承兌票據。本集團通常於安裝停車設備及發出最終承兌票據後提供一至兩年的保證期。本集團通常授予其客戶30至180天之信貸期。

利息收入乃採用實際利率法於其產生時予以確認。就並無信貸減值而按攤銷成本或按公平值計入其他全面收益(可撥回)計量之金融資產而言，對資產賬面總值應用實際利率。就信貸減值金融資產而言，對資產攤銷成本(即賬面總值扣除虧損撥備)應用實際利率。

經營租賃的應收租金收入在租賃期所涵蓋期間內以等額在損益中確認，惟倘另有一種方法更能代表使用租賃資產所產生的收益模式則除外。授予的租賃優惠在損益中確認為應收租賃淨付款總額的組成部分。不取決於某一指數或比率的可變租賃付款額於其賺取的會計期間確認為收入。

(u) 僱員福利

(i) 僱員應享假期

僱員可享有之年假及長期服務假期乃在其權利產生時確認。本集團為截至報告期末僱員已提供之服務而產生之年假及長期服務假期之估計負債作出撥備。

僱員可享有之病假及產假直至僱員正式休假時方予確認。

(ii) 退休福利計劃

根據香港強制性公積金計劃條例，本集團會為所有香港合資格僱員參與強制性公積金計劃(「強積金計劃」)。本集團於強積金計劃供款為每名僱員每月的薪金及工資的5%，並設有最高供款金額，並於注資予強積金計劃時全數歸屬予僱員。

4. 主要會計政策 (續)

(u) 僱員福利 (續)

(ii) 退休福利計劃 (續)

本集團在中國成立之附屬公司之僱員為當地市政府設立之中央退休金計劃之成員。此等附屬公司需要按僱員基本薪金及工資之若干百分比對中央退休金計劃供款，以便為退休福利提供資金。當地市政府承諾承擔該等附屬公司所有現有及未來之退休員工之退休福利責任。此等附屬公司對於中央退休金計劃之唯一義務是支付該計劃項下之所需供款。

自損益賬扣除的退休福利計劃成本相當於本集團就基金應付的供款。

(iii) 離職福利

離職福利於本集團不再撤回該等福利的提供時及本集團確認重組成本並涉及支付離職福利時 (以較早日期為準) 確認。

(v) 借貸成本

直接歸屬於收購、興建或生產合資格資產 (指必須經較長一段時間處理以作其擬定用途或銷售的資產) 的借貸成本乃加入該等資產的成本內，直至資產大致上備妥供作其擬定用途或銷售為止。從特定借貸待支付合資格資產之費用前而作出之短暫投資所賺取之投資收入乃從合資格資本化之借貸成本中扣除。

就於一般情況及用作取得合資格資產而借入之資金而言，合資格資本化之借貸成本金額乃按用於該資產之費用資本化比率計算。資本化比率為適用於本集團該期間內尚未償還借貸 (不包括就取得合資格資產而借入之特定借貸) 之加權平均借貸成本。於相關資產可按擬定用途或銷售後的任何尚未償還的特定借貸計入一般借貸，以其計算一般借貸的資本化比率。

所有其他借貸成本於其產生的期間於損益中確認。

(w) 政府補貼

當能夠合理保證本集團符合補貼的附帶條件，且會獲授補貼時，方會確認政府補貼。

4. 主要會計政策 (續)

(w) 政府補貼 (續)

有關收入的政府補助將予以遞延，並將於配合擬補助的成本的期間內在損益內確認。

因已產生的開支或虧損或向本集團提供即時財務支持成為應收補償且並無日後相關成本的政府補助，乃於其成為應收款項的期間在損益確認。

有關購買資產之政府補貼錄為遞延收入及按直線法於相關資產之可使用年期於損益中予以確認。

(x) 稅項

所得稅開支指即期稅項及遞延稅項總額。

即期應付稅項乃按年內應課稅溢利計算。應課稅溢利與於損益內確認的溢利乃因其他年度的應課稅或可扣稅收入或開支項目以及毋須課稅或不可扣稅項目而有所不同。本集團的即期稅項責任乃按照報告期末前已頒佈或實質已頒佈的稅率計算。

遞延稅項乃按綜合財務報表中資產及負債的賬面值與計算應課稅溢利所用相應稅基之間的差額確認。遞延稅項負債一般就所有應課稅暫時差額確認，遞延稅項資產則於應課稅溢利有可能用作抵銷可扣稅暫時差額、未動用稅項虧損或未動用稅項抵免之情況下確認。倘暫時差額因商譽或初次確認（不包括於業務合併中確認者）一項不影響應課稅溢利及會計溢利的交易的其他資產及負債而產生，則不會確認有關資產及負債。

本集團會就於附屬公司及聯營公司的投資及於合營安排的權益產生的應課稅暫時差額確認遞延稅項負債，惟倘本集團能夠控制暫時差額的撥回及暫時差額不大可能於可見將來撥回則除外。

遞延稅項資產的賬面值在各報告期末進行檢討，並扣減至再無足夠應課稅溢利可用以收回所有或部分資產。

遞延稅項根據於報告期末已頒佈或實質已頒佈的稅率，按預期適用於負債清償或資產變現期間的稅率計算。遞延稅項於損益中確認，惟當其與於其他全面收益或直接於權益確認的項目相關時除外，在此情況，遞延稅項亦於其他全面收益或直接於權益確認。

遞延稅項資產及負債的計量反映在報告期末本集團預期收回或清償其資產及負債賬面值的稅務影響。

4. 主要會計政策 (續)

(x) 稅項 (續)

就計量本集團於其中確認使用權資產及相關租賃負債的租賃交易之遞延稅項而言，本集團首先釐定稅項減免是否歸屬於使用權資產或租賃負債。

就稅項減免歸屬於租賃負債的租賃交易而言，本集團分別對使用權資產及租賃負債應用香港會計準則第12號規定。由於應用初始確認豁免，與使用權資產及租賃負債相關的暫時差額並非於初始確認及租賃期內確認。

當有法定可執行權利將即期稅項資產抵銷即期稅項負債時，以及當它們與同一稅務機關徵收的所得稅有關且本集團有意按淨額基準結算其即期稅項資產和負債時，遞延稅項資產及負債予以抵銷。

(y) 金融資產及合約資產減值

本集團就按攤銷成本或按公平值計入其他全面收益計量的債務工具投資、貿易應收賬款及合約資產以及財務擔保合約的預期信貸虧損確認虧損撥備。預期信貸虧損的金額於各報告日期更新，以反映信貸風險自各金融工具首次確認以來的變動。

本集團始終就貿易應收賬款及合約資產確認全期預期信貸虧損。該等金融資產的預期信貸虧損根據本集團過往信貸虧損經驗進行評估，並就債務人特定因素、一般經濟狀況以及對於報告日期之當時狀況及未來狀況預測的評估包括貨幣時間價值 (倘適用) 使用撥備矩陣進行調整。

就所有其他金融工具而言，當信貸風險自首次確認以來顯著上升，本集團確認全期預期信貸虧損。然而，倘信貸風險自首次確認以來並無顯著上升，本集團則按等於十二個月預期信貸虧損的金額計量金融工具的虧損撥備。

全期預期信貸虧損指於金融工具的預計年內所有可能的違約事件將導致的預期信貸虧損。相反，十二個月預期信貸虧損指金融工具預計於報告日期後十二個月內可能發生的違約事件導致的部分全期預期信貸虧損。

信貸風險顯著上升

於評估金融工具信貸風險是否自首次確認以來顯著上升時，本集團比較金融工具於報告日期出現違約的風險與該金融工具於首次確認日期出現違約的風險。作此評估時，本集團會考慮合理及有理據的定量及定性資料，包括歷史經驗及毋須花費不必要成本或精力即可獲得的前瞻性資料。考慮到的前瞻性資料包括取自經濟專家報告、財務分析師、政府機構、相關智囊團及其他類似組織的本集團債務人所營運行業的未來前景，並考慮多種源自外部而與本集團核心業務相關的實質及預測經濟資料。

4. 主要會計政策 (續)

(y) 金融資產及合約資產減值 (續)

信貸風險顯著上升 (續)

具體而言，評估信貸風險自首次確認以來是否顯著上升時會考慮下列資料：

- 金融工具外部 (如適用) 或內部信貸評級的實際或預期重大惡化；
- 特定金融工具信貸風險的外界市場指標的重大惡化；
- 預期將導致債務人履行其債務責任的能力大幅下降的營商、金融或經濟狀況的現有或預測不利變動；
- 債務人經營業績的實際或預期重大惡化；
- 同一債務人之其他金融工具信貸風險顯著上升；
- 導致債務人履行其債務責任的能力大幅下降的債務人監管、經濟或技術環境的實際或預期重大不利變動。

無論上述評估結果如何，本集團假定倘合約付款逾期超過30日時，則該金融資產的信貸風險自首次確認以來已大幅增加，除非本集團有合理及有理據的資料證明情況並非如此則當別論。

儘管存在上述情況，倘金融工具於報告日期被釐定為具有低信貸風險，則本集團假設金融工具的信貸風險自初步確認起並無大幅增加。金融工具被釐定為具有低信貸風險倘：

- (i) 金融工具違約風險低，
- (ii) 債務人有於短期履行其合約現金流量責任的強大能力，及
- (iii) 較長期的經濟及營商狀況存在不利變動，惟將未必削弱借方履行其合約現金流量責任的能力。

倘資產外部信貸評級為國際通用之「投資評級」或倘外部評級不可用，而資產內部評級為「表現出色」，則本集團認為該金融資產具有低信貸風險。表現出色指交易對手財務狀況強勁且並無逾期款項。

4. 主要會計政策 (續)

(y) 金融資產及合約資產減值 (續)

信貸風險顯著上升 (續)

就財務擔保合約而言，本集團訂立不可撤銷承擔當日被視為就金融工具減值評估進行首次確認之日期。於評估財務擔保合約是否自首次確認以來信貸風險顯著上升時，本集團考慮指定債務人違約風險的變動。

本集團定期監察識別信貸風險是否顯著上升所用標準的有效性，並酌情修訂以確保該標準能夠在款項逾期前識別信貸風險的顯著上升。

違約的定義

本集團認為以下情況就內部信貸風險管理目的而言構成違約事件，因為過往經驗表明符合以下任何一項條件的應收款項一般無法收回。

- 交易對手違反財務契諾；或
- 內部產生或獲取自外部來源的資料表明，債務人不太可能向債權人（包括本集團）全額還款（未計及本集團所持任何抵押品）。

不論上文分析，本集團認為當金融資產逾期超過90日時，即屬發生違約，除非本集團有合理及有理據的資料證明較寬鬆的違約標準更為適用則當別論。

4. 主要會計政策 (續)

(y) 金融資產及合約資產減值 (續)

信貸減值金融資產

倘發生對金融資產的估計未來現金流量有不利影響的一項或多項事件，該金融資產出現信貸減值。金融資產出現信貸減值的證據包括有關下列事件的可觀察數據：

- 發行人或交易對手出現重大財務困難；
- 違反合約，如違約或逾期事件；
- 交易對手的借貸人因有關交易對手財務困難的經濟或合約原因向對手方授出借貸人不會另作考慮的特權；
- 交易對手很可能將破產或進行其他財務重組；或
- 財務困難導致該金融資產的活躍市場消失。

撤銷政策

當有資料顯示債務人陷入嚴重財政困難，且並無實際收回款項的可能時（包括債務人被清盤或進入破產程序），或（就貿易應收款項而言）當該等金額逾期超過兩年時（以較早發生者為準），本集團會撤銷有關金融資產。經計及在適當情況下之法律意見後，已撤銷之金融資產可能仍可於本集團收回程序下被強制執行。收回之任何款項於損益內確認。

預期信貸虧損的計量及確認

預期信貸虧損的計量為違約概率、違約損失率（即違約時的損失程度）及違約風險敞口的函數。如上所述，評估違約概率及違約損失率的依據是過往數據，並按前瞻性資料調整。金融資產的違約風險敞口，則由資產於報告日期的賬面總值表示；就財務擔保合約而言，敞口包括於報告日期之已提取金額，連同預期將於未來在違約日期前提取之任何額外金額（根據過往趨勢、本集團對債務人之特定未來融資需要之理解，以及其他相關前瞻性資料而釐定）。

4. 主要會計政策 (續)

(y) 金融資產及合約資產減值 (續)

預期信貸虧損的計量及確認 (續)

就金融資產而言，預期信貸虧損乃根據合約應付本集團的所有合約現金流量與本集團預期收取的所有現金流量之間的差額估計，並按原始實際利率貼現。

就財務擔保合約而言，如本集團根據所擔保契據之條款僅須於債務人違約時作出付款，故預期虧損撥備相當於為產生的信貸虧損補償持有人所作出之預期付款減本集團預期自持有人、債務人或任何其他方收取之任何金額。

倘本集團於上一個報告期間以相等於全期預期信貸虧損的金額計量一項金融工具的虧損撥備，但於本報告日期釐定該全期預期信貸虧損的條件不再符合，則本集團於本報告日期按相等於12個月預期信貸虧損的金額計量虧損撥備，惟採用簡化方法計量的資產除外。

除按公平值計入其他全面收益的債務工具投資外，本集團就所有金融工具於損益確認減值收益或虧損，而對其賬面值的相應調整乃透過虧損撥備賬確認，有關虧損撥備乃於其他全面收益確認及於投資重估儲備累計，以及並不削減財務狀況表內金融資產之賬面值。

(z) 撥備及或然負債

倘本集團因過往事件負上現有法律或推定責任而可能需要撥出經濟利益以履行責任並能可靠地作出估計，則會就未有確定時間或金額之負債確認撥備。倘金錢之時間價值重大，撥備會以履行責任預期所需支出之現值列賬。

倘需要撥出經濟利益之可能性不大，或未能可靠估計有關金額，則除非撥出經濟利益之可能性極微，否則有關責任將列作或然負債披露。須視乎某宗或多宗未來事件是否發生才能確定存在與否之潛在責任，亦會披露為或然負債，除非撥出經濟利益之可能性極微，則作別論。

(aa) 報告期後事項

能提供有關本集團於報告期末狀況或該等顯示持續經營假設為不恰當之額外資料之報告期後事項為調整事項，並反映於綜合財務報表。並非調整事項之報告期後事項，倘屬重大時，則於綜合財務報表附註內披露。

5. 關鍵判斷及主要估計

應用會計政策時的關鍵判斷

下列為本集團管理層於應用本集團會計政策的過程中所作出且對綜合財務報表中確認的金額具有最重大影響的關鍵判斷(除該等涉及估計者外(見下文))。

(a) 收益確認

確認本集團各收益流需要本集團管理層釐定履行履約責任的時間作出判斷。

於作出判斷時，本集團管理層會考慮香港財務報告準則第15號所載之確認收益的詳細標準，尤其是本集團是否經參考與其客戶及交易對手訂立之合約規定的交易詳細條款隨時間或於某一時間點履行所有履約責任。

就工具機及叉車的收入而言，本集團管理層已評估銷售合約相關貨物之控制權已於交付及接納已交付貨物後轉讓予客戶。因此，本集團管理層合理認為銷售收益有關之履約責任於某一時間點履行並於某一時間點確認收入。

就停車設備的收入而言，本集團管理層已評估合約條款及中國法規環境，並認為其並不適用於隨時間履行履約責任的標準。因此，本集團管理層合理認為有關停車設備的履約責任於某一時間點履行並於某一時間點確認收入。

(b) 信貸風險顯著上升

如附註4(y)所闡述，預期信貸虧損按相等於第一階段資產的十二個月預期信貸虧損、或第二階段或第三階段的全期預期信貸虧損進行計量。當資產的信貸風險自初步確認以來顯著上升時移至第二階段。香港財務報告準則第9號並未界定構成信貸風險顯著上升的因素。於評估資產的信貸風險有否顯著上升時，本集團會經考慮定性及定量合理及可支持性的前瞻性資料。

(c) 評估重大影響

儘管本集團持有FFG European and American Holdings GmbH(「FFG EA」)超過50%的股權，惟由於根據股東協議，三名股東各自於股東委員會享有一票成員票，因此FFG EA被視為一間聯營公司。董事認為本集團僅可對FFG EA施加重大影響(附註19)。

5. 關鍵判斷及主要估計 (續)

應用會計政策時的關鍵判斷 (續)

(d) 評估共同控制權

就本集團對合營企業的投資而言，由於根據合約協議，所有相關活動均須取得訂約各方一致同意，因此董事釐定本集團對該安排具有共同控制權(附註18)。

估計不確定因素之主要來源

有關日後之主要假設及於報告期末之估計不確定因素之其他主要來源論述如下，其可能具有導致於下一個財政年度須大幅調整資產及負債賬面值之重大風險。

(a) 物業、廠房及設備及使用權資產的減值

物業、廠房及設備及使用權資產均以成本減累計折舊及減值(如有)列賬。於釐定資產是否減值時，本集團須行使判斷及作出估計，特別是評估(1)是否發生事件或有任何跡象而可能影響資產價值；(2)資產的賬面值是否有可收回金額作支持，倘為使用價值，則為按照持續使用資產估計的未來現金流量的淨現值；及(3)於估計可收回金額(包括現金流量預測)及適當的貼現率時應用的適當主要假設。當無法估計單項資產(包括使用權資產)的可收回金額時，本集團會估計資產所屬的現金產生單位的可收回金額。改變假設及估計(包括現金流量預測中的貼現率或增長率)，可能對減值測試中使用的淨現值產生重大影響。

於二零二零年十二月三十一日，物業、廠房及設備以及使用權資產的賬面值分別為人民幣204,098,000元(二零一九年：人民幣218,344,000元)及人民幣122,251,000元(二零一九年：人民幣124,371,000元)。截至二零二零年及二零一九年十二月三十一日止年度，概無確認減值虧損。

(b) 存貨減值

本集團檢討其存貨的賬面值，以確保按成本及可變現淨值的較低者入賬。就評估可變現淨值及作出適當撥備，管理層通過識別滯銷或陳舊存貨，並考慮存貨的實際狀況、賬齡、市場條件及類似項目的市場價格估計存貨減值撥備。

於二零二零年十二月三十一日，本集團存貨賬面值為人民幣431,164,000元(扣除存貨減值人民幣34,830,000元)(二零一九年：人民幣493,053,000元(扣除存貨減值人民幣23,135,000元))。

5. 關鍵判斷及主要估計 (續)

估計不確定因素之主要來源 (續)

(c) 保修撥備

本集團通常為其工具機及叉車提供一年保修及為其停車場設施提供兩年保修。管理層根據過往之保修索償資料，以及可能顯示過往的成本資料或有異於未來索償之近期趨勢，估計未來保修索償之相關撥備。本集團會持續檢討估計基準，並在適當情況下予以修訂。

於二零二零年十二月三十一日，本集團保修撥備賬面值為人民幣3,409,000元（二零一九年：人民幣4,019,000元）。

(d) 金融資產及合約資產減值

本集團定期檢討其金融資產及合約資產以評估減值。本集團會定期檢討估計減值所用的方法及假設以降低虧損估計與實際虧損的任何差異。

本集團管理層根據金融資產之信貸風險估計貿易應收賬款及其他應收款項、合約資產、應收貸款、受限制銀行結餘、應收合營企業、一間關聯公司、同系附屬公司、最終控股公司之一間聯營公司、一間聯營公司之聯營公司及附屬公司之款項以及銀行結餘的預期信貸虧損之虧損撥備。估計金融資產及合約資產之信貸風險涉及高水平的估計及不確定性。當實際未來現金流量少於預期或高於預期，則可能會出現重大減值虧損或重大減值虧損撥回。

(e) 於聯營公司及合營企業之投資減值

本集團定期檢討其於聯營公司及合營企業之投資以評估減值。本集團會定期檢討估計減值所用的方法及假設以降低虧損估計與實際虧損的任何差異。

6A. 收益

收益的細分

按本年度主要產品線對來自客戶合約的收益細分如下：

	二零二零年 人民幣千元	二零一九年 人民幣千元
香港財務報告準則第15號範圍內的來自客戶合約的收益		
按主要產品分類		
—工具機	696,106	739,056
—停車設備	157,214	107,345
—叉車	21,998	64,294
	875,318	910,695

本集團從上述主要產品線於某一時間點轉移貨品和服務中取得收益並主要於中國銷售。

6B. 分類資料

主要經營決策者已確定為本公司執行董事（「執行董事」）。執行董事審閱本集團的內部報告，以評估表現及分配資源。管理層根據執行董事用於作出戰略決策所審議的該等報告釐定經營分類。

執行董事認為本集團有三個經營及應呈報分類：(1)工具機；(2)停車設備；及(3)叉車。本集團於劃分應呈報分類時並無合併經營分類。

6B. 分類資料 (續)

執行董事根據與綜合財務報表所採納者一致之經營分類各自的毛利評估經營分類之表現。

本集團並無分配分銷及銷售費用、行政費用、其他營運費用或分類資產及負債至其分類，此乃由於執行董事並無使用此資料分配資源至經營分類或評估經營分類的表現。因此，本集團並無報告各經營及呈報分類的分類資產及負債計量。

	工具機 人民幣千元	停車設備 人民幣千元	叉車 人民幣千元	總計 人民幣千元
截至二零二零年十二月三十一日止年度				
收益 (來自外部客戶)	696,106	157,214	21,998	875,318
收益成本	(527,615)	(126,991)	(24,241)	(678,847)
分類溢利 / (虧損)	168,491	30,223	(2,243)	196,471
分佔合營企業溢利				615
分佔聯營公司虧損				(287,061)
未分配金額：				
其他收入				56,941
分銷及銷售費用				(94,852)
行政費用				(57,485)
研發成本				(27,750)
貿易應收賬款及合約資產之減值虧損				(12,985)
其他收益及虧損				36,509
其他開支				(22,741)
其他營運費用				(1,398)
財務費用				(18,635)
除稅前虧損				(232,371)

6B. 分類資料 (續)

	工具機 人民幣千元	停車設備 人民幣千元	叉車 人民幣千元	總計 人民幣千元
截至二零一九年十二月三十一日止年度				
收益 (來自外部客戶)	739,056	107,345	64,294	910,695
收益成本	(549,878)	(88,079)	(63,640)	(701,597)
分類溢利	189,178	19,266	654	209,098
分佔合營企業溢利				1,141
分佔聯營公司虧損				(57,089)
未分配金額：				
其他收入				157,038
分銷及銷售費用				(121,928)
行政費用				(71,562)
研發成本				(29,086)
貿易應收賬款及合約資產之 減值虧損撥回				3,009
其他收益及虧損				(7,547)
其他開支				(22,805)
其他營運費用				(1,297)
財務費用				(24,744)
除稅前溢利				34,228

截至二零一九年及二零二零年十二月三十一日止年度，本集團大部分業務及可識別非流動資產位於中國，及本集團主要向中國市場出售產品。各年度概無客戶貢獻本集團收益總額10%以上。

7A. 其他收入

	二零二零年 人民幣千元	二零一九年 人民幣千元
來自一間聯營公司FFG Werke GmbH (「FFG Werke」) 的賠償收入 (附註a)	-	72,667
銷售廢料	23,550	31,118
諮詢收入	2,795	4,301
與收入相關的政府補貼及補助(附註b)	9,069	19,890
維修收入	13,922	16,265
租金收入	593	1,261
利息收入	3,356	3,842
其他	3,656	7,694
	56,941	157,038

附註：

- (a) 誠如附註35(a)所披露，賠償收入指FFG Werke (為本集團的一間聯營公司及相關CNC工具機產品的供應商) 就一名客戶對本集團附屬公司提起的訴訟申索向本集團作出的賠償。
- (b) 政府補貼及補助主要指退還有關銷售工具機所涉及軟件之增值稅。該等補貼及補助入賬列作即時財務支援(並無預期將產生之未來有關成本且與任何資產概無關連)。

7B. 其他收益及虧損

	二零二零年 人民幣千元	二零一九年 人民幣千元
訴訟申索撥備撥回(附註35(a))	23,782	-
出售物業、廠房及設備虧損	(622)	(416)
匯兌收益／(虧損)淨額	13,349	(7,131)
	36,509	(7,547)

7C. 其他開支

	二零二零年 人民幣千元	二零一九年 人民幣千元
退貨負債撥備	5,308	-
已售廢料成本	17,433	22,805
	22,741	22,805

8. 除稅前(虧損)/溢利

除稅前(虧損)/溢利已扣除/(計入)下列各項後達致：

	二零二零年 人民幣千元	二零一九年 人民幣千元
董事酬金	1,876	1,721
其他員工成本	133,409	146,751
其他員工退休福利計劃供款	475	5,543
員工成本總額	135,760	154,015
資本化於存貨	(43,616)	(52,685)
	92,144	101,330
物業、廠房及設備折舊	17,148	18,716
使用權資產折舊	6,424	5,602
無形資產攤銷	570	824
折舊及攤銷總額	24,142	25,142
資本化於存貨	(7,688)	(9,710)
	16,454	15,432
核數師酬金	1,937	1,893
已售存貨成本	675,299	695,986
存貨減值	12,565	667
出售物業、廠房及設備虧損	622	416
貿易應收賬款及合約資產之減值虧損/(減值虧損撥回)	12,985	(3,009)
保證撥備淨額	3,549	2,985
撇銷存貨	870	1,162
撇銷貿易應收款項	12,954	4,337
產生租金收入的直接經營開支	159	469

9. 董事之福利及權益

(a) 董事之酬金

各董事之酬金根據適用上市規則及香港公司條例披露載列如下：

(i) 執行董事

	朱志洋 人民幣千元	陳明河 人民幣千元	溫吉堂 人民幣千元	邱榮賢* 人民幣千元	總計 人民幣千元
截至二零二零年十二月三十一日止年度					
袍金	-	-	144	45	189
薪金及其他福利	-	-	-	-	-
退休福利計劃供款	-	-	-	-	-
酌情表現花紅	1,332	-	-	-	1,332
總額	1,332	-	144	45	1,521
截至二零一九年十二月三十一日止年度					
袍金	-	-	144	144	288
薪金及其他福利	-	-	-	-	-
退休福利計劃供款	-	-	-	-	-
酌情表現花紅	1,075	-	-	-	1,075
總額	1,075	-	144	144	1,363

* 於二零二零年七月三十一日辭任

9. 董事之福利及權益 (續)

(a) 董事之酬金 (續)

(ii) 獨立非執行董事

	顧福身 人民幣千元	江俊德* 人民幣千元	余玉堂 人民幣千元	高文誠# 人民幣千元	總計 人民幣千元
截至二零二零年十二月三十一日 止年度					
袍金	177	-	89	89	355
截至二零一九年十二月三十一日 止年度					
袍金	178	90	90	-	358

* 於二零二零年一月十日辭任

於二零二零年一月十日獲委任

上表所示之執行董事之酬金主要為支付彼等作為董事就管理本集團事務所提供之服務。上表所示之獨立非執行董事之酬金主要為支付彼等作為董事所提供之服務。

董事之酬金乃根據彼等之時間投入、職務、表現、經驗及本集團之整體表現等事宜而釐定。

(iii) 誠如附註39所示，於年末或於年內任何時間內，並無任何與本公司參與以及本公司董事及董事的關連方於其中有重大權益 (無論直接或間接) 的本集團業務相關的重大交易安排及合約。

(b) 五名最高薪人士

本集團五名最高薪酬人士當中，一名 (二零一九年：一名) 為本公司董事。本公司剩餘四名 (二零一九年：四名) 的最高薪人士的酬金如下：

	二零二零年 人民幣千元	二零一九年 人民幣千元
薪金及補貼	2,506	5,204
酌情表現花紅	3,302	4,045
退休福利計劃供款	159	93
	5,967	9,342

9. 董事之福利及權益 (續)

(b) 五名最高薪人士 (續)

並非本公司董事之五名最高薪僱員酬金介乎以下範圍之人數如下：

	人數	
	二零二零年	二零一九年
零至人民幣2,000,000元	4	2
人民幣2,000,001元至人民幣5,000,000元	0	2

於本年度，本集團並無向本公司任何董事或五名最高薪人士支付任何酬金以作為彼等加入本集團或於加入本集團時之獎勵或作為離職補償。於本年度，本公司董事概無放棄任何酬金（二零一九年：無）。

10. 財務費用

	二零二零年 人民幣千元	二零一九年 人民幣千元
利息開支：		
— 銀行借貸	18,365	24,573
— 其他借貸	1,746	1,667
— 租賃負債 (附註15)	270	171
總借貸成本	20,381	26,411
減：資本化為合資格資產成本之金額	(1,746)	(1,667)
	18,635	24,744

於年內其他借貸資本化之借貸成本按每年4.75%的資本化率計算（二零一九年：4.75%）。

11. 所得稅開支

	二零二零年 人民幣千元	二零一九年 人民幣千元
即期稅項—中國企業所得稅(「企業所得稅」)		
—年度撥備	14,954	26,748
—過往年度撥備不足／(超額撥備)	1,454	(4,208)
	16,408	22,540
遞延稅項(附註31)	(560)	(471)
	15,848	22,069

於兩個年度內，由於本集團並無任何應課稅溢利須繳納香港利得稅，因此並無就香港利得稅作出撥備。

企業所得稅乃就中國的附屬公司按25% (二零一九年：25%) 計提撥備，惟杭州友佳精密機械有限公司(「杭州友佳」)除外。杭州友佳獲相關政府當局批准及獲認可為高新技術企業。因此，杭州友佳有權於二零一八年起計的三年期間享有15%的優惠稅率。因此，杭州友佳於二零二零年的適用稅率為15% (二零一九年：15%)。

根據二零零七年十二月六日頒佈的《中國企業所得稅法實施條例》，自二零零八年一月一日起於中國成立的公司向其當時海外投資者匯付的股息應按10%的稅率繳納預扣稅。倘中國內地與海外投資者所在司法權區訂有稅務安排，則可採用較低的預扣稅稅率。根據《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》(或稱中港兩地稅務安排)，合資格香港稅務居民如身為中國居民企業的「實益擁有人」並持有其25%或以上股權，可按5%的減低預扣稅稅率納稅。於年內，杭州友佳概無宣派或派付任何股息(二零一九年：人民幣281,653,000元)。

於截至二零二零年十二月三十一日止年度，本公司董事已評定任何中國附屬公司將不會於可見將來宣派任何股息。由於本集團有能力控制撥回該等暫時性差額之時間且該等暫時性差額不大可能於可見將來撥回，因此，本公司董事認為中國附屬公司無須就其未分配保留盈利繳納預扣稅。

11. 所得稅開支(續)

年內所得稅開支與綜合損益及其他全面收益表之除所得稅前(虧損)/溢利對賬如下：

	二零二零年 人民幣千元	二零一九年 人民幣千元
除稅前(虧損)/溢利	(232,371)	34,228
加：分佔合營企業溢利及聯營公司虧損	286,446	55,948
	54,075	90,176
按適用於本集團主要營運實體的稅率(15%)計算的稅項	8,111	13,526
以下之稅項影響：		
毋須課稅收入	(4,818)	(12,682)
不可扣稅開支	7,929	7,586
並無確認遞延所得稅資產之稅項虧損	8,251	11,628
未確認之可扣減暫時差額	(1,290)	(4,404)
附屬公司之不同稅率	(2,722)	766
授予杭州友佳之稅率減免	(1,067)	(4,226)
中國股息預扣稅	-	14,083
過往年度撥備不足/(超額撥備)	1,454	(4,208)
所得稅開支	15,848	22,069

12. 每股(虧損)/盈利

每股基本(虧損)/盈利

每股基本(虧損)/盈利是按本公司擁有人應佔虧損人民幣248,219,000元(二零一九年：本公司擁有人應佔溢利：人民幣12,159,000元)除以年內已發行普通股加權平均數403,074,000股(二零一九年：403,145,000股)計算。

	二零二零年	二零一九年
每股基本(虧損)/盈利(每股人民幣元)	(0.62)	0.03

每股攤薄(虧損)/盈利

由於兩個年度並無已發行潛在攤薄普通股，故並無呈列每股攤薄(虧損)/盈利。

13. 股息

截至二零二零年十二月三十一日止年度，並無建議向本公司普通股股東派付股息（二零一九年：人民幣零元）。

14. 物業、廠房及設備

	樓宇 人民幣千元	機器及設備 人民幣千元	辦公及 電腦設備 人民幣千元	汽車 人民幣千元	在建工程 人民幣千元	總計 人民幣千元
成本						
於二零一九年一月一日	205,494	170,017	31,847	20,119	46,849	474,326
添置	720	810	687	2,247	28,774	33,238
轉撥	5,277	-	-	-	(5,277)	-
出售	-	(1,056)	(2,030)	(3,032)	(2)	(6,120)
於二零一九年十二月三十一日及 二零二零年一月一日	211,491	169,771	30,504	19,334	70,344	501,444
添置	-	187	1,138	670	1,746	3,741
出售	-	(952)	(1,213)	(3,240)	-	(5,405)
於二零二零年十二月三十一日	211,491	169,006	30,429	16,764	72,090	499,780
累計折舊及減值						
於二零一九年一月一日	95,300	132,042	25,043	17,231	-	269,616
年度撥備	8,794	8,129	677	1,116	-	18,716
出售	-	(918)	(1,806)	(2,508)	-	(5,232)
於二零一九年十二月三十一日及 二零二零年一月一日	104,094	139,253	23,914	15,839	-	283,100
年度撥備	6,473	9,008	801	866	-	17,148
出售	-	(874)	(1,138)	(2,554)	-	(4,566)
於二零二零年十二月三十一日	110,567	147,387	23,577	14,151	-	295,682
賬面值						
於二零二零年十二月三十一日	100,924	21,619	6,852	2,613	72,090	204,098
於二零一九年十二月三十一日	107,397	30,518	6,590	3,495	70,344	218,344

15. 使用權資產

	租賃土地 人民幣千元	租賃物業 人民幣千元	總計 人民幣千元
於二零一九年一月一日	123,052	3,322	126,374
添置	-	3,599	3,599
折舊	(2,905)	(2,697)	(5,602)
於二零一九年十二月三十一日及 二零二零年一月一日	120,147	4,224	124,371
添置	-	4,304	4,304
折舊	(2,905)	(3,519)	(6,424)
於二零二零年十二月三十一日	117,242	5,009	122,251

誠如附註41所披露，於二零二零年十二月三十一日，本集團以賬面值約人民幣80,631,000元（二零一九年：人民幣82,484,000元）之租賃土地為本集團獲授其他借貸作抵押。

於二零二零年十二月三十一日，已確認租賃負債人民幣5,112,000元（二零一九年：人民幣4,270,000元）及相關的使用權資產人民幣5,009,000元（二零一九年：人民幣4,224,000元）。除出租人持有的租賃資產中的擔保權益外，租賃協議不施加任何其他契諾。租賃資產不得用於借貸擔保。

	二零二零年 人民幣千元	二零一九年 人民幣千元
使用權資產折舊開支	6,424	5,602
租賃負債利息開支（計入財務費用）	270	171
有關短期租賃的開支（計入售貨成本、分銷及銷售費用、行政費用及研發成本）	1,653	4,135
已收新冠肺炎相關租金寬免	55	-

有關租賃的總現金流出之詳情載於附註34。

15. 使用權資產 (續)

如附註3所披露，本集團已提早應用香港財務報告準則第16號(修訂本)新冠肺炎相關租金寬免，並已對本集團於本期間收取的所有合資格租金寬免應用該修訂本規定的實際權宜方法。進一步詳情已在下列披露。

於兩個年度內，本集團租賃各種辦公室、住宅及倉庫用於運營。租賃合同以固定租期一年至五年(二零一九年：一年至五年)訂立，惟可按下文所述擁有續租及終止選擇權。租賃條款乃在個別基礎上磋商，包括各種不同條款及條件。於釐定租期及評估不可撤回期間的長度時，本集團應用合同的定義並釐定合同可強制執行的期間。

此外，本集團擁有多個工業建築(其生產設施主要位於該等工業建築)及辦公樓。本集團為該等物業權益(包括相關租賃土地)的登記持有人。為收購該等物業權益，已作出一次性付清的付款。僅當所作的付款可合理分配時，該等自有物業的租賃土地部分方可單獨呈列。

某些租賃包括在合同期限結束後重續租賃額外期間的選擇權。在可行的情況下，本集團力求包括本集團可行使的續租選擇權，以提供運營靈活性。本集團於租賃開始日期評估是否合理確定會行使續租選擇權。如果本集團不能合理確定行使續租選擇權，則續租期間的未來租賃付款不計入租賃負債的計量。該等未來租賃付款的潛在風險概述如下：

	已確認的租賃負債(折現)		未計入租賃負債的續租選擇權 項下潛在未來租賃付款(未折現)	
	二零二零年 人民幣千元	二零一九年 人民幣千元	二零二零年 人民幣千元	二零一九年 人民幣千元
位於中國的辦公室、住宅及倉庫	5,112	4,270	5,381	4,537

此外，於承租人可控制的情況下發生重大事件或出現重大情況變動，本集團會重新評估是否合理確定會行使續租選擇權。於截至二零二零年十二月三十一日止年度，並無相關觸發事件發生。

16. 無形資產

	軟件 人民幣千元
成本	
於二零一九年一月一日	15,921
添置	16
於二零一九年十二月三十一日及二零二零年一月一日	15,937
添置	210
於二零二零年十二月三十一日	16,147
累計攤銷	
於二零一九年一月一日	13,706
年度扣除	824
於二零一九年十二月三十一日及二零二零年一月一日	14,530
年度扣除	570
於二零二零年十二月三十一日	15,100
賬面值	
於二零二零年十二月三十一日	1,047
於二零一九年十二月三十一日	1,407

17. 附屬公司詳情

於二零二零年及二零一九年十二月三十一日，附屬公司的詳情如下：

名稱	註冊成立/ 登記及營業地點	主要業務	已發行及繳足 股本/註冊資本	持有權益	
				二零二零年	二零一九年
直接持有附屬公司					
永達有限公司	英屬處女群島 (英屬處女群島)	投資控股	普通股110美元(美元)	100%	100%
友華控股有限公司	英屬處女群島	投資控股	普通股1,500,000美元	100%	100%
海盛國際控股有限公司	英屬處女群島	投資控股	普通股200,000美元	100%	100%
天盛投資有限公司	英屬處女群島	投資控股	普通股5,000,000美元	100%	100%
佳勝集團有限公司	英屬處女群島	投資控股	普通股1美元	100%	100%
永達香港發展有限公司	香港	貿易及投資控股	普通股1,000港元 (港元)	100%	100%
忠盛實業有限公司	香港	暫無營業	普通股2港元	100%	100%
友華香港實業有限公司	香港	投資控股	普通股1,000港元	100%	100%
海盛國際香港有限公司	香港	投資控股	普通股1,000港元	100%	100%
天盛香港實業有限公司(天盛)	香港	投資控股	普通股1,000港元	100%	100%

17. 附屬公司詳情 (續)

名稱	註冊成立/ 登記及營業地點	主要業務	已發行及繳足 股本/註冊資本	持有權益	
				二零二零年	二零一九年
間接持有附屬公司					
杭州友佳	中國*	設計及生產電腦數控 工具機、設計工具機 及建造立體停車設 備	註冊資本11,000,000美元	100%	100%
杭州友高精密機械有限公司	中國*	設計及組裝叉車	註冊資本10,000,000美元	100%	100%
杭州友華精密機械有限公司	中國*	設計及生產電腦數控 工具機	註冊資本30,000,000美元	100%	100%
杭州友達機械科技有限公司	中國*	加工電腦數控工具機	註冊資本15,000,000美元	100%	100%
上海友盛精密機械有限公司	中國*	買賣電腦數控工具機	註冊資本200,000美元	100%	100%
上海顯德精密機械有限公司 (「顯德」)	中國*	高端工具機貿易	註冊資本1,000,000美元	100%	100%
友嘉 (河南) 精密機械有限公司 (「友嘉河南」)	中國*	設計及生產電腦數控 工具機、設計及建造 立體停車設備	註冊資本30,000,000美元	100%	100%

上表載有主要影響本集團業績、資產或負債的附屬公司的詳情。

* 該等附屬公司為中國的有限責任公司。

18. 於合營企業的投資

	二零二零年 人民幣千元	二零一九年 人民幣千元
於合營企業非上市投資的成本	27,666	27,666
分佔收購後虧損	(5,405)	(6,020)
	22,261	21,646

本集團各合營企業於二零二零年及二零一九年十二月三十一日的詳情如下：

名稱	註冊成立/ 登記地點	註冊資本	本集團所持	
			所有權權益/ 投票權比例	主要業務
Anest Iwata Feeler Corporation (AIF)	中國	註冊資本9,000,000美 元	35%	製造及銷售氣壓機和零件
Hangzhou Nippon Cable Feeler Corporation (Nippon Cable Feeler)	中國	註冊資本100,000美元	50%	批發及出口停車場設備
Hangzhou Feeler Mectron Machinery Co., Ltd. (Feeler Mectron)	中國	註冊資本1,110,000美 元	45%	製造及銷售工具機及有關產品
Hangzhou Union Friend Machinery Co., Ltd. (UFM)	中國	註冊資本1,000,000美 元	55%	製造及銷售工具機及有關產品

由於根據各項合約協議，所有相關活動均須取得訂約各方一致同意，因此本集團董事釐定本集團對該安排具有共同控制權。

18. 於合營企業的投資 (續)

主要合營企業之財務資料概要

有關本集團各主要合營企業之財務資料概要載於下文。以下財務資料概要呈列的合營企業財務報表金額是按香港財務報告準則編製。

合營企業於該等綜合財務報表內乃以權益法入賬。

AIF

於十二月三十一日：

	二零二零年 人民幣千元	二零一九年 人民幣千元
流動資產	54,242	50,180
非流動資產	23,588	26,220
流動負債	(22,714)	(21,905)
非流動負債	(6,533)	(7,016)
上述資產及負債金額包括以下各項：		
現金及現金等值物	9,569	7,497
流動金融負債 (不包括應付賬款及其他應付款及撥備)	(7,084)	(7,220)
截至十二月三十一日止年度：	二零二零年 人民幣千元	二零一九年 人民幣千元
收益	72,857	89,674
年內溢利及全面收益總額	1,104	1,172

18. 於合營企業的投資 (續)

主要合營企業之財務資料概要 (續)

上述年內溢利及全面收益總額包括以下各項：

截至十二月三十一日止年度：	二零二零年 人民幣千元	二零一九年 人民幣千元
折舊及攤銷	3,272	3,226
利息收入	(14)	(15)
利息開支	253	-
所得稅開支	-	-

上述財務資料概要與綜合財務報表內所確認於AIF之權益之賬面值對賬：

於十二月三十一日：	二零二零年 人民幣千元	二零一九年 人民幣千元
AIF之資產淨值	48,583	47,479
本集團於AIF之擁有權權益之比例	35%	35%
本集團於AIF之權益之賬面值	17,005	16,618

個別不屬於重大合營企業之資料匯總

截至十二月三十一日止年度：	二零二零年 人民幣千元	二零一九年 人民幣千元
本集團應佔年內溢利及全面收益總額	228	731
於十二月三十一日：	二零二零年 人民幣千元	二零一九年 人民幣千元
本集團於該等合營企業權益之總賬面值	5,256	5,028

19. 於聯營公司的投資

	二零二零年 人民幣千元	二零一九年 人民幣千元
於聯營公司非上市投資之成本	556,380	556,380
分佔收購後虧損及其他全面收益	(508,637)	(191,849)
因換算海外業務產生之匯兌差額	40,531	27,795
	88,274	392,326

本集團的聯營公司於二零二零年及二零一九年十二月三十一日的詳情如下：

名稱	註冊成立/ 登記地點	繳足股本	本集團所持	
			所有權權益/ 投票權比例	主要業務
FFG Europe S.p.A. (FFG Europe)	意大利	3,379,429歐元	30.16%/30.16%	製造及銷售工具機及有關產品
FFG Werke	德國	195,000歐元	39.00%/39.00%	製造及分銷工具機、零件及配件；提供有關工具機及產品之培訓及保養服務
FFG EA	德國	20,343歐元	81.37%/33.33%	投資控股公司

19. 於聯營公司的投資 (續)

FFG Europe

本集團透過本公司全資附屬公司天盛持有FFG Europe約30.16%所有權權益。

根據FFG Europe之組織章程細則，股東決議案須透過全體獲授權投票股東之簡單多數投票而採納，且每股股份賦予一票。本公司董事認為，本集團對FFG Europe具有重大影響。故本集團已於綜合財務報表中將該投資入賬列為一間聯營公司的投資。

FFG Werke

本集團透過本公司全資附屬公司天盛持有FFG Werke約39%所有權權益。

根據FFG Werke之組織章程細則，股東決議案須透過全體獲授權投票股東之簡單多數投票而採納，且每股股份賦予一票。本公司董事認為，本集團對FFG Werke具有重大影響。故本集團已於綜合財務報表中將該投資入賬列為一間聯營公司的投資。

FFG EA

本集團透過本公司全資附屬公司天盛持有FFG EA約81.37%所有權權益。

FFG EA股東已同意成立股東委員會，據此三名股東均有權指定一名成員於股東委員會投票。股東委員會將掌管對FFG EA之全部控制權，且任何決議案須由股東委員會按簡單多數通過。本公司董事認為，本集團能夠對FFG EA施加重大影響。因此，本集團已於綜合財務報表中將該投資入賬列為一間聯營公司的投資。

FFG EA之主要投資為於FFG European Holding GmbH (一間於德國註冊成立之投資公司) 之55.3%股權，而FFG European Holding GmbH實際擁有MAG Global Holding GmbH (「MAG」) 及其附屬公司 (統稱「MAG集團」) 之100%股權。MAG集團之主要業務為於德國及美國生產工具機及生產系統。

19. 於聯營公司的投資 (續)

重大聯營公司的財務狀況表摘要

對本集團屬重大的聯營公司財務資料摘要列示如下。聯營公司業績採用權益法於綜合財務報表入賬。所呈列財務資料摘要乃以聯營公司的香港財務報告準則財務報表為基礎。

於十二月三十一日：

	FFG EA	
	二零二零年 人民幣千元	二零一九年 人民幣千元
現金	173,268	147,374
其他流動資產	1,386,527	1,872,112
流動資產總值	1,559,795	2,019,486
短期銀行借貸	(518,629)	(172,776)
其他金融負債	(1,326,897)	(1,459,488)
流動負債總額	(1,845,526)	(1,632,264)
非流動資產	1,671,708	1,737,392
非流動負債	(1,048,054)	(1,178,404)
資產淨值	337,923	946,210
減：非控股權益	229,439	464,060
聯營公司擁有人應佔之資產淨值	108,484	482,150
本集團分佔資產淨值	88,274	392,326

19. 於聯營公司的投資 (續)

重大聯營公司的損益及其他全面收益表摘要

截至十二月三十一日止年度：

	FFG EA	
	二零二零年 人民幣千元	二零一九年 人民幣千元
收益	2,066,866	3,349,477
收益成本	(2,054,626)	(2,882,198)
其他開支	(564,581)	(553,955)
除稅前虧損	(552,341)	(86,676)
所得稅抵免	750	12,825
年內虧損	(551,591)	(73,851)
減：非控股權益	(198,806)	(3,691)
聯營公司擁有人應佔年內虧損	(352,785)	(70,160)
聯營公司擁有人應佔年內其他全面收益	(36,533)	(18,979)
聯營公司擁有人應佔年內全面收益總額	(389,318)	(89,139)
本集團分佔聯營公司虧損	(287,061)	(57,089)
本集團分佔聯營公司其他全面收益	(29,727)	(15,443)

本集團並無確認FFG Europe及FFG Werke之年內虧損合計人民幣28,180,000元(二零一九年：人民幣19,064,000元)。未確認之累計虧損總額為人民幣138,265,000元(二零一九年：人民幣110,525,000元)。

20A. 貿易及其他應收款項及預付款項

	二零二零年 人民幣千元	二零一九年 人民幣千元
貿易應收賬款	168,234	225,452
減：貿易應收賬款減值(附註37(d))	(39,846)	(39,596)
	128,388	185,856
預付款項	11,224	14,749
其他應收款項	27,076	26,491
	166,688	227,096

本集團一般給予其客戶30至180天信貸期。本集團亦允許其客戶保留若干比例的未償還結餘作為保留金，合共為數人民幣15,709,000元(二零一九年：人民幣22,696,000元)，就該等款項而言收取代價權利的條件已獲達成並已成為無條件。

於二零二零年及二零一九年十二月三十一日，貿易應收賬款(扣除撥備)根據發票日期呈列的賬齡分析如下：

	二零二零年 人民幣千元	二零一九年 人民幣千元
0-30天	16,127	21,541
31-60天	11,620	18,300
61-90天	1,631	14,376
91-180天	21,304	23,947
180天以上	77,706	107,692
	128,388	185,856

20A. 貿易及其他應收款項及預付款項 (續)

本集團以相關集團實體功能貨幣以外的貨幣計值的貿易應收賬款如下：

	二零二零年 人民幣千元	二零一九年 人民幣千元
美元	949	4,766
歐元	4,613	9,248

20B. 合約資產

	二零二零年 人民幣千元	二零一九年 人民幣千元
來自以下收益：		
— 工具機	30,498	34,041
— 停車設備	22,155	10,577
	52,653	44,618
減：合約資產減值 (附註37(d))	-	(219)
	52,653	44,399

合約資產主要與本集團就已完工工程的開票權而非票據有關，此乃由於開票權於各報告期末須以特定付款里程碑為條件。合約資產於權利成為無條件時轉撥至貿易應收賬款。本集團通常於相應合約達到特定付款里程碑時將合約資產轉撥至貿易應收賬款。

由於本集團預期於正常營運週期及一年內將該等合約資產變現，故本集團將其分類為流動資產。

21. 應收貸款

於二零二零年十二月三十一日，本集團於一間聯營公司一名非控股股東的應收貸款為無抵押、免息、須於要求時償還。應收貸款的償還乃由最終控股公司擔保。

本集團應收貸款以相關集團實體之功能貨幣以外之貨幣列值如下：

	二零二零年 人民幣千元	二零一九年 人民幣千元
歐元	49,691	48,394

22. 按公平值計入其他全面收益的應收款項

	二零二零年 人民幣千元	二零一九年 人民幣千元
一年內到期的應收票據 (按應收票據發行日期呈列)	120,105	101,945

應收票據乃以人民幣計值。

23. 存貨

	二零二零年 人民幣千元	二零一九年 人民幣千元
原材料	53,685	49,401
在製品	189,543	234,622
製成品	187,936	209,030
	431,164	493,053

年內，人民幣12,565,000元的存貨減值 (二零一九年：人民幣667,000元) 已獲確認及計入銷售成本。

24. 受限制銀行結餘

	二零二零年 人民幣千元	二零一九年 人民幣千元
受限制銀行結餘來自		
— 貿易融資信貸	72,585	43,728
— 訴訟申索(附註35)	66,841	62,605
	139,426	106,333

誠如綜合財務報表附註41所載，來自貿易融資信貸的受限制銀行結餘指為本集團獲授貿易融資信貸提供擔保而存入銀行的金額。

違反履行財務契諾會使銀行可立即要求還款。截至二零一九年及二零二零年十二月三十一日止年度，並無違反任何借貸之財務契諾。

25. 銀行及現金結餘

銀行結餘按市場利率介乎每年0.05%至3% (二零一九年十二月三十一日：0.01%至1%) 計息。

本集團以相關集團實體功能貨幣以外貨幣計值的銀行及現金結餘(包括受限制銀行結餘) 載列如下：

	二零二零年 人民幣千元	二零一九年 人民幣千元
美元	4,917	11,969
歐元	13,695	13,070
其他貨幣	3,327	6,051

於二零二零年十二月三十一日，本集團以人民幣計值的銀行及現金結餘以及受限制銀行結餘金額為人民幣221,501,000元(二零一九年：人民幣150,103,000元)。將人民幣兌換為外幣須遵守中國外匯管制規例及結匯、售匯及付匯管理規定。

26. 股本

	股份數目 千股	金額 千港元	金額 人民幣千元
每股面值0.01港元的普通股			
法定：			
於二零一九年一月一日、二零一九年 十二月三十一日、二零二零年一月一日及 二零二零年十二月三十一日	1,000,000	10,000	10,211
已發行及繳足：			
於二零一九年一月一日	403,200	4,032	4,022
購回及註銷股份	(126)	(1)	(1)
於二零一九年十二月三十一日、二零二零年 一月一日及二零二零年十二月三十一日	403,074	4,031	4,021

本集團於管理資本時之目標為保障本集團能夠按持續經營基準繼續經營，同時透過優化債務及權益結餘，為股東帶來最大回報。

本集團按風險比例釐定資本金額。本集團因應經濟狀況的變化及相關資產之風險特點，管理資本架構並作出調整。為維持或調整資本架構，本集團可能調整股息分派、發行新股份、購回股份、募集新債、贖回現有債項或出售資產以減少債務。

本集團受限於以下外部資本規定：(i)為了維持於聯交所的上市地位，其至少25%的股份須由公眾持有；及(ii)遵循銀行借貸附有的財務契諾。

本集團自股份註冊處接獲有關非公眾持股量之重大股份權益之報告，該報告顯示本集團於整個年度持續遵守25%之限額。於二零二零年十二月三十一日，本集團公眾持股量超過25%（二零一九年：超過25%）。

27. 貿易及其他應付款項及應計開支

	二零二零年 人民幣千元	二零一九年 人民幣千元
貿易應付賬款	154,431	162,885
應付票據	233,382	150,144
其他應付款項	43,719	32,152
應計開支	39,605	44,119
	471,137	389,300

貿易應付賬款及應付票據根據發票日期呈列的賬齡分析如下：

	二零二零年 人民幣千元	二零一九年 人民幣千元
0-30天	100,386	54,647
31-60天	78,736	47,414
61-90天	68,407	45,400
91-180天	118,333	73,700
180天以上	21,951	91,868
	387,813	313,029

本集團一般從其供應商獲得30至90天的信貸期(二零一九年：30至90天)。

本集團以相關集團實體功能貨幣以外貨幣計值的貿易應付賬款載列如下：

	二零二零年 人民幣千元	二零一九年 人民幣千元
美元	4,782	10,582

28. 合約負債

	二零二零年 人民幣千元	二零一九年 人民幣千元
預付款收益來自：		
— 工具機	133,357	87,904
— 停車設備	126,873	206,512
— 叉車	481	5,920
	260,711	300,336

與來自工具機、停車設備及叉車預付款收益有關的合約負債為應付客戶銷售合約結餘。倘於本集團履行銷售合約責任前作出預付款，則會產生合約負債。

預計於本集團正常營運週期內結算的合約負債分類為流動負債。於報告期間內，合約負債結餘並無重大變動。

合約負債變動：

	二零二零年 人民幣千元	二零一九年 人民幣千元
於一月一日的結餘	300,336	358,751
在期初計入合約負債，於本年度因確認收入而導致減少的合約負債	(160,988)	(169,415)
下列預付款收益導致的合約負債增加：		
— 工具機	110,780	53,936
— 停車設備	10,960	53,318
— 叉車	111	3,746
其他變動	(488)	—
於十二月三十一日的結餘	260,711	300,336

29. 保證撥備

	二零二零年 人民幣千元	二零一九年 人民幣千元
於一月一日	4,019	5,311
年內額外撥備	3,631	2,985
動用撥備	(4,159)	(4,277)
未動用撥備撥回	(82)	-
於十二月三十一日	3,409	4,019

保證撥備指本集團根據過往經驗及業內瑕疵產品之平均水平對本集團就授予本集團所銷售工具機、停車設備及叉車之一至兩年保證責任承擔作出之最佳估計。

30. 銀行及其他借貸

	二零二零年 人民幣千元	二零一九年 人民幣千元
銀行借貸－浮動利率	423,814	400,071
其他借貸－免息	38,506	36,760
	462,320	436,831
有抵押	38,506	36,760
無抵押	423,814	400,071
	462,320	436,831
應償還賬面值*		
一年內	423,814	400,071
兩年以上但不超過五年	38,506	36,760
	462,320	436,831

* 到期金額乃根據列於貸款協議的既定還款日期呈列。

本集團的銀行借貸根據香港銀行同業拆息／倫敦銀行同業拆息／台北銀行同業拆息／歐元銀行同業拆息計息。

30. 銀行及其他借貸 (續)

本集團其他借貸為從中國政府獲得的人民幣43,522,000元免息貸款。該筆貸款須於二零二三年悉數償還。按同等貸款的通行市場利率4.75%計算，貸款初始公平值估計為人民幣34,510,000元。其他借貸的總所得款項與公平值之間的差額人民幣9,012,000元為免息貸款所得利益，確認為遞延收入（附註32），並將按與相關物業、廠房及設備折舊相同之基準於損益中確認。

本集團銀行及其他借貸的實際利率範圍如下：

	二零二零年	二零一九年
實際利率	每年 1.6%至5.87%	每年 0.9%至5.87%

本集團以相關集團實體功能貨幣以外貨幣計值的銀行及其他借貸載列如下：

	二零二零年 人民幣千元	二零一九年 人民幣千元
美元	106,181	87,367
歐元	138,292	42,790
港元	91,108	179,777

附註：

- 於二零二零年十二月三十一日，本公司一名董事及本集團一名關聯方就本集團的銀行融資人民幣123,973,000元（二零一九年：人民幣90,691,000元）提供個人擔保。
- 於二零二零年十二月三十一日，本集團人民幣38,506,000元（二零一九年：人民幣36,760,000元）的其他借貸以賬面值約為人民幣80,631,000元（二零一九年：人民幣82,484,000元）的使用權資產作為抵押。

31. 遞延稅項資產

年內，遞延稅項資產的變動如下：

	貿易應收 賬款及合約 資產減值 人民幣千元	存貨減值 人民幣千元	保證撥備 人民幣千元	遞延收益 人民幣千元	其他 人民幣千元	總計 人民幣千元
於二零一九年一月一日	4,744	1,195	766	15,295	5,520	27,520
於損益內計入／(扣除)	(478)	460	-	1,225	(736)	471
於二零一九年十二月三十一日及 二零二零年一月一日	4,266	1,655	766	16,520	4,784	27,991
於損益內計入／(扣除)	564	185	(247)	(353)	411	560
於二零二零年十二月三十一日	4,830	1,840	519	16,167	5,195	28,551

於報告期末，本集團擁有未使用稅項虧損約人民幣92,974,000元（二零一九年：人民幣87,031,000元）可供抵銷未來溢利，並將於五年內屆滿。其他稅項虧損可無限期結轉。由於未來溢利流無法預測，故並未確認遞延稅項資產。

除上述未使用稅項虧損外，於二零二零年十二月三十一日，本集團擁有其他可扣減暫時差額人民幣177,068,000元（二零一九年：人民幣164,944,000元）可供抵銷未來溢利。於二零二零年十二月三十一日，可扣減暫時差額人民幣144,463,000元（二零一九年：人民幣141,677,000元）已於遞延稅項資產確認，而由於日後不大可能有應課稅溢利用以抵銷可扣減暫時差額，故並未確認人民幣32,605,000元（二零一九年：人民幣23,267,000元）。

32. 遞延收益

	二零二零年 人民幣千元	二零一九年 人民幣千元
與資產相關之政府補貼	73,680	75,090
對下列各項進行分析：		
流動負債	1,410	1,410
非流動負債	72,270	73,680
	73,680	75,090

於二零一六年十一月及二零一九年七月，本公司全資擁有附屬公司友嘉河南就其土地使用之具體目的獲得若干政府補助及補貼分別為人民幣61,180,000元及人民幣8,647,000元。該等補貼將按土地租賃期間於損益內其他收入中確認。

此外，於二零一八年四月，友嘉河南收到一筆利益金額為人民幣9,012,000元的政府補貼免息貸款（詳情見附註30）。直至綜合財務報表獲批准日期，廠房及設備之相關建設仍在施工，故遞延收益尚未於損益中確認。

33. 租賃負債

	最低租賃付款		最低租賃付款的現值	
	二零二零年 人民幣千元	二零一九年 人民幣千元	二零二零年 人民幣千元	二零一九年 人民幣千元
一年內	2,800	2,646	2,623	2,486
第二年至第五年（包括首尾兩年）	2,566	1,876	2,489	1,784
	5,366	4,522	5,112	4,270
減：未來融資費用	(254)	(252)	不適用	不適用
租賃承擔之現值	5,112	4,270	5,112	4,270
減：流動負債項下所列須於 十二個月內償還之款項			(2,623)	(2,486)
十二個月後到期償還之款項			2,489	1,784

適用於租賃負債的加權平均增量借貸年利率為4.58%（二零一九年：5.35%）。

34. 綜合現金流量表附註

(a) 融資活動產生之負債對賬

下表詳列本集團融資活動產生之負債變動，包括現金及非現金變動。融資活動產生之負債之現金流量已於或未來現金流量將於本集團綜合現金流量表內分類至融資活動產生之現金流量。

	二零二零年 一月一日 人民幣千元	現金流量 人民幣千元	外匯換算 人民幣千元	利息開支 人民幣千元	攤銷 人民幣千元	租賃負債變動 人民幣千元	二零二零年 十二月三十一日 人民幣千元
銀行及其他借貸(附註30)	436,831	14,118	(8,740)	20,111	-	-	462,320
遞延收益(附註32)	75,090	-	-	-	(1,410)	-	73,680
租賃負債(附註33)	4,270	(3,732)	-	270	-	4,304	5,112
	516,191	10,386	(8,740)	20,381	(1,410)	4,304	541,112

	二零一九年 一月一日 人民幣千元	首次應用 香港財務報告 準則第16號 的影響 人民幣千元	於 二零一九年 一月一日 經重列結餘 人民幣千元	現金流量 人民幣千元	外匯換算 人民幣千元	利息開支 人民幣千元	攤銷 人民幣千元	租賃 負債變動 人民幣千元	二零一九年 十二月 三十一日 人民幣千元
銀行及其他借貸(附註30)	598,332	-	598,332	(193,517)	5,776	26,240	-	-	436,831
遞延收益(附註32)	70,192	-	70,192	8,647	-	-	(3,749)	-	75,090
租賃負債(附註33)	-	3,322	3,322	(2,822)	-	171	-	3,599	4,270
	668,524	3,322	671,846	(187,692)	5,776	26,411	(3,749)	3,599	516,191

附註：

銀行及其他借貸融資現金流量指綜合現金流量表中銀行及其他借貸所得款項及還款及已付利息。

34. 綜合現金流量表附註 (續)

(b) 租賃現金流出總額

租賃計入綜合現金流量表的金額包括下列各項：

	二零二零年 人民幣千元	二零一九年 人民幣千元
計入經營現金流量	5,385	6,957

該等金額與下列各項有關：

	二零二零年 人民幣千元	二零一九年 人民幣千元
已付租賃租金	1,653	4,135
使用權資產付款	3,732	2,822
	5,385	6,957

35. 訴訟申索撥備

- (a) 於二零一五年九月，本集團附屬公司顯德與一名獨立第三方（「客戶」）簽訂銷售合約以向客戶銷售七套原採購自FFG Werke的高端CNC工具機（「工具機」）。於二零一五年十月，顯德、杭州友佳與客戶簽訂了補充協議，據此杭州友佳與顯德共同享有及承擔於二零一五年九月簽訂之合同下作為賣方之權利與義務。顯德於二零一七年完成七套工具機的裝運。

於裝運後，客戶向顯德提出，部分工具機之質量與合約所載產品質量要求不符。經過若干輪修正及與客戶進行協商，客戶與顯德仍未能就工具機之質量達成共識。最後客戶向安徽省高級人民法院提出訴訟。於二零一八年八月，安徽省高級人民法院作出有利於客戶之一審判決，當中判定客戶應向本集團退還七套工具機，而本集團應向客戶支付退款及賠償金共計人民幣161,020,000元。

於二零一八年十月，本集團向最高人民法院提出上訴並獲二審批准。於二零二零年四月，安徽省高級人民法院作出有利於客戶之二審判決，當中判定客戶應向本集團退還七套工具機，而本集團應向客戶支付退款及賠償金共計人民幣195,777,000元。

35. 訴訟申索撥備 (續)

(a) (續)

於二零二零年五月，本集團向最高人民法院提出上訴。於二零二零年十二月，最高人民法院作出有利於客戶之終審判決，當中判定客戶應向本集團退還七套工具機，而本集團應向客戶支付退款及賠償金共計人民幣142,546,000元。

經考慮獨立中國法律顧問之法律意見及最高人民法院作出之判決後，本公司董事已對退還客戶之金額作出最佳估計，估計金額為人民幣106,211,000元（二零一九年：人民幣100,903,000元），其已於綜合財務狀況表中確認為「退款負債」，而解決訴訟之預期損失人民幣36,335,000元（二零一九年：人民幣60,117,000元）已於綜合財務狀況表中作出撥備。訴訟申索金額為人民幣23,782,000元（二零一九年：無）之撥備撥回已於截至二零二零年十二月三十一日止年度的綜合損益及其他全面收益表內確認。於二零二一年三月，退貨負債人民幣106,211,000元及訴訟申索撥備人民幣36,335,000元已結清。

此外，於二零一九年三月，本集團聯營公司及本集團工具機供應商FFG Werke已同意就訴訟成本及客戶提出的申索向本集團賠償人民幣72,667,000元（附註7A）。該賠償收入由最終控股公司擔保償還，並於截至二零一九年十二月三十一日止年度的綜合損益及其他全面收益表入賬為其他收入。

- (b) 於二零一九年八月，一名建築承包商（「該承包商」，為一名獨立第三方）向本集團之全資附屬公司友嘉河南提出，位於河南一個建築項目之未償還結餘付款應由友嘉河南及其他兩名承包方共同承擔。該承包商向鄭州市中級人民法院提出訴訟。於二零一九年八月，鄭州市中級人民法院頒令凍結友嘉河南及該兩名承包方的若干銀行賬戶，凍結金額為人民幣57,832,000元。於二零二零年十二月三十一日，友嘉河南就訴訟申索被一家銀行凍結銀行結餘人民幣500元（二零一九年：人民幣27,000元），該結餘已於綜合財務狀況表計入受限制銀行結餘。

於該年年底後及於二零二一年二月，鄭州市中級人民法院（「法院」）作出有利於本公司之判決。法院認為，友嘉河南與其他承包方並無合約關係。於二零二一年三月，該承包商向河南高級人民法院提出上訴並獲二審批准。

經考慮獨立中國法律顧問之法律意見及當前訴訟狀況，本公司董事已就訴訟作出最佳估計，認為經濟利益流出的可能性微小，原因為友嘉河南既非所述建築項目的承包方，亦非該項目的擔保方。因此，於二零二零年十二月三十一日並無作出撥備。於批准該等綜合財務報表日期，二審仍在進行中。

36. 資本承擔

	二零二零年 人民幣千元	二零一九年 人民幣千元
就下列各項已訂約，但尚未於綜合財務報表撥備的資本支出：		
— 廠房建設	24,246	24,246

37. 財務風險管理

本集團的業務面臨多重財務風險：外匯風險、利率風險、其他價格風險、信貸風險及流動資金風險。有關如何紓緩此類風險的政策載於下文。管理層管理及監察此等風險，以確保及時有效採取適當措施。

(a) 外匯風險

本集團主要面臨港元、美元及歐元兌人民幣產生之外匯風險。此外匯風險因業務交易或資產及負債以本集團功能貨幣人民幣以外之貨幣列值而產生。本集團透過定期檢討本集團的外匯風險淨額管理其外匯風險。

本集團目前並無制定任何外幣對沖政策，原因為本集團管理層認為本集團外匯風險甚微。本集團將於必要時考慮對沖重大外幣風險。

37. 財務風險管理 (續)

(a) 外匯風險 (續)

敏感度分析

下表詳列本集團對相關集團實體功能貨幣兌有關外幣的匯率上升5%的敏感度。我們採用5%作為敏感率，此乃管理層估計外幣匯率可能發生的合理變動。敏感度分析僅包括現有以外幣計值的貨幣項目，並於報告期末按照外幣匯率變動5%調整其換算。

下表的正數／(負數)表明當相關集團實體功能貨幣兌有關外幣的匯率上升時年內除稅後溢利增加／(減少)及除稅後虧損減少／(增加)。於二零二零年十二月三十一日，當相關集團實體功能貨幣的匯率下降5%時，會對年內除稅後(虧損)／溢利造成等值且相反的影響。

	二零二零年 人民幣千元	二零一九年 人民幣千元
美元	3,249	3,412
歐元	(6,643)	(1,146)
港元	3,711	7,253

此外，將人民幣兌換為外幣須遵守中國政府頒佈的外匯管制規則及法規。

本公司董事認為，敏感度分析並不代表固有外匯風險，因為年末風險未必反映年內風險。

(b) 利率風險

本集團所面對之公平值利率風險與限制性定息銀行結餘及其他借貸之利息有關。本集團目前並無任何利率對沖政策。本集團管理層會按持續基準監察本集團面臨的風險，並將在需要時考慮對沖利率風險。

本集團亦就浮息銀行借貸、限制性銀行結餘及銀行結餘，承受現金流量利率風險。

37. 財務風險管理 (續)

(b) 利率風險 (續)

敏感度分析

以下敏感度分析乃基於報告期末浮息銀行借貸的利率風險而釐定。分析乃假設於報告期末未償還之負債金額於整個年度仍未償還而編製。有關浮息銀行借貸適用之50個基點(二零一九年：50個基點)之上升或下跌乃代表管理層對利率合理可能變動作出之評估。受限制銀行結餘及銀行結餘不獲納入敏感度分析，原因為本公司董事認為因浮動利率受限制銀行結餘及銀行結餘而面臨之現金流量利率風險屬極微。

倘有關浮息銀行借貸之利率上升／下跌50個基點(二零一九年：50個基點)且其他變量維持不變，本集團於截至二零二零年十二月三十一日止年度之除稅後虧損將(增加)／減少人民幣1,777,000元(二零一九年：年內除稅後溢利將增加／(減少)人民幣1,677,000元)。

(c) 其他價格風險

本集團因按公平值計入其他全面收益的應收款項而面臨其他價格風險。本公司董事認為，本集團無需就其他價格風險編製敏感度分析，原因為該等應收款項具短期性質，其對本集團年內除稅後(虧損)／溢利之影響屬極微。

(d) 信貸風險

信貸風險即交易對手將不會達成其金融工具或客戶合約項下的責任，從而導致金融虧損的風險。本集團面臨來自其營運活動(主要為貿易應收賬款及合約資產)、來自投資活動(主要為應收貸款)及來自其融資活動(包括銀行及金融機構存款、匯兌交易及其他金融工具)的信貸風險。本集團面臨來自現金及現金等值物的信貸風險有限，此乃由於交易對手為獲國際信貸評級機構授予高信貸評級的銀行及金融機構，故本集團認為信貸風險較低。

除附註40所載本集團發出的財務擔保外，本集團並無提供令本集團承受信貸風險的任何其他擔保。於報告期末有關該等財務擔保的最大信貸風險於附註40披露。

37. 財務風險管理 (續)

(d) 信貸風險 (續)

貿易應收賬款及合約資產

客戶信貸風險由各業務單位根據本集團設立之客戶信貸風險管理的政策、程序及控制進行管理。對要求一定金額信用的所有客戶進行個人信用評估。該等評估集中於客戶過往於賬項到期時的還款記錄及目前的還款能力，並考慮客戶的特定資料以及客戶營運所處經濟環境。貿易應收賬款自開票日期起30至180天內到期。一般而言，本集團不會向客戶收取抵押品。

本集團採納香港財務報告準則第9號之簡化方法計量全期預期信貸虧損之虧損撥備。本集團乃就具有重大結餘或信貸減值的債務人進行個別評估及／或使用合適分組的撥備矩陣進行整體評估。就整體評定而言，本集團利用應收賬款之賬齡評估客戶減值情況，原因為該等客戶乃由數量眾多的小型客戶所組成，而彼等具有可反映彼等根據合約條款償還所有到期款項的共同風險特性。預期信貸虧損乃基於根據債務人的過往違約記錄而總結得出的過往信貸虧損記錄、債務人營運所在行業的整體經濟狀況以及於報告日期對當前及預測環境走向所作評估而估計得出。

本集團在有資料顯示債務人陷入嚴重財務困難，且無實際收回的可能之時（例如債務人遭受清盤或已進入破產程序）撇銷貿易應收賬款及合約資產。

為最大限度降低信貸風險，本集團已委任其經營管理委員會制定及維持本集團的信貸風險等級，以根據其違約風險程度進行分類。

經營管理委員會使用其他公開財務資料及本集團的自有交易記錄對其主要客戶及其他債務人進行評級。如有必要，將會參考由獨立評級機構提供的信貸評級資料。本集團的風險及其交易對手方的信貸評級將被持續監控，並將所完成交易的總值分攤至經批准的交易對手方。

37. 財務風險管理 (續)

(d) 信貸風險 (續)

貿易應收賬款及合約資產 (續)

下表載列於二零二零年十二月三十一日本集團所面臨信貸風險及貿易應收賬款以及合約資產的預期信貸虧損 (不包括貿易應收賬款的特定虧損撥備) 的資料：

於二零二零年十二月三十一日

	即期至30天 人民幣千元	31至60天 人民幣千元	61至90天 人民幣千元	91至180天 人民幣千元	180天以上 人民幣千元	總計 人民幣千元
預期信貸虧損率	-	0.01%	0.14%	0.22%	31.14%	3.02%
賬面值總額	77,588	4,994	697	2,632	9,187	95,098
虧損撥備	(1)	-	(1)	(6)	(2,861)	(2,869)
	77,587	4,994	696	2,626	6,326	92,229

於二零一九年十二月三十一日

	即期至30天 人民幣千元	31至60天 人民幣千元	61至90天 人民幣千元	91至180天 人民幣千元	180天以上 人民幣千元	總計 人民幣千元
預期信貸虧損率	-	-	-	1.71%	42.43%	10.10%
賬面值總額	68,400	2,927	19	783	22,508	94,637
虧損撥備	-	-	-	(13)	(9,550)	(9,563)
	68,400	2,927	19	770	12,958	85,074

預期虧損率乃根據應收賬款預期年期內之歷史觀察違約率而估計，並就毋須付出不必要成本或努力即可取得之前瞻性資料作出調整。

本集團貿易應收賬款於二零二零年及二零一九年的減值撥備變動如下：

	二零二零年 人民幣千元	二零一九年 人民幣千元
於一月一日	39,596	46,931
減值虧損 / (減值虧損撥回)	13,204	(2,998)
撇銷金額	(12,954)	(4,337)
於十二月三十一日	39,846	39,596

37. 財務風險管理 (續)

(d) 信貸風險 (續)

貿易應收賬款及合約資產 (續)

合約資產於截至二零二零年及二零一九年十二月三十一日止年度的減值變動如下：

	二零二零年 人民幣千元	二零一九年 人民幣千元
於一月一日	219	230
減值虧損撥回	(219)	(11)
於十二月三十一日	-	219

下表載列本集團有關金融資產 (除貿易應收賬款及合約資產外) 的信貸風險分級框架：

類別	說明	確認預期信貸虧損的依據
履約	就違約風險較低或自初步確認後信貸風險並未顯著上升且並無信貸減值的金融資產 (稱為第一階段)	十二個月預期信貸虧損
存疑	就自初步確認後信貸風險顯著上升但並無信貸減值的金融資產 (稱為第二階段)	全期預期信貸虧損—未發生信貸減值
違約	當發生會對金融資產估計未來現金流量造成不利影響的一項或多項事件，則有關金融資產被評定為信貸減值 (稱為第三階段)	全期預期信貸虧損—已發生信貸減值
撇銷	有證據顯示債務人面臨嚴重財務困難，而本集團無實際收回的可能	撇銷有關金額

37. 財務風險管理 (續)

(d) 信貸風險 (續)

其他應收款項及應收貸款

就其他應收款項及應收貸款而言，本集團已採用香港財務報告準則第9號的一般方法按約十二個月預期信貸虧損計量虧損撥備，原因是本公司董事預期信貸風險並無顯著增加。因此，並無確認虧損撥備。

按公平值計入其他全面收益的銀行結餘、限制性銀行結餘及應收款項

於報告期末，按公平值計入其他全面收益的銀行結餘、限制性銀行結餘及應收款項已被釐定為低風險。由於交易對手為具有良好聲譽的銀行及於到期日無力償還及贖回的風險為低，故按公平值計入其他全面收益的銀行結餘、限制性銀行結餘及應收款項的信貸風險屬於有限。

應收關聯方款項

經參考本集團一間關聯公司、同系附屬公司、最終控股公司之一間聯營公司、合營企業、聯營公司及一間聯營公司之附屬公司所提供的流動資金狀況及歷史結算方式，本集團已評定應收該等關聯方款項的預期信貸虧損並不重大。因此，並無確認虧損撥備。

(e) 流動資金風險

為管理流動資金風險，本集團監察及維持現金及現金等值物以及未使用信貸額度於管理層認為足以應付本集團營運所需資金的水平，以及減少現金流量波動之影響。下表根據報告日期至合約到期日之餘下期間將本集團之金融負債按相關到期組別進行分析。

	按要求償還或 少於一年 人民幣千元	二至五年 人民幣千元	未貼現 現金流量總額 人民幣千元	賬面總值 人民幣千元
於二零二零年十二月三十一日				
貿易應付賬款及其他應付款項及應計開支	471,137	-	471,137	471,137
銀行借貸—浮動利率	434,778	-	434,778	423,814
其他借貸	-	43,522	43,522	38,506
應付最終控股公司款項	1,503	-	1,503	1,503
應付直接控股公司款項	15,627	-	15,627	15,627
應付同系附屬公司款項	2,005	-	2,005	2,005
應付合營企業款項	517	-	517	517
應付一間聯營公司款項	24,111	-	24,111	24,111
財務擔保(附註)	2,658	-	2,658	-

37. 財務風險管理 (續)

(e) 流動資金風險

	按要求償還或		未貼現	賬面總值 人民幣千元
	少於一年 人民幣千元	二至五年 人民幣千元	現金流量總額 人民幣千元	
於二零一九年十二月三十一日				
貿易應付賬款及其他應付款項及應計開支	389,300	-	389,300	389,300
銀行借貸—浮動利率	415,721	-	415,721	400,071
其他借貸	-	43,522	43,522	36,760
應付最終控股公司款項	157	-	157	157
應付直接控股公司款項	815	-	815	815
應付同系附屬公司款項	2,457	-	2,457	2,457
應付合營企業款項	380	-	380	380
應付一間聯營公司款項	23,481	-	23,481	23,481
財務擔保 (附註)	13,091	-	13,091	-

附註：

該金額乃按本集團擔保之有關相關財務擔保合同的償還約定期限而分類。

倘浮動利率的變動與於報告期末釐定的利率估計有異，則上文所載有關浮動利率工具的金額會有所變動。

(f) 於二零二零年十二月三十一日的金融工具類別

	二零二零年 人民幣千元	二零一九年 人民幣千元
金融資產：		
按公平值計入其他全面收益的應收款項—債務工具	120,105	101,945
按攤銷成本計量之金融資產	849,188	683,849
	969,293	785,794
金融負債：		
按攤銷成本計量之金融負債	977,219	853,421

37. 財務風險管理 (續)

(g) 公平值

本集團於綜合財務狀況表列賬之金融資產及金融負債的賬面值與其公平值相若。

(h) 轉讓金融資產

於二零二零年十二月三十一日，本集團已通過背書票據向供應商轉讓人民幣39,239,000元(二零一九年：人民幣52,986,000元)。

由於該等票據由高信貸評級之銀行發行，本集團管理層已評估及信納本集團已轉讓該等票據之絕大部分風險及回報。本集團已取消確認上述票據之所有賬面值及相應貿易應付賬款。

38. 公平值計量

公平值乃指市場參與者之間在計量日期進行的有序交易中出售一項資產所收取的價格或轉移一項負債所支付的價格。以下公平值計量披露使用之公平值層級，將估值技術所用輸入數據分為三個等級，以計量公平值：

第1級輸入數據：本集團於計量日期可以取得的相同資產或負債於活躍市場的報價(未經調整)。

第2級輸入數據：就資產或負債直接或間接可觀察的輸入數據(第1級內包括的報價除外)。

第3級輸入數據：資產或負債的不可觀察輸入數據。

於事件或導致轉讓之情況改變當日，本集團之政策乃確認轉入及轉出三級中任何一級。

於二零二零年十二月三十一日的公平值層級披露：

經常性公平值計量：

金融資產	公平值		公平值層級	估值技術及主要輸入數據	重大不可觀察輸入數據
	二零二零年 十二月三十一日	二零一九年 十二月三十一日			
按公平值計入 其他全面收益 之應收款項	按公平值計入 其他全面收益之 應收款項人民幣 120,105,000元	按公平值計入 其他全面收益之 應收款項人民幣 101,945,000元	第2級	使用貼現現金流量法獲得將自應收款 項取得的現金流量的現值。	不適用

39. 關連人士交易

除綜合財務報表其他章節所披露的該等關連人士交易及結餘外，本集團於年內亦與其關連人士進行以下交易：

(a) 交易

公司名稱	關係	交易性質	二零二零年 人民幣千元	二零一九年 人民幣千元
最終控股公司				
友嘉	最終控股公司	採購貨品	18,697	7,996
		購買服務	-	4,054
直接控股公司				
友佳實業香港	直接控股公司	採購貨品	42,853	37,182
關聯公司、同系附屬公司及最終控股公司之聯營公司				
杭州友科電子有限公司 (「友科」)	關聯公司	銷售貨品	-	4
		利息收入	372	70
池貝(上海)機械設備 有限公司	同系附屬公司	採購貨品	-	433
FFG DMC Co., Ltd. (FFG DMC)	同系附屬公司	銷售貨品	-	739
		採購貨品	7,240	3,683
SMS Holding Co., Inc. (SMS Holding)	同系附屬公司	銷售貨品	209	80
杭州友嘉高松機械有限公司 (友嘉高松)	最終控股公司之聯營公 司	銷售貨品	1	-
		採購貨品	2,277	-
		提供服務	753	1,568
		租金收入	61	82

39. 關連人士交易 (續)

(a) 交易 (續)

公司名稱	關係	交易性質	二零二零年 人民幣千元	二零一九年 人民幣千元
合營企業				
AIF	合營企業	銷售貨品	1	27
		採購貨品	1	-
		提供服務	1,000	1,213
		租金收入	46	46
Feeler Mectron	合營企業	採購貨品	572	-
		提供服務	238	362
		租金收入	72	53
Nippon Cable Feeler	合營企業	購買服務	29	83
		提供服務	21	21
		租金收入	8	8
		銷售貨品	4	3
UFM	合營企業	採購貨品	2,082	1,684
		提供服務	88	86
		利息收入	16	15
聯營公司及一間聯營公司之附屬公司				
FFG Werke	聯營公司	賠償收入	-	72,667
Jobs Automazione S.p.A. (Jobs)	一間聯營公司之 附屬公司	採購貨品	-	3,696
FFG Europe & Americas (Shanghai) IAS Co., Ltd. (FFG (Shanghai))	一間聯營公司之 附屬公司	購買服務	690	-
		利息收入	494	397
MAG IAS GmbH (MAG IAS)	一間聯營公司之 附屬公司	採購貨品	22,840	-
MAG Automotive LLC	一間聯營公司之 附屬公司	銷售貨品	126	-

附註：

(a) 上述買賣交易的條款乃根據本公司與各關連人士訂立的框架協議規管。

(b) 租金收入乃根據訂約方共同協定之條款收取。

39. 關連人士交易 (續)

(b) 結餘

公司名稱	關係	交易性質	二零二零年 人民幣千元	二零一九年 人民幣千元
最終控股公司				
友嘉實業	最終控股公司	墊款 (附註(ii))	1,008	-
		貿易應付賬款 (附註(ii))	(1,503)	(157)
指：				
		應收最終控股公司款項	1,008	-
		應付最終控股公司款項	(1,503)	(157)
直接控股公司				
友佳實業香港	直接控股公司	其他應收賬款 (附註(ii))	8	-
		貿易應付賬款 (附註(ii))	(3,556)	(815)
		預收 (附註(ii))	(12,071)	-
指：				
		應收直接控股公司款項	8	-
		應付直接控股公司款項	(15,627)	(815)

39. 關連人士交易 (續)

(b) 結餘 (續)

公司名稱	關係	交易性質	二零二零年 人民幣千元	二零一九年 人民幣千元
<i>關聯公司、同系附屬公司及最終控股公司之聯營公司</i>				
友科	關聯公司	其他應收賬款 (附註(iii))	8,745	2,950
Sanco Machine & Tools Corp.	同系附屬公司	其他應收賬款 (附註(ii))	127	-
		貿易應付賬款 (附註(ii))	(2,005)	(2,144)
FFG DMC	同系附屬公司	貿易應收賬款 (附註(i))	-	160
		其他應收賬款 (附註(ii))	-	2,931
		墊款 (附註(ii))	18,955	-
		貿易應付賬款 (附註(ii))	-	(303)
		預收 (附註(ii))	-	(10)
		貿易應收賬款 (附註(i))	-	17
Feeler Takamatsu	最終控股公司之聯營公司	貿易應收賬款 (附註(i))	215	151
		其他應收賬款 (附註(ii))	45	39
指：				
應收一間關聯公司、同系附屬公司及最終控股公司之 一間聯營公司款項			28,087	6,248
應付同系附屬公司款項			(2,005)	(2,457)

39. 關連人士交易 (續)

(b) 結餘 (續)

公司名稱	關係	交易性質	二零二零年 人民幣千元	二零一九年 人民幣千元
合營企業				
AIF	合營企業	其他應收賬款 (附註(ii))	248	116
Feeler Mectron	合營企業	貿易應收賬款 (附註(iii))	75	52
		其他應收賬款 (附註(ii))	8	19
UFM	合營企業	貿易應收賬款 (附註(i))	1	-
		其他應收賬款 (附註(ii))	312	316
		貿易應付賬款 (附註(ii))	(515)	(379)
Nippon Cable Feeler	合營企業	其他應收賬款 (附註(ii))	-	9
		其他應付賬款 (附註(ii))	(2)	(1)
指：				
		應收合營企業款項	644	512
		應付合營企業款項	(517)	(380)

39. 關連人士交易 (續)

(b) 結餘 (續)

公司名稱	關係	交易性質	二零二零年 人民幣千元	二零一九年 人民幣千元
<i>聯營公司及一間聯營公司之附屬公司</i>				
FFG Werke	聯營公司	其他應收賬款 (附註(ii))	1,357	1,724
		股東貸款 (附註(iii))	53,981	38,893
		應收賠償 (附註(iii))	72,667	72,667
		貿易應付賬款 (附註(ii))	(24,111)	(23,481)
FFG Europe	聯營公司	其他應收賬款 (附註(iii))	766	766
		股東貸款 (附註(iii))	40,812	38,073
FFG EA	聯營公司	其他應收賬款 (附註(ii))	139,900	7,683
Grinding technology S.r.l.	一間聯營公司之附屬公司	其他應收賬款 (附註(ii))	9,307	9,531
Jobs	一間聯營公司之附屬公司	其他應收賬款 (附註(iii))	24,225	23,365
MAG	一間聯營公司之附屬公司	其他應收賬款 (附註(ii))	575	-
MAG IAS	一間聯營公司之附屬公司	其他應收賬款 (附註(ii))	-	18,772
FFG (Shanghai)	一間聯營公司之附屬公司	其他應收賬款 (附註(ii))	17,734	14,397

39. 關連人士交易 (續)

(b) 結餘 (續)

公司名稱	關係	交易性質	二零二零年 人民幣千元	二零一九年 人民幣千元
<i>聯營公司及一間聯營公司之附屬公司 (續)</i>				
Sky Thrive Rambaudi S.r.l.	一間聯營公司之附屬公司	其他應收賬款 (附註(iii))	3,306	3,227
		股東貸款 (附註(iii))	6,219	6,057
指：				
應收聯營公司及一間聯營公司之附屬公司款項			370,849	235,155
應付一間聯營公司款項			(24,111)	(23,481)

附註：

- (i) 就與上述各方進行的銷售而言，本集團給予的一般信貸期為30至180天。結餘為無抵押及免息。
- (ii) 結餘為無抵押、免息及須按要求償還。
- (iii) 結餘為無抵押、免息及須按要求償還。最終控股公司已出具擔保書，承諾於該等關聯方未能於到期時履行責任時向本集團償還未償還結餘。

(c) 主要管理人員報酬

年內，董事及其他主要管理人員的酬金如下：

	二零二零年 人民幣千元	二零一九年 人民幣千元
薪金及補貼	2,111	2,265
酌情表現相關花紅	1,444	1,252
退休福利計劃供款	87	68
	3,642	3,585

40. 財務擔保合約

於二零一九年六月，本公司根據本集團若干聯營公司MAG IAS及FFG Werke各自與獨立第三方的採購合約就彼等各自的付款責任向獨立第三方出具擔保，最大金額分別為11,000,000歐元（相當於人民幣85,971,000元）及2,000,000歐元（相當於人民幣15,631,000元）。於二零二零年十二月三十一日，MAG IAS及FFG Werke向獨立第三方的付款責任總額分別為264,000歐元（相當於人民幣2,117,000元）（二零一九年：764,000歐元（相當於人民幣5,971,000元））及67,000歐元（相當於人民幣541,000元）（二零一九年：911,000歐元（相當於人民幣7,120,000元））。

本集團管理層估計上述實體之違約風險甚微，故該等財務擔保及其公平值產生之信貸虧損風險並不重大。

41. 資產抵押

	二零二零年 人民幣千元	二零一九年 人民幣千元
使用權資產	80,631	82,484
貿易融資信貸的受限制銀行結餘	72,585	43,728
	153,216	126,212

本集團已抵押其使用權資產作本集團其他借貸之擔保。本集團之限制性銀行結餘主要指本集團為就本集團應付票據及融資信貸出具擔保而存放於銀行的存款。

42. 報告期後事項

於二零二零年初爆發的COVID-19疫情為本集團的經營環境帶來不確定性，並對本集團於報告期初的營運造成影響。然而，自二零二零年第二季度開始CNC工具機（本集團主要產品）的需求一直增長，因此本集團的業務表現自此明顯恢復過來。截至二零二零年十二月三十一日止年度產生的虧損淨額僅歸因於德國的聯營公司應佔虧損，而於德國的聯營公司亦因疫情遭受很大之影響。管理層認為，本集團之財務狀況仍然穩健。另外，德國的COVID-19疫情仍然持續，管理層也將密切監察於德國的聯營公司之業務及營運。

於報告期後及直至本報告日期，董事會概不知悉發生任何有關本集團業務或財務表現之重大事件。

43. 本公司財務狀況表資料

	二零二零年 人民幣千元	二零一九年 人民幣千元
非流動資產		
於附屬公司的投資	52,840	52,840
於合營企業的投資	27,666	27,666
應收附屬公司款項	160,580	290,890
	241,086	371,396
流動資產		
貿易及其他應收賬款及預付款項	1,783	6,683
應收聯營公司及一間聯營公司之附屬公司款項	345,578	196,319
銀行結餘及現金	18,320	27,453
	365,681	230,455
流動負債		
其他應付款項及應計費用	8,476	8,317
應付附屬公司款項	443,751	309,575
應付一間聯營公司及一間聯營公司之附屬公司款項	-	-
應付直接控股公司款項	12,063	-
銀行借貸	318,458	309,769
	782,748	627,661
流動負債淨額	(417,067)	(397,206)
總資產減流動負債	(175,981)	(25,810)

已於二零二一年五月十四日獲董事會批准，並由下列董事代表簽署：

朱志洋
董事

溫吉堂
董事

43. 本公司財務狀況表資料 (續)

	二零二零年 人民幣千元	二零一九年 人民幣千元
資本及儲備		
股本	4,021	4,021
股份溢價	82,183	82,183
其他儲備	13,653	59,647
累計虧損	(275,838)	(171,661)
總權益	(175,981)	(25,810)

截至二零二零年及二零一九年十二月三十一日止年度本公司儲備變動情況如下：

	股份溢價 人民幣千元	其他儲備 人民幣千元	保留盈利／ (累計虧損) 人民幣千元	總計 人民幣千元
於二零一九年一月一日	82,281	7,973	170,703	260,957
年內全面收益總額	-	51,674	(342,364)	(290,690)
購回及註銷股份	(98)	-	-	(98)
於二零一九年十二月三十一日及 二零二零年一月一日	82,183	59,647	(171,661)	(29,831)
年內全面收益總額	-	(45,994)	(104,177)	(150,171)
於二零二零年十二月三十一日	82,183	13,653	(275,838)	(180,002)

經營業績

截至十二月三十一日止年度

	二零一六年 人民幣千元	二零一七年 人民幣千元	二零一八年 人民幣千元	二零一九年 人民幣千元	二零二零年 人民幣千元
收益	1,082,336	1,294,801	1,090,693	910,695	875,318
毛利	295,151	312,515	290,727	209,098	196,471
除所得稅前溢利／(虧損)	87,650	85,066	(42,730)	34,228	(232,371)
本公司擁有人應佔溢利／(虧損)	60,749	65,690	(57,724)	12,159	(248,219)
每股盈利／(虧損)－基本(人民幣)	0.15	0.16	(0.14)	0.03	(0.62)

資產與負債

於十二月三十一日

	二零一六年 人民幣千元	二零一七年 人民幣千元	二零一八年 人民幣千元	二零一九年 人民幣千元	二零二零年 人民幣千元
非流動資產	743,761	703,361	706,420	786,085	466,482
流動資產淨值	121,487	185,223	115,271	34,618	89,652
非流動負債	(61,180)	(61,180)	(105,285)	(112,224)	(113,265)
資產淨值	804,068	827,404	716,406	708,479	442,869
股本	4,022	4,022	4,022	4,021	4,021
儲備	800,046	823,382	712,384	704,458	438,848
股東權益	804,068	827,404	716,406	708,479	442,869

附 件 五

GOOD FRIEND INTERNATIONAL HOLDINGS INC. 友佳國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2398



ANNUAL
REPORT
2020

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

CHU Chih-Yaung
(Chairman and Chief Executive Officer)

CHEN Min-Ho
WEN Chi-Tang

Independent Non-Executive Directors

KOO Fook Sun, Louis
YU Yu-Tang
KAO Wen-Cheng

COMPANY SECRETARY

LO Tai On

AUTHORISED REPRESENTATIVES

CHU Chih-Yaung
WEN Chi-Tang

LEGAL ADVISERS AS TO HONG KONG LAW

Woo Kwan Lee & Lo

AUDIT COMMITTEE

KOO Fook Sun, Louis *(Chairman of the Committee)*
YU Yu-Tang
KAO Wen-Cheng

REMUNERATION COMMITTEE

KOO Fook Sun, Louis *(Chairman of the Committee)*
YU Yu-Tang
KAO Wen-Cheng

NOMINATION COMMITTEE

KOO Fook Sun, Louis *(Chairman of the Committee)*
YU Yu-Tang
KAO Wen-Cheng

AUDITOR

RSM Hong Kong

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 2003, 20th Floor
Kai Tak Commercial Building
317-319 Des Voeux Road Central
Hong Kong

PRINCIPAL PLACE OF BUSINESS IN THE PRC

No. 120 Shixin North Road
Xiaoshan Economic and Technological
Development Zone
Xiaoshan District
Hangzhou City
Zhejiang Province
The PRC

**PRINCIPAL SHARE REGISTRAR AND
TRANSFER OFFICE**

Suntera (Cayman) Limited
Suite 3204, Unit 2A
Block 3, Building D
P.O. Box 1586
Gardenia Court, Camana Bay
Grand Cayman, KY1-1100
Cayman Islands

**HONG KONG BRANCH SHARE
REGISTRAR AND TRANSFER OFFICE**

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

Bank of China
United Overseas Bank Limited
Industrial and Commercial Bank of China
KGI Bank
Mega International Commercial Bank
Taishin International Bank
Bank SinoPac
Bangkok Bank

STOCK CODE

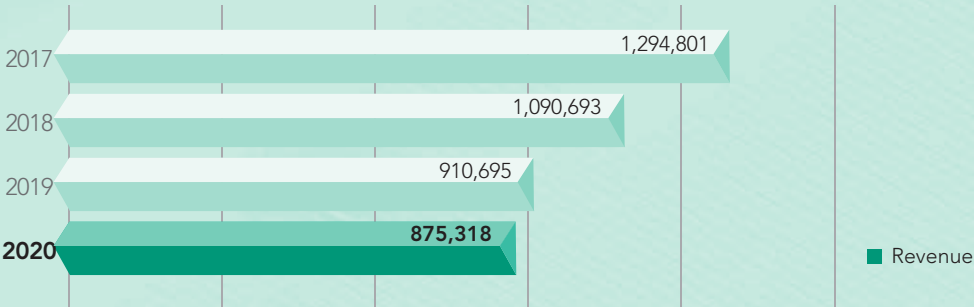
2398

WEBSITE

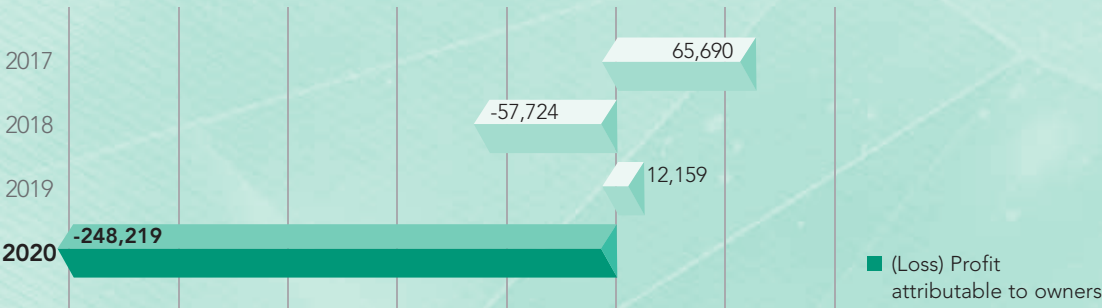
<http://www.goodfriend.hk>

Financial Highlights

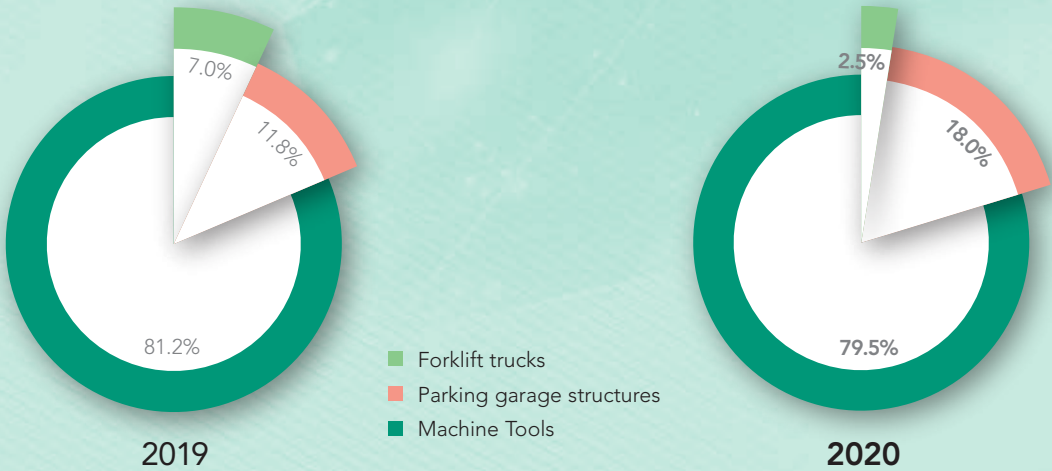
REVENUE (RMB'000)



(LOSS) PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY (RMB'000)



BUSINESS SEGMENTS (in terms of revenue)



TWO-YEAR COMPARISON OF FINANCIAL FIGURES

For the year ended 31 December

	2020 RMB'000	2019 RMB'000	Change (%)
Revenue	875,318	910,695	(3.9)%
Gross profit	196,471	209,098	(6.0)%
(Loss) Profit attributable to owners	(248,219)	12,159	(2,141.4)%
Shareholders' equity	442,869	708,479	(37.5)%
Total assets	1,930,819	2,124,080	(9.1)%
(Loss) earnings per share – basic (RMB)	(0.62)	0.03	(2,166.7)%

SUMMARY OF KEY FINANCIAL RATIOS

For the year ended 31 December

	2020	2019	Change (%)
Gross profit margin ^{Note 1}	22.4%	23.0%	(2.6)%
Net (loss) profit margin ^{Note 2}	(28.4)%	1.3%	(2,284.6)%
Inventory turnover days ^{Note 3}	231.8	256.5	(9.6)%
Debtors' turnover days ^{Note 4}	53.5	74.5	(28.2)%
Creditors' turnover days ^{Note 5}	83.0	84.7	(2.0)%
Current ratio (Times) ^{Note 6}	1.1	1.0	10.0%
Quick ratio (Times) ^{Note 7}	0.8	0.6	33.3%
Gearing ratio (%) ^{Note 8}	21.9%	18.8%	16.5%
Return on equity (%) ^{Note 9}	(56.0)%	1.7%	(3,394.1)%

Note 1: Gross profit margin is calculated as gross profit divided by revenue.

Note 2: Net (loss) profit margin is calculated as (loss) profit attributable to owners divided by revenue.

Note 3: Inventory turnover days is calculated as the ending inventory divided by cost of revenue and multiplied by 365 days.

Note 4: Debtors' turnover days is calculated as the ending trade debtors divided by revenue and multiplied by 365 days.

Note 5: Creditors' turnover days is calculated as the ending trade creditors divided by cost of revenue and multiplied by 365 days.

Note 6: Current ratio is calculated as total current assets divided by total current liabilities at the end of the corresponding year. The numbers in the above table are expressed in the form of ratio and not as a percentage.

Note 7: Quick ratio is calculated as total current assets excluding inventories divided by total current liabilities at the end of the corresponding year. The numbers in the above table are expressed in the form of ratio and not as a percentage.

Note 8: Gearing ratio is calculated as total debts divided by total assets at the end of the year. Total debts refer to total interest bearing liabilities at the end of the year.

Note 9: Return on equity is calculated as (loss) profit attributable to owners divided by total shareholders' equity at the end of the corresponding year.

Chairman's Statement



I hereby present on behalf of the board (the "Board") of directors (the "Directors") to the shareholders the report on the results of Good Friend International Holdings Inc. (the "Company") and its subsidiaries (together referred to as the "Group") for the year ended 31 December 2020 (the "year").

FINANCIAL PERFORMANCE

For the year ended 31 December 2020, the Group recorded revenue of approximately RMB875.32 million, representing a decrease of approximately 3.9% compared to 2019. Loss attributable to owners amounted to approximately RMB248.22 million was recorded in the current year; whilst in 2019 profit attributable to owners amounted to approximately RMB12.16 million.

FINAL DIVIDEND

The Board resolved not to recommend a final dividend for the year ended 31 December 2020 (2019: Nil).

BUSINESS REVIEW

China maintained a generally stable economy in 2020. According to the economic data released by the National Bureau of Statistics of China, China's gross domestic product (GDP) grew by a year-on-year rate of 2.3% in 2020. For the year ended 31 December 2020. Sales volume and sales revenue of the Group's major products CNC machines tools amounted to 1,601 units and RMB696.11 million respectively.



PROSPECTS

At the beginning of 2020, the COVID-19 pandemic had brought about unprecedented challenges on the production and operation of the Group. With the gains achieved by the Chinese government adopting various strict prevention and control policies coupled with the effective business strategies adopted by the Group, the business conditions continued to improve. The overall business performance of the Group notably recovered as from the second quarter of 2020. Though the Group recorded loss during the year which was due to the share of loss of associates located in Germany, the share of loss of associates is a non-cash item and hence there will be no effect on the operating cash flow of the Group. Moreover, before including this item, the Group recorded a profit before tax of approximately RMB54.69 million for the year ended 31 December 2020 under this tough operating environment. The management therefore considers that the overall financial position of the Group remain solid.

Looking ahead, the Chinese government unveiled its clear objective of implementation of the tasks of “six stables” and “six guarantees”. The China’s economy is expected to improve steadily under this strategy. The Group will keep close track of the global economic trend and market situation in order to capture business opportunities and reduce operation risks. On the other hand, the management will continue to control operating costs for achieving better operating results of the Group. The management is optimistic on the long-term development prospects of the Group.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to thank all the staff and management team for their hard work in the past year. I would also like to express heartfelt thanks to all of the customers and suppliers.

On behalf of the Board

CHU Chih-Yaung

Chairman

Hong Kong, 31 March 2021

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2020, the Group recorded revenue of approximately RMB875.32 million, representing a decrease of approximately 3.9% as compared to 2019. During the year, sales volume of CNC machine tools, parking garage structures and forklift trucks amounted to 1,601 units, 9,707 units and 280 units respectively (2019 comparative figures: 1,527 units, 7,792 units and 841 units). CNC machine tools remained the major source of the Group's revenue. During the year, sales revenue of CNC machine tools business amounted to approximately RMB696.11 million, representing a decrease of approximately 5.8% as compared to 2019. Revenue of CNC machine tools accounted for approximately 79.5% of the Group's total revenue. On the other hand, sales revenue of the Group's parking garage structures business amounted to approximately RMB157.21 million during the year, representing an increase of approximately 46.5% as compared to 2019 and accounted for approximately 18.0% of the total revenue. Moreover, sales revenue of the Group's forklift trucks business during the year decreased by approximately 65.8%, as compared to 2019, to approximately RMB22.00 million and approximately 2.5% of the Group's total revenue.

Gross profit and margin

For the year ended 31 December 2020, gross profit of the Group amounted to approximately RMB196.47 million. Overall gross profit margin was approximately 22.4%, which remained fairly stable when compared to 23.0% for 2019.

Distribution and selling expenses

Distribution and selling expenses, amounted to approximately RMB94.85 million for the year ended 31 December 2020, representing a decrease of approximately 22.2% as compared to last year. This was mainly attributable to the stringent control of the expenses by the management. During the year, distribution and selling expenses as a percentage of the Group's revenue amounted to approximately 10.8%, compared to approximately 13.4% for 2019.

Administrative expenses

Administrative expenses for the year ended 31 December 2020 decreased by approximately 19.7% as compared to 2019. This was mainly attributable to the management's stringent control of the expenses during the year.

Other gains and losses

Other gains during the year represented approximately RMB13.35 million foreign exchange gain, as well as approximately RMB23.78 million being the reversal of provision for litigation claim following the settlement of the litigation in March 2021.

Finance costs

During the year, finance costs decreased by approximately 24.7% to approximately RMB18.64 million. This was primarily due to the decrease of the interest rates of bank borrowings of the Group during 2020.

Share of loss of associates

For the year ended 31 December 2020, share of loss of associates amounted to approximately RMB287.06 million. The amount represented the Group's share of results of "FFG European and American Holdings GmbH" (an associate located in Germany) during the year.

Loss/Profit attributable to owners of the Company

For the year ended 31 December 2020, loss attributable to owners of the Company amounted to approximately RMB248.22 million. For the year ended 31 December 2019, profit attributable to owners of the Company amounted to approximately RMB12.16 million.

Liquidity and financial resources

As at 31 December 2020, the Group had net current assets of approximately RMB89.65 million (2019: RMB34.62 million), shareholders' fund of approximately RMB442.87 million (2019: RMB708.48 million) and short-term bank borrowings of approximately RMB423.81 million (2019: RMB400.07 million). The Group's working capital was financed by internal cash flows generated from its operation and existing banking facilities.

Bank balances and cash as at 31 December 2020 amounted to approximately RMB104.01 million (2019: RMB74.86 million). The current ratio (ratio of total current assets to total current liabilities) of the Group was approximately 1.1 times (2019: 1.0 times). The gearing ratio (ratio of total debts to total assets) was approximately 21.9% (2019: 18.8%), indicating that the Group's overall financial position remained solid.

Capital structure and treasury policies

The share capital of the Company as at 31 December 2020 was HK\$4,030,740 divided into 403,074,000 shares of HK\$0.01 each (at 31 December 2019: HK\$4,030,740 divided into 403,074,000 shares of HK\$0.01 each).

The Group generally finances its operations with internally generated cash flows and loans facilities provided by banks. As at 31 December 2020, the total outstanding short-term borrowings stood at approximately RMB423.81 million (2019: RMB400.07 million). Borrowing methods used by the Group mainly include bank loans. The Group had no interest rate hedging arrangement during the year.

SIGNIFICANT INVESTMENT

The Group had no significant investment held for the year ended 31 December 2020.

Management Discussion and Analysis

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

The Group had no material acquisitions or disposals of subsidiaries or associates during the year ended 31 December 2020.

SEGMENTAL INFORMATION

Details of segmental information for the year ended 31 December 2020 are set out in note 6B to the consolidated financial statements.

Staff and remuneration policies

As at 31 December 2020, the Group employed a total of 950 (2019: 1,080) full-time employees in Hong Kong and China. The total staff costs (including Directors' fee and emoluments) amounted to approximately RMB135.76 million (2019: RMB154.02 million). The salary review policies of the Group are determined with reference to the market trends, future plans and the performance of individuals in various aspects and are reviewed periodically.

The Company had adopted on 2 June 2016 a share option scheme for the purpose of providing incentive and rewards to eligible participants for their contributions to the Group. No share option was granted by the Group since its adoption.

The employees of the Company's subsidiaries join a state-managed social welfare scheme operated by the local government of China and the employees in Hong Kong participate in the Mandatory Provident Fund Scheme. During the year ended 31 December 2020, the Group contributed approximately RMB0.48 million (2019: RMB5.54 million) to the said schemes.

Capital commitments and contingencies

The Group's capital expenditure commitments for property, plant and equipment amounted to approximately RMB24.25 million (2019: RMB24.25 million) which are contracted but not provided in the unaudited consolidated financial statements for the year ended 31 December 2020. The Group had no material contingent liabilities as at 31 December 2020 (2019: Nil).

Charges on the Group's assets

As at 31 December 2020, the Group had restricted bank balances with an amount of approximately RMB139.43 million (2019: RMB106.33 million), which mainly represented bank balances being frozen by banks in relation to a litigation claim raised by a customer, as well as deposits placed in banks for acceptance bills.

Meanwhile, a subsidiary of the Company pledged its land with an aggregate carrying amount of approximately RMB80.63 million (2019: RMB82.48 million) to secure financing facilities granted to it. As at 31 December 2020, the subsidiary has utilized such secured financing facilities of approximately RMB38.51 million (2019: RMB36.76 million).

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There was no specific plan for material investments and acquisition of material capital assets as at 31 December 2020. However, the Group will continue to seek new business development opportunities.

Foreign exchange risk

The Group mainly operates in China. During the year ended 31 December 2020, the Group collected most of its revenue in Renminbi, some of which were converted into foreign currencies such as Hong Kong dollars, United States dollars, Euro and other foreign currencies for the payment of imported parts and components. As such, the Group had a certain level of exposure to foreign exchange fluctuations. The Group had no hedging activities during the year. However, the management of the Group has been monitoring the exchange rate risk, and will consider hedging against major foreign currency risk when required.

Renminbi currently is not a freely convertible currency. A portion of the Group's Renminbi revenue or profit must be converted into other currencies to meet foreign currency obligations of the Group such as the payment of dividends, if declared.

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Chu Chih-Yaung (朱志洋先生), aged 74, was appointed as an executive Director and the Chief Executive Officer in September 2005 and December 2019 respectively. He is the Chairman of the Board responsible for the Group's overall strategic planning, management, business development, and the formulation of the Group's corporate policies. Mr. Chu has more than 30 years of experience in the mechanics, manufacturing and machine tools industry. Mr. Chu is also a director of Hangzhou Global Friend Precision Machinery Co., Ltd. and Hangzhou Ever Friend Precision Machinery Co., Ltd., both are wholly-owned subsidiaries of the Company.

Mr. Chen Min-Ho (陳明河先生), aged 70, was appointed as an executive Director in December 2005. He is responsible for the overall business operation of the Group. Mr. Chen has more than 15 years of experience in mechanics, manufacturing and machine tools industry. He is also a director of Hangzhou Good Friend Precision Machinery Co., Ltd., Rich Friend (Shanghai) Precision Machinery Co., Ltd., Hangzhou Glory Friend Machinery Technology Co., Ltd and Huller Hille (Shanghai) Machinery Co., Ltd. He joined the Group in 1993.

Mr. Wen Chi-Tang (溫吉堂先生), aged 56, was appointed as an executive Director in December 2005. He was the vice general manager of machine tools division of Hangzhou Good Friend Precision Machinery Co., Ltd. and then was promoted as the general manager with effect from 1 January 2011. He is responsible for the production and operation of this division. Mr. Wen has more than 35 years of experience in the machine tools industry. He is also a director of Hangzhou Good Friend Precision Machinery Co., Ltd., Hangzhou Global Friend Precision Machinery Co., Ltd., Hangzhou Ever Friend Precision Machinery Co., Ltd. and Hangzhou Glory Friend Machinery Technology Co., Ltd. He joined the Group in 2003.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Koo Fook Sun, Louis (顧福身先生), aged 64, was appointed as an independent non-executive Director in December 2005 and is the chairman of the audit committee, the remuneration committee and the nomination committee of the Company. He has more than 30 years of experience in investment banking and professional accounting. Mr. Koo currently act as an independent non-executive director of Li Ning Company Limited, Xingda International Holdings Limited and Winfull Group Holdings Limited, all of which are companies listed on the Main Board of the Stock Exchange. He acted as an independent non-executive director of Midland Holdings Limited, which is listed on the Main Board of the Stock Exchange until June 2017.

Mr. Yu Yu-Tang (余玉堂先生), aged 84, was appointed as an independent non-executive Director in December 2005 and is a member of the audit committee, nomination committee and remuneration committee of the Company. He was a consultant of the Taiwan Hsin Chu County Government (台灣新竹縣政府) and the Provincial Government.

Biographical Details of Directors and Senior Management

Mr. Kao Wen-Cheng (高文誠先生), aged 61, was appointed as an independent non-executive Director on 10 January 2021 and is a member of the audit committee, nomination committee and remuneration committee of the Company. Mr. Kao has previously served at the Petitions and Appeals Committee of the Ministry of Economic Affairs, R.O.C. and the office of the Vice President of the Legislative Yuan, R.O.C. From 2008 to 2012, he served as the deputy general secretary of the Straits Exchange Foundation, R.O.C. (財團法人海峽交流基金會). From 2012 to 2019, he served as the deputy general secretary of The Third Wednesday Club (中華民國三三企業交流會). From 2012 to 2016, he served as a consultant of China Trust Commercial Bank. From 2017 to 2020, he was re-designated as a special member of the chairman's office of China Trust Commercial Bank, and he retired on 1 January 2021. Currently, Mr. Kao is a director of Jiangsu Longchen Greentech Co., Ltd. (江蘇榮成環保科技股份有限公司).

SENIOR MANAGEMENT

Mr. Chiang Chia-Shin (強家鑫先生), aged 62, was appointed as the manufacturing, marketing and after sales service manager of Hangzhou Global Friend and is responsible for the manufacturing, operating, marketing and after sales service of forklifts trucks in Mainland China. Mr. Chiang graduated from mechanical engineering department of Taiwan Fushin Institute Technology School (台灣復興工業專科學校) in 1979. He joined the Group in 1 July 2000 and has over 35 years of experience in the design, manufacturing and production of the motor vehicle parts and forklifts trucks.

Mr. Wu Li-Chen (吳立城先生), aged 59, was appointed as the manager of after sales services division of machine tools of Hangzhou Good Friend and then was promoted as the senior manager with effect from January 2014. He joined the Group in October 2000 and has over 36 years of experience in the machine tools industry.

Mr. Huang Fei-Hsiung (黃飛雄先生), aged 52, was appointed as the vice general manager of Hangzhou Good Friend and is responsible for the general administrative and management functions. Mr. Huang graduated from City University of Hong Kong in DBA with a degree in 2015. Before he joined the Group in May 2020, he served in Taiwan's listed companies and has over 26 years of experience in the fields of auditing, accounting and finance, business management.

Mr. Yip Sai Keung, Esmond (葉世強先生), aged 55, was appointed as the financial controller of the Company and is responsible for the finance and accounting functions of the Group. Mr. Yip holds a Bachelor of Social Sciences degree from the University of Hong Kong. He is a fellow member of the Association of Chartered Certified Accountants and a fellow member of the Hong Kong Institute of Certified Public Accountants. Mr. Yip joined the Group in November 2007 and has about 30 years of experience in the fields of corporate finance, auditing and accounting.

Report of the Directors

The board of directors of the Company (the "Board") is pleased to submit their report together with the audited consolidated financial statements of the Group for the year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The Company is an investment holding company and its subsidiaries are principally engaged in the design and production of CNC machine tools, design and construction of three-dimensional car parking garage structures and design and assembling of forklift trucks.

BUSINESS REVIEW

The business review of the Group for the year ended 31 December 2020 is set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" from pages 6 to 7 and pages 8 to 11 respectively of this annual report.

PRINCIPAL RISKS AND UNCERTAINTIES FOCUSING THE COMPANY

A description of possible risks and uncertainties that the Group may be facing are set out in the Chairman's Statement on pages 6 to 7 of this annual report. The financial risk management objectives and policies of the Group are set out in note 37 to the consolidated financial statements.

ENVIRONMENTAL POLICY

The Group has strong commitment towards environmental protection. It is the Group's policy to encourage and promote awareness towards environmental protection to our employees. It has implemented green office practices such as double-sided printing and copying, promoting using recycled paper and reducing energy consumption by switching off idle lightings and electrical appliance in the Group's offices. Moreover, the Group has been committed to operating in compliance with applicable environmental laws and regulations and has taken steps to ensure that any waste and by-products produced as a result of its operations are properly treated and discharged so as to minimise the adverse effects to the environment.

The management will review the Group's environmental practices from time to time and will consider implementing further ecology friendly measures and practices in the operation to enhance environmental protection and sustainability.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the year, as far as the directors of the Company (the "Directors") are aware, there was no material non-compliance with applicable laws and regulations by the Group that has a significant impact on the Group's business and operations.

KEY RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Board recognises that our employees are valuable assets contributing to the Group's future success. The Group provides competitive remuneration package to attract, motivate and retain our employees. The Board also regularly reviews the remuneration package of our employees and makes necessary adjustments to conform to the prevailing market practices.

The Board also treasures that maintaining good relationship with our customers and suppliers is vital to achieve the Group's long-term goals.

During the year, there was no significant dispute between the Group companies and our business partners.

IMPORTANT EVENT THAT HAVE OCCURRED SINCE THE FINANCIAL YEAR END

There was no important event that has occurred since the financial year end and up to the date of this report.

SEGMENTAL INFORMATION

An analysis of the Group's turnover and results by business segments for the year ended 31 December 2020 is set out in note 6B to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The Group's profit for the year ended 31 December 2020 and the state of affairs of the Group as at that date are set out in the consolidated financial statements on pages 71 to 161.

The Directors resolved not to recommend a final dividend for the year ended 31 December 2020.

RESERVES

Movements in the reserves of the Company during the year are set out in note 43 to the consolidated financial statements.

ANNUAL GENERAL MEETING

An annual general meeting will be held on Wednesday, 30 June 2021 (the "2021 AGM"). Details of the 2021 AGM, notice of 2021 AGM and proxy form are set out in the circular of the Company dated 17 May 2021 which will be despatched to shareholders of the Company (the "Shareholders") together with the 2020 annual report.

Report of the Directors

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the Group's property, plant and equipment during the year are set out in note 14 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the Company's share capital for the year ended 31 December 2020 are set out in note 26 to the consolidated financial statements.

BANK BORROWINGS

Details of bank borrowings of the Group as at 31 December 2020 are set out in note 30 to the consolidated financial statements.

DIRECTORS

The Directors during the year and as at the date of this report were as follows:

Executive Directors

Mr. CHU Chih-Yaung (*Chairman and Chief Executive Officer*)

Mr. CHEN Min-Ho

Mr. WEN Chi-Tang

Mr. CHIU Rung-Hsien (resigned on 31 July 2020)

Independent Non-Executive Directors

Mr. KOO Fook Sun, Louis

Mr. YU Yu-Tang

Mr. KAO Wen-Cheng

Pursuant to article 87 of the articles of association of the Company (the "Articles"), Messrs. Wen Chi-Tang and Yu Yu-Tang, Directors who have been longest in office since their last re-election, will retire by rotation and will offer themselves for re-election at the 2021 AGM.

INDEPENDENCE CONFIRMATION

The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited ("the Stock Exchange"). The Company considers all independent non-executive Directors to be independent.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save for the share option scheme of the Company adopted on 2 June 2016, at no time during the year were the rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or Chief Executive of the Company or their respective spouses or children under 18 years of age, or were any such rights exercised by them; or were the Company, its parent company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights or benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service agreement dated 11 January 2021 with the Company for a term of three years commencing from 11 January 2021 and will continue thereafter until terminated by not less than three months' notice in writing served by either party to the other or in accordance with the provisions set out in the respective service agreement. Each of the executive Directors may receive a discretionary bonus, the amount of which will be determined by reference to the comments of the remuneration committee of the Company.

A service agreement has been entered into between each of the independent non-executive Directors and the Company for a fixed term of 2 years commencing from 10 January 2020, and may be terminated by not less than three months' notice in writing served by either party to the other.

None of the Directors who are proposed for re-election at the forthcoming 2021 AGM has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Reference is made to the relevant disclosures on pages 94 to 106 and details on the deed of non-competition on page 105 of the prospectus of the Company dated 30 December 2005. As at 31 December 2020, none of the Directors and their respective associates (as defined in the Listing Rules) had any interest in a business, which competes or may compete with the business of the Group in the PRC, Hong Kong and Macau.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Scheme") on 2 June 2016, i.e. the date on which the Scheme was adopted by resolution of the Shareholders at general meeting (the "Adoption Date"). The purpose of the Scheme is to motivate eligible persons to optimise their future contributions to the Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain ongoing relationship with such eligible persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group, and additionally in the case of executive (as defined below), to enable the Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions. Eligible persons of the Scheme include the Company's executive directors, managers, or other employees holding executive, managerial, supervisory or similar positions in any member of the Group ("Executives"), directors or proposed directors (including independent non-executive directors) of any member of the Group, consultant of any member of the Group, dependent of any of the foregoing persons, and such other persons as the Board may approve from time to time having contributed to the Company or the Group.

The principal terms of the Scheme are summarised as follows:

- (a) The maximum number of the Company's shares which may be issued upon exercise of all options to be granted under the Scheme and any other share option scheme(s) of the Company must not in aggregate exceed 10% of the number of the Company's shares in issue as at the Adoption Date (which were 403,200,000 shares) unless shareholders' approval has been obtained, and which must not exceed 30% of the total number of the Company's shares in issue from time to time (or such other percentage as may be allowed under the Listing Rules).

As at the date of this report, as no option had been granted under the Scheme, the Company had the capacity to grant options to subscribe for a maximum of 40,320,000 shares in aggregate, which represents the total unutilised mandate limit under the Scheme and represents 10% of the issued shares of the Company as at the Adoption Date and approximately 10% of the issued shares of the Company as at the date of this report.

- (b) The maximum number of shares of the Company issued and to be issued upon exercise of the options granted to each eligible person under the Scheme or any other share option schemes adopted by the Company (including both exercised, cancelled and outstanding options) in any 12-month period must not exceed 1% of the total number of issued shares of the Company.
- (c) The subscription price in respect of each share of the Company issued pursuant to the exercise of options granted under the Scheme shall be determined by the Board and notified to an eligible person at the time of the grant of the options and shall be at least the highest of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheets on the date of the Board approving the grant of option, which must be a business day ("Date of Grant"); (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the Date of Grant; and (iii) the nominal value of the Company's share on the Date of Grant.
- (d) The period within which the options must be exercised will be specified by the Company at the time of grant. This period must expire no later than ten years from the relevant Date of Grant. The Board may also provide restrictions on the exercise of an option during the period an option may be exercised.

- (e) The Scheme does not require a minimum period for which an option must be held nor a performance target which must be achieved before an option can be exercised.
- (f) Upon acceptance of an option, the grantee shall pay HK\$1 to the Company as consideration for the grant within 28 days from the Date of Grant.
- (g) The Scheme shall be valid and effective for a period of ten years from the date of fulfilment of the conditions precedent for the Scheme, i.e. 2 June 2016.

No option has been granted since the adoption of the Scheme.

DIRECTORS' INTEREST IN SHARES

As at 31 December 2020, the interests or short positions of the Directors or chief executive in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register of the Company required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code"), are set out below:

1(a). Long positions in shares, underlying shares and debentures of the Company

Name of director	Nature of interest	Number and class of securities	Approximate percentage of shareholding
Mr. Chu Chih-Yaung	Corporate interest	20,000,000 shares	4.96%

Note: These 20,000,000 shares were beneficially owned by Sunward Gold Global Investments Limited, a company in which Mr. Chu Chih-Yaung has an interest of approximately 72.22%.

Report of the Directors

1(b). Aggregate long position in the shares, underlying shares and debentures of associated corporations of the Company

Name of Director	Name of associated corporations	Nature of interest	Number and class of securities	Approximate percentage of shareholdings
Mr. Chu Chih-Yaung	Fair Friend Enterprise Company Limited ("Taiwan FF")	Beneficial owner	15,472,255 ordinary shares	15.10%
	Taiwan FF	Spouse interest (Note 1)	2,485,969 ordinary shares	2.43%
	Fair Fine (Hangzhou) Industrial Co., Ltd. (Note 2)	Beneficial owner	750 ordinary shares	0.03%

Notes:

- Ms. Wang Tz-Ti (formerly known as Wang Jin-Zu) ("Ms. Wang"), the spouse of Mr. Chu Chih-Yaung, held 2.43% of the issued share capital of Taiwan FF. Mr. Chu Chih-Yaung was deemed to be interested in all the shares held by Ms. Wang in Taiwan FF under the SFO.
- Fair Fine (Hangzhou) Industrial Co., Ltd. is a non-wholly-owned subsidiary of Taiwan FF and is therefore an associated corporation of the Company for the purpose of the SFO.

Save as disclosed above, as at 31 December 2020, none of the Directors or chief executive of the Company had any interest in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO), which were recorded in the register required to be kept under section 352 of the SFO or notified to the Company and the Stock Exchange pursuant to the Model Code.

2. Aggregate short position in the shares, underlying shares and debentures of the Company and its associated corporations

As at 31 December 2020, none of the Directors or chief executive of the Company had any short position in the shares, underlying shares or debentures of the Company or its associated corporations which were recorded in the register required to be kept under section 352 of the SFO or notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2020, the interests or short positions of every person, other than Director or chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO are set out below:

Aggregate long position in the shares and underlying shares of the Company

Name of shareholder	Nature of interest	Number of ordinary shares held	Approximate percentage of the Company's issued share capital
Good Friend (H.K.) Corporation Limited ("Hong Kong GF")	Beneficial owner	232,000,000 shares (Note)	57.56%
Taiwan FF	Interest of controlled corporation	232,208,000 shares (Note)	57.61%

Note: Hong Kong GF is owned as to approximately 99.99% by Taiwan FF. Accordingly, Taiwan FF was deemed to be interested in 232,000,000 shares of the Company held by Hong Kong GF under the SFO.

Save as disclosed above, no other parties were recorded in the register of the Company required to be kept under section 336 of the SFO as having interests or short positions in the shares or underlying shares of the Company as at 31 December 2020.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules for securities transaction by the Directors. Upon enquiry by the Company, all Directors have confirmed that, for the year ended 31 December 2020, they have complied with the required standards set out in the Model Code regarding securities transactions by the Directors.

EMOLUMENT POLICY

The Company established a remuneration committee for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance and comparable market practices.

The Company had adopted a share option scheme as incentive to Directors and eligible employees, details of the Scheme are set out in the section headed "Share Option Scheme" above.

REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and the top five highest paid individuals of the Group are set out in note 9 to the consolidated financial statements.

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

Details on related party transactions for the year are set out in note 39 to the consolidated financial statements. Details of any related party transactions which also constitute connected transactions or continuing connected transactions not fully exempted under Rule 14A.73 of the Listing Rules are disclosed below. The Group has complied with the requirements in accordance with Chapter 14A of the Listing Rules in respect of such transactions.

Non-exempt continuing connected transactions

As disclosed in the announcement of the Company dated 26 May 2017 and the circular of the Company dated 27 June 2017, the Company had on 26 May 2017 entered into: (a) a components agreement (the "CKD Components Agreement") with Taiwan FF, pursuant to which the Group (and/or its permitted designates) (the "GF Parties") will supply CKD components to Taiwan FF and its subsidiaries (and/or its permitted designates) (the "FF Parties") and the FF Parties will supply CKD components to the GF Parties for a term of three years from 13 July 2017; and (b) a machine tools agreement (the "CNC Machine Tools Agreement") with Taiwan FF, pursuant to which the GF Parties can purchase from the FF Parties the designated CNC machine tools and have the right to sell designated CNC machine tools in the PRC, Hong Kong and Macau Special Administrative Region (the "Sales Region") on an exclusive basis, and the FF Parties will authorize the GF Parties to sell designated CNC machine tools in the Sales Region on an exclusive basis for a period of three years from 13 July 2017. The CKD Components Agreement and the CNC Machine Tools Agreement expired on 12 July 2020.

As disclosed in the announcement of the Company on 10 July 2020 and the circular of the Company on 14 August 2020, the Company had on 10 July 2020 entered into agreements with Taiwan FF to renew the CKD Components Agreement (the "Renewed CKD Components Agreement") and the CNC Machine Tools Agreement (the "Renewed CNC Machine Tools Agreement") respectively for a period of three years from 31 August 2020.

As Taiwan FF is the holding company of Hong Kong GF, the controlling shareholder of the Company, Taiwan FF is therefore an associate of Hong Kong GF and a connected person of the Company under the Listing Rules. The transactions under the CKD Machine Tools Agreement, the CNC Machine Tools Agreement, the Renewed CKD Components Agreement and the Renewed CNC Machine Tools Agreement respectively constituted continuing connected transactions of the Company, and are subject to the reporting, announcement, independent shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

The resolutions approving the CKD Components Agreement and the CNC Machine Tools Agreement, the transactions contemplated thereunder and the annual caps thereof were duly passed by the independent Shareholders at the extraordinary general meeting held on 13 July 2017. The annual caps for the supply of CKD components to FF Parties by the GF Parties and the purchase of CKD components from the FF Parties by the GF Parties for the period from 1 January 2020 to 12 July 2020 under the CKD Components Agreement were RMB1.90 million and RMB67.02 million respectively and the actual supply amount and purchase amount of the period were RMB0.33 million and RMB24.24 million respectively. The annual cap for the purchase of CNC machine tools from the FF Parties by the GF Parties for the period from 1 January 2020 to 12 July 2020 under the CNC Machine Tools Agreement was RMB582.59 million and the actual purchase amount of the period was RMB15.75 million.

The resolutions approving the Renewed CKD Components Agreement and the Renewed CNC Machine Tools Agreement, the transactions contemplated thereunder and the annual caps thereof were duly passed by the independent shareholders of the Company at the extraordinary general meeting held on 31 August 2020. The annual caps for the supply of CKD components to FF Parties by the GF Parties and the purchase of CKD components from the FF Parties by the GF Parties for the period from 31 August 2020 to 31 December 2020 under the Renewed CKD Components Agreement were RMB1.08 million and RMB28.63 million respectively and the actual supply amount and purchase amount of the period were RMB0.3 million and RMB21.45 million respectively. The annual cap for the purchase of CNC machine tools from the FF Parties by the GF Parties for the period from 31 August 2020 to 31 December 2020 under the Renewed CNC Machine Tools Agreement was RMB40 million and the actual purchase amount of the period was RMB8.57 million.

The independent non-executive Directors have reviewed the CKD Components Agreement, the CNC Machine Tools Agreement, the Renewed CKD Components Agreement and the Renewed CNC Machine Tools Agreement and the transactions thereunder conducted during the year and confirmed that they have been entered into, in all material respects:–

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms; and
- (iii) in accordance with the respective terms of the CKD Components Agreement, the CNC Machine Tools Agreement, the Renewed CKD Components Agreement and the Renewed CNC Machine Tools Agreement and on terms that were fair and reasonable and in the interests of the Shareholders as a whole.

The auditor of the Company has issued a report of its factual findings to the Board confirming the matters as required in accordance with Rule 14A.56 of the Listing Rules.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing Shareholders.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

There was no purchase, sale or redemption of the Company's listed shares by the Company or any of its subsidiaries during the year ended 31 December 2020.

MAJOR CUSTOMERS AND SUPPLIERS

The five largest customers accounted for approximately 10.87% of the Group's total turnover for the year and the largest customer accounted for approximately 2.58% of the Group's total turnover. The five largest suppliers accounted for approximately 29.20% of the Group's total purchases for the year and the largest supplier accounted for approximately 15.79% of the Group's total purchases.

None of the Directors or their associates has interests in any of the aforesaid customers and suppliers.

Save that Hong Kong GF was among the aforesaid five largest suppliers of the Group, to the knowledge of the Directors, none of the shareholders owning more than 5% of the Company's shares had any interest in the aforesaid customers and suppliers of the Group during the year.

SUFFICIENCY OF PUBLIC FLOAT

As far as the information publicly available to the Company is concerned and to the best knowledge of the Directors, at least 25% of the Company's issued share capital were held by members of the public as at the date of this report.

PERMITTED INDEMNITY

The Articles provides that every Director shall be indemnified out of the funds of the Company against all liabilities incurred by him in relation to the Company in defending any proceedings, whether civil or criminal, in which judgement is given in his favour, or in which he is acquitted. In addition, liability insurance for Directors and senior management of the Company is maintained by the Company with appropriate coverage for certain legal actions against the Directors and senior management.

EQUITY-LINKED AGREEMENTS

Saved for the Scheme as disclosed in the section headed "Share Option Scheme" above, no equity-linked agreements were entered into during the year or subsisted at the end of the year.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as those set out in note 39 to the consolidated financial statements, no transactions, arrangements or contracts of significance to which the Company, its parent company, its subsidiaries or fellow subsidiaries were a party and in which Director or his connected entities had a material interest, either directly or indirectly, subsisted at the end of the year or at any time during the year.

AUDIT COMMITTEE AND REVIEW OF ANNUAL RESULTS

The Company established an audit committee (the "Audit Committee") with written terms of reference in compliance with the Corporate Governance Code. The duties of the Audit Committee includes review and supervise the financial reporting process and risk management and internal control systems of the Group. The Audit Committee currently comprises three independent non-executive Directors, Mr. Koo Fook Sun, Louis (as Chairman), Mr. Yu Yu-Tang and Mr. Kao Wen-Cheng. The Audit Committee has reviewed with the management the consolidated financial statements of the Group for the year ended 31 December 2020.

CORPORATE GOVERNANCE

A report on the principal corporate governance practices adopted by the Company is set out on pages 26 to 40.

DISTRIBUTABLE RESERVES

As at 31 December 2020, reserves of the Company available for distribution to the shareholders of the Company were approximately RMB226,125,000 (2019: RMB478,483,000). Under the Companies Law of the Cayman Islands (Cap 22, Law 3 of 1961, consolidated and revised), the share premium account of the Company of approximately RMB82,183,000 (2019: RMB82,183,000) is distributable to the shareholders provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company will be able to pay its debts as they fall due in the ordinary course of business. The share premium account of the Company may also be distributed in the form of fully paid bonus shares to be issued to members.

FIVE-YEAR FINANCIAL SUMMARY

A summary of results and of the assets and liabilities of the Group for the last five financial years is set out on page 162.

AUDITOR

RSM Hong Kong ("RSM") was appointed as auditor of the Company by the Board with effect from 25 October 2019 to fill the casual vacancy arising from the resignation of Deloitte Touche Tohmatsu on 24 October 2019. The consolidated financial statements for the year ended 31 December 2019 and 31 December 2020 have been audited by RSM. A resolution will be proposed at the forthcoming 2021 AGM to re-appoint RSM as auditor of the Company.

Save for the above, there were no other changes of auditor of the Company in the past three years.

On behalf of the Board

Good Friend International Holdings Inc.

CHU Chih-Yaung

Chairman

Hong Kong, 31 March 2021

Corporate Governance Report

The Company is committed to maintaining good corporate governance standard through a solid and efficient framework to promote the integrity, transparency and quality of disclosure in order to enhance shareholders' value.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted its corporate governance practices which are reproduced from the code provisions in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited ("the Stock Exchange") and has reviewed and updated regularly to follow the latest practices in corporate governance. During the year under review, the Company has complied with the code provisions set out in the CG Code except for the following deviation.

Code provision E.1.2 of the CG Code stipulates that the chairman of the board of directors of the Company (the "Board") should attend the annual general meeting. Mr. Chu Chih-Yaung, the Chairman of the Board was unable to attend the annual general meeting of the Company held on 30 June 2020 due to other business engagements and Mr. Koo Fook Sun, Louis, the independent non-executive director of the Company (the "Director"), took the chair of the annual general meeting pursuant to the articles of association of the Company ("Articles").

Code provision A.2.1 stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. Mr. Chen Hsiang-Jung, the then Chief Executive Officer and executive Director of the Company was pass away on 8 November 2018. Mr. Chu Chih-Yaung, the Chairman of the Board, was appointed as Chief Executive Officer on 7 December 2018. Although these two roles are performed by the same individual since 7 December 2018, certain responsibilities have been shared with other executive Directors to balance the power and authority. In addition, all major decisions have been made in consultation with members of the Board as well as senior management. The Board has three independent non-executive Directors who offer different independent perspectives. Therefore, the Board is of the view that there is adequate balance of power and safeguards in place. The Board would review and monitor the situation on a regular basis and would ensure that the present structure would not impair the balance of power in the Company.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Listing Rules for securities transactions by the Directors. Upon enquiry by the Company, all Directors have confirmed that, for the year ended 31 December 2020, they have complied with the required standards set out in the Model Code regarding securities transactions by the Directors.

BOARD OF DIRECTORS

The Board is responsible for the leadership and control of the Company and oversees the Group's budget, significant policies and transactions, financial results, businesses, strategic decisions and performance. The management was delegated the authority and responsibility by the Board for the day-to-day management of the Group. In addition, the Board has also delegated various responsibilities to the various board committees referred to below. Further details of these committees are set out in this report.

The Board currently comprises six Directors with three executive Directors and three independent non-executive Directors:

Executive Directors

Mr. CHU Chih-Yaung (*Chairman and Chief Executive Officer*)

Mr. CHEN Min-Ho

Mr. WEN Chi-Tang

Mr. CHIU Rung-Hsien (resigned on 31 July 2020)

Independent Non-Executive Directors

Mr. KOO Fook Sun, Louis

Mr. YU Yu-Tang

Mr. KAO Wen-Cheng

Balanced board composition is formed to ensure a strong independent objectivity exists across the Board and has adhered to the recommended practice under the CG Code for the Board to have at least one-third of its members comprising independent non-executive Directors. The biographical information of the Directors is set out on pages 12 to 13 under the section headed "Biographical Details of Directors and Senior Management".

Directors have given sufficient time and attention to the Group's affairs. The Directors have disclosed to the Company annually the number and the nature of offices held in public companies or organizations and other significant commitments. The Board believes that the balance between executive Directors and independent non-executive Directors is reasonable and adequate to provide sufficient balances that protect the interests of the shareholders of the Company (the "Shareholders") and the Group.

Chairman and Chief Executive Officer

The Chairman of the Board, is in-charge of the leadership of the Board and strategies planning of the Group. The Chief Executive Officer of the Company is responsible for the day-to-day management of the Group's business.

Mr. CHEN Hsiang-Jung, the then Chief Executive Officer and executive Director, was pass away on 8 November 2018.

Mr. CHU Chih-Yaung, the Chairman of the Board, was appointed as Chief Executive Officer on 7 December 2018.

The positions and roles of Chairman of the Board and Chief Executive Officer of the Company have been held and performed by same individual since 7 December 2018.

Corporate Governance Report

Independent non-executive Directors

The three Directors serving the non-executive role are all independent and are appointed as the independent non-executive Directors.

The three independent non-executive Directors are persons of high caliber, with academic and professional qualifications in the fields of accounting and finance. With their experience gained from various sectors, they provide strong support towards the effective discharge of the duties and responsibilities of the Board. Amongst them, Mr. Koo Fook Sun, Louis has the appropriate professional qualifications and accounting and related financial management expertise required under Rule 3.10(2) of the Listing Rules. Each independent non-executive Director has provided an annual confirmation of his independence to the Company, and the Company considers each of them to be independent under Rule 3.13 of the Listing Rules.

The three independent non-executive Directors are appointed for a specific term of two years and are subject to retirement by rotation, at least once every three years, in accordance with the Articles.

Role of the Board

The Board decides on corporate strategies, approves overall business plans and evaluates the Group's financial performance and management. Specific tasks that the Board delegates to the Group's management include implementation of strategies approved by Board, monitoring of operating budgets, implementation of internal controls procedures, and ensuring of compliance with relevant statutory requirements and other rules, laws and regulations.

Corporate Governance Functions

The Board is also responsible for performing the corporate governance duties as set out below:–

1. develop and review the Company's policies and practices on corporate governance and make recommendations;
2. review and monitor the training and continuous professional development of Directors and senior management;
3. review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
4. develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors;
5. review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report under the Appendix 14 to the Listing Rules; and
6. review contribution from director about his responsibility to the Company.

The Board had performed the above duties during the year.

Directors' training

Based on the training records provided to the Company by the Directors and the Company's record, the Directors participated in the following training during 2020:

Directors	Type of trainings
Executive Directors	
CHU Chih-Yaung	A, B
CHEN Min-Ho	A, B
WEN Chi-Tang	A, B
CHIU Rung-Hsien (resigned on 31 July 2020)	A, B
Independent Non-Executive Directors	
KOO Fook Sun, Louis	A, B
YU Yu-Tang	A, B
KAO Wen-Cheng	A, B

A: attending seminars and/or conferences and/or forums

B: reading information, newspapers, journals and materials relating to responsibilities of directors, economy, financial, investments and business of the Company

Frequency of Board Meetings and Attendance

Board meetings are held at least four times a year and the Board meets as and when required. During the year ended 31 December 2020, the Board convened a total of four regular meetings and the attendances of the Directors at these Board meetings are as follows:

Directors	Number of attendance
Mr. CHU Chih-Yaung	4/4
Mr. CHEN Min-Ho	3/4
Mr. WEN Chi-Tang	4/4
Mr. KOO Fook Sun, Louis	4/4
Mr. YU Yu-Tang	3/4
Mr. KAO Wen-Cheng	4/4
Mr. CHIU Rung-Hsien (resigned on 31 July 2020)	2/2

The Directors received formal notices, agenda and meeting's papers in advance of each Board meeting.

Board minutes are kept by the Company Secretary and are open for inspection by the Directors. Every Board member is entitled to have access to Board papers and related materials and has unrestricted access to the advice and services of the Company Secretary, and has the liberty to seek external professional advice if so required.

Appropriate insurance cover has been arranged in respect of relevant actions against its Directors.

AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee") with written terms of reference in compliance with the CG Code. The Audit Committee comprises three independent non-executive Directors, namely Mr. KOO Fook Sun, Louis (as chairman), Mr. YU Yu-Tang and Mr. KAO Wen-Cheng.

The role of the Audit Committee is to monitor the establishment and maintenance of an adequate internal control and risk management systems and compliance with such system.

The chief responsibilities of the Audit Committee include making recommendations to the Board on the appointment, re-appointment and removal of the external auditor and approving the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal of such auditor; reviewing the interim and annual reports and accounts of the Group; and supervising the financial reporting process and effectiveness of the risk management and internal control systems of the Group. The Audit Committee had during the year performed such functions and reviewed the unaudited financial statements of the Company for the six months ended 30 June 2020. The audited financial statements of the Company for the year ended 31 December 2020 has also been reviewed by the Audit Committee.

The forthcoming annual general meeting of the Company will be held on Wednesday, 30 June 2021 (the "2021 AGM"). With the recommendation of the Audit Committee, RSM Hong Kong, Certified Public Accountants has been proposed for re-appointment as auditor of the Company at the forthcoming 2021 AGM.

Frequency of Meetings and Attendance

During the year 2020, the Audit Committee met three times, during which the management of the Company and the external auditor were also in attendance, if appropriate. Details of the attendance by members of the Audit Committee of such meetings are as follows:

Name of members	Number of attendance
Mr. KOO Fook Sun, Louis	3/3
Mr. YU Yu-Tang	2/3
Mr. KAO Wen-Cheng	3/3

NOMINATION OF DIRECTORS

In considering the nomination of new Directors, the Board will take into account the qualification, ability, working experience, leadership and professional ethics of the candidates, especially their experience in the mechanics industry and/or other professional area.

The Company established a nomination committee (the "Nomination Committee"), with written terms of reference in compliance with the CG Code and consists of three independent non-executive Directors, namely Mr. KOO Fook Sun, Louis (as chairman), Mr. YU Yu-Tang and Mr. KAO Wen-Cheng.

The functions of the Nomination Committee are reviewing and supervising the structure, size and composition of the Board, identifying qualified individuals to become members of the Board, assessing the independence of the independent non-executive Directors and making recommendations to the Board on the appointment or re-appointment of Directors.

In accordance with the Articles, at least one-third of the Directors will retire from office at the forthcoming annual general meeting. Pursuant to article 87 of the Articles, Messrs. Wen Chi-Tang and Yu Yu-Tang, Directors who have been longest in office since their last re-election, will retire by rotation and will offer themselves for re-election at the 2021 AGM.

Frequency of Meetings and Attendance

The Nomination Committee has convened one meeting during the year ended 31 December 2020 and details of the attendance of its meeting are as follows:

Name of members	Number of attendance
Mr. KOO Fook Sun, Louis	1/1
Mr. YU Yu-Tang	0/1
Mr. KAO Wen-Cheng	1/1

Corporate Governance Report

Board Diversity Policy

The Company has formulated and adopted a board diversity policy in August 2013 aiming at setting out the approach on diversity of the Board.

The Board recognizes the importance of having a diverse Board in enhancing the board effectiveness and corporate governance. A diverse Board will include and make good use of differences in the skills, industry knowledge and experience, education, background and other qualities of Directors and does not discriminate on the ground of race, age, gender or religious belief. These differences will be taken into account in determining the optimum composition of the Board and when possible should be balanced appropriately.

The Nomination Committee of the Company has responsibility for identifying and nominating for approval by the Board, candidates for appointment to the Board. It takes responsibility in assessing the appropriate mix of experience, expertise, skills and diversity required on the Board and assessing the extent to which the required skills are represented on the Board and overseeing the Board succession. It is also responsible for reviewing and reporting to the Board in relation to Board diversity.

Board appointments will be based on merit and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. Selection of candidates to join the Board will be, in part, dependent on the pool of candidates with the necessary knowledge, experience, skills, educational background and other qualities. The final decision will be based on merit and contribution that the chosen candidate will bring to the Board.

At present, the Nomination Committee has not set any measurable objectives to implement the board diversity policy. However, it will consider and review the board diversity policy and setting of any measurable objectives from time to time.

Nomination Policy

A Nomination Policy which sets out the criteria and procedures when identifying suitably qualified candidates to be appointed and re-elected as Directors, was adopted by the Board during the year.

The Nomination Committee will consider the following factors in assessing the proposed candidates:

- Character and integrity;
- Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;
- Willingness to devote adequate time to discharge duties as a member of the Board;
- Board Diversity Policy and any measurable objectives adopted for achieving diversity on the Board;
- Requirements for independent directors; and
- Such other perspectives appropriate to the Company's business or as suggested by the Board.

Besides, the following procedures for nomination should be adopted:

1. The Nomination Committee reviews the structure, size and composition (including the skills, knowledge and experience) of the Board periodically and make recommendation on any proposed changes to the Board to complement the Company's corporate strategy;
2. When it is necessary to fill a causal vacancy or appoint an additional director, the Nomination Committee identifies or selects candidates as recommended to the Committee, with or without assistance from external agencies or the Company, pursuant to the criteria above;
3. If the process yields one or more desirable candidates, the Nomination Committee shall rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable);
4. The Nomination Committee makes recommendation to the Board including the terms and conditions of the appointment; and
5. The Board deliberates and decides on the appointment based upon the recommendation of the Nomination Committee.

Dividend Policy

Under the Companies Law of Cayman Islands and the Articles, dividends may be paid out of the profits of the Company, or subject to solvency of the Company, out of sums standing to the credit of the share premium account of the Company. However, no dividend shall exceed the amount recommended by Directors.

Declaration and recommendation of payment of dividends of the Company is subject to the approval of the Directors, depending on results of operations, working capital, financial position, future prospects, and capital requirements, as well as any other factors which the Directors may consider relevant from time to time. Any future declaration, recommendation and payment of dividends of the Company may or may not reflect the historical declarations and payments of dividends and will be at the absolute discretion of the Directors. The Company does not have any predetermined dividend payout ratio.

REMUNERATION OF DIRECTORS

The Company established a remuneration committee (the “Remuneration Committee”) with written terms of reference in compliance with the CG Code and consists of three independent non-executive Directors, namely Mr. KOO Fook Sun, Louis (as chairman), Mr. YU Yu-Tang and Mr. KAO Wen-Cheng.

The functions of the Remuneration Committee are establishing and reviewing the policy and structure of the remuneration for the Directors and senior management.

Frequency of Meetings and Attendance

The Remuneration Committee has convened one meeting during the year ended 31 December 2020 to review the existing remuneration packages of each of the Directors and senior management of the Company and details of the attendance of its meeting are as follows:

Name of members	Number of attendance
Mr. KOO Fook Sun, Louis	1/1
Mr. YU Yu-Tang	0/1
Mr. KAO Wen-Cheng	1/1

Emolument policy

The emolument policy of the employees of the Group is determined on the basis of their merit, qualifications and competence.

The emoluments of the Directors are decided by the Remuneration Committee, having regard to the Company’s operating results, individual performance and comparable market statistics. Each of the executive Directors is entitled to the respective basic salary which is reviewed annually. Details of the Directors’ remuneration are set out in note 9 to the consolidated financial statements.

The Company had adopted a share option scheme on 2 June 2016 which was effective for a period of 10 years until 1 June 2026. The purpose of the share option scheme was to enable the Board, at its discretion, to grant options to selected eligible participants to motivate them and to optimize their future contributions for the benefit of the Group. Details of the share option scheme are set out in the section headed “Share Option Scheme” of the “Report of the Directors”.

Remuneration of Senior Management

The remuneration of the members of the senior management by band for the year ended 31 December 2020 is set out below:

Remuneration bands (HK\$)	Number of persons
Less than \$1,000,000	3
\$1,000,001 to \$1,500,000	1

Further particulars regarding Director's remuneration and the five highest paid employees as required to be disclosed pursuant to Appendix 16 to the Listing Rules are set out in notes 9(a) and 9(b) to the consolidated financial statements, respectively.

COMPANY SECRETARY

The Company has engaged and appointed Mr. Lo Tai On, a representative from an external secretarial services provider, as the company secretary of the Company. The primary contact person with the company secretary of the Company is Mr. Esmond Yip, the Financial Controller of the Company. Mr. Lo has duly complied with the relevant training requirement under Rule 3.29 of the Listing Rules.

CONSTITUTIONAL DOCUMENTS

During the year under review, there was no change in the Company's constitutional documents.

AUDITOR'S REMUNERATION

For the year under review, the remuneration paid/payable to the Company's existing auditor, RSM Hong Kong, is set out below:

Services rendered to the Group	Fee paid/payable HK\$'000
Audit services	1,500
Non-audit services	120

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has acknowledged its responsibility for the risk management and internal control systems of the Group, and has established and continuously supervised and reviewed the effectiveness of the systems operation as required in the Principle C.2 of the CG Code with the purpose of managing the risk of failure to achieve the business objective, enhancing the effective and efficient operation, reasonably guaranteeing the reliability of financial reporting as well as in compliance with applicable laws and regulations, and safeguarding the assets of the Group. However, such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Characteristics of Risk Management and Internal Control Organization Systems

The Company has established and improved the risk management and internal control organization systems comprising the Audit Committee of the Board, senior management and all the departments of the Company as required in the Principle C.2.2 of the CG Code in a bid to guarantee that the Company has sufficient resources, employee qualification, experience, training courses and relevant budgets in terms of the risk management and internal control. All the departments of the Company are the first defending line of the risk management and internal control, the senior management is the second, and the Audit Committee of the Board is the third. The Audit Committee and the Board are the top decision-making organs of the risk management and internal control systems of the Company.

Internal Audit Function

In light of the size, nature and complexity of the Company business, it was decided that the Audit Committee would be directly responsible for the establishment and improvement of internal control of the Company and for reviewing its effectiveness. Every year the Company hires a third-party organization to confirm testing scope based on the annual risk evaluation result and carry out the internal control review according to the practical condition of the Company.

Conducting Risk Management and Internal Control

The Company reviews the effectiveness of the risk management and internal control systems and evaluates all the significant monitoring aspects including the financial monitoring, operation monitoring and compliance monitoring on a yearly basis according to five internal control factors, namely, internal environment, risk evaluation, control activities, information & communication, and internal supervision.

In 2020, centring on the overall operation objective, the Company gradually established the risk management system through implementing the basic risk management process in each phase of its management and in the course of its operations, which comprehensively identified and dealt with possible risks at the Company level in operations, forming the unique risk pool and risk framework with sound systems of the Company, providing the basis for the risk management and internal control.

The senior management of the Company organized all the risk responsible departments to conduct comprehensive and in-depth analysis on the risk identification results from the aspect of the possibility of risk occurrence and the extent of its impact, selected major risks exposed to the Company, made specific and in-depth responses to major risks and formulated major risk response plans. The major risk response plans shall be implemented upon the review of the senior management, the deliberation of the Audit Committee, and the approval of the Board.

Formation of Long-Term Mechanism of Risk Management and Internal Control

In 2020, the Company carried out the basic risk response measures of internal control through specific business process on the basis of fully identifying and evaluating risks, established the management procedures and internal control measures for significant processes of the preparation and disclosure of financial reports, and finally confirmed the long-term mechanism of risk management with the Risk Management System (《風險管理制度》). The management procedures of relevant processes, the internal control measures and the Risk Management System have been implemented upon the approval and signature by the senior management.

The Risk Management System specifies the overall objective, basic principles, assignment of responsibilities, reporting channels, methodology, main job contents and daily work of the risk management. It is stipulated in the System that the senior management shall conduct the risk management annually, continuously monitor the major risks and risk changes in the operation and management of each risk responsible department, formulate the Risk List and Risk Management Framework (《風險清單及風險管理框架》), which shall be submitted to the senior management and the Audit Committee, and report the risk management framework and organization system construction of each risk responsible department, risk pre-warning mechanism, the identification, evaluation methods and results of the risk information during the current year, and the resources and matters to be co-ordinately solved.

It is also provided in the System that the senior management shall supervise and assess whether each department can conduct the risk management according to relevant regulations and their work efficiency on a regular or irregular basis (at least once a year), prepare the Risk Summary and Evaluation Report (《風險彙總評估報告》), and put forward improvement suggestions for the effectiveness of the risk management. Relevant departments shall formulate specific rectification proposals according to the improvement suggestions, appoint a specific person for the implementation of each task, and stipulate on the expected date of completion of rectification. The senior management shall continuously monitor the progress of rectification. The Risk Summary and Evaluation Report shall be directly submitted to the senior management and the Audit Committee of the Board.

In 2020, the results of risk management and internal control indicated that there weren't any material faults or weak points in the major risk monitoring. The management processes of the Company, such as financial reports and information disclosures, strictly complied with the provisions of the Listing Rules, and the risk management and internal control were effective according to the evaluation of the Board.

During the year, the Board also renewed and ensured the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function and their training programmes and budget.

PROCEDURES AND INTERNAL CONTROLS FOR THE HANDLING AND DISSEMINATION OF INSIDE INFORMATION

The Board has established the Inside Information Policy for the handling and dissemination of inside information. The Inside Information Policy stipulated the obligations of the Group, restriction on sharing non-public information, handling of rumours, unintentional selective disclosure, exemptions and waiver to the disclosure of inside information, external communication guidelines and compliance and reporting procedures. Management of the Company must take all reasonable measures from time to time to ensure that proper safeguards are in place to prevent a breach of a disclosure requirement in relation to the Company. They must promptly bring any possible leakage or divulgence of inside information to the attention of the Financial Controller who will notify the Board as soon as reasonably practicable accordingly for taking the appropriate prompt action. In the event that there is evidence of any material violation of the Inside Information Policy, the Board will decide, or designate appropriate persons to decide the course of actions for rectifying the problem and avoiding the likelihood of its recurrence.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Board acknowledges its responsibility to prepare the Company's accounts for each financial period to give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing the financial statements for the year ended 31 December 2020, the Board has selected suitable accounting policies and applied them consistently; made judgments and estimates that are prudent, fair and reasonable and prepared the accounts on a going concern basis. The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATION

The Board recognises the importance of good communication with the Shareholders. Information in relation to the Group is disseminated to the Shareholders in a timely manner through a number of formal channels, which include interim and annual reports, announcements and circulars of the Company.

The general meetings of the Company are valuable forum for the Board to communicate directly with the Shareholders. The Shareholders are encouraged to attend the general meetings of the Company.

An annual general meeting of the Company was held on 30 June 2020 (the "2020 AGM"). A notice convening the 2020 AGM contained in the circular dated 15 May 2020 was dispatched to the Shareholders together with the 2019 Annual Report. The chairman of the Board was unable to attend the 2020 AGM due to other business engagements. Mr. Koo Fook Sun, Louis, the Independent Non-Executive Director, attended and chaired the 2020 AGM. Except for Mr. Yu Yu-Tang and Mr. Kao Wen-Cheng, other directors were unable to attend the 2020 AGM due to their other business commitment.

The Chairman of the 2020 AGM explained detailed procedures for conduction a poll. All the resolutions proposed at the 2020 AGM were passed separately by the Shareholders by way of poll. The results of the poll were published on the websites of Hong Kong Exchanges and Clearing Limited ("HKEX") and the Company after the meetings.

A notice convening 2021 AGM will be published on the websites of HKEX and the Company and dispatched together with the 2020 Annual Report to the Shareholders as soon as practicable in accordance with the Articles and the CG Code.

The Company is committed to enhancing communications and relationships with its investors. Designated senior management maintains an open dialogue with institutional investors and analysts to keep them abreast of the Company's developments.

The Company also maintains a website at www.goodfriend.hk, where updates on the Company's business developments and operations, financial information and news can always be found.

Shareholders may at any time send their enquiries and concerns to the Board in writing through the Company Secretary whose contact details are as follows:–

Room 2003, 20/F, Kai Tak Commercial Building,
317-319 Des Voeux Road Central, Hong Kong
Fax: (852) 3586 2620
Email: investor@goodfriend.hk

SHAREHOLDERS' RIGHTS

The general meetings of the Company provide an opportunity for communication between the Shareholders and the Board. An annual general meeting of the Company shall be held in each year at such place as may be determined by the Board. Each general meeting, other than an annual general meeting, shall be called an extraordinary general meeting ("EGM"). The procedures are subject to the Articles and applicable legislation and regulations.

Procedures for Shareholders to convene EGM:

Any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company, shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require an EGM to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition.

The written requisition must state the business to be transacted at the meeting, signed by the requisitionist(s) and deposited at the Company's principal place of business in Hong Kong or the Company's registered office for the attention of the Board or the Secretary of the Company, and may consist of several documents in like form, each signed by the requisitionist(s). The requisition will be verified with the Company's branch share registrar in Hong Kong and upon their confirmation that the requisition is proper and in order, the Secretary of the Company will ask the Board to consider convening an EGM, on the contrary, if the requisition has been verified as invalid, the requisitionist(s) will be advised of the outcome and accordingly, an EGM will not be convened.

Any meeting convened by the requisitionists should be convened with the same manner as that in which meetings are convened by the Board.

Corporate Governance Report

Procedures for putting forward proposals at general meetings

To put forward proposals at a general meeting of the Company, a shareholder should lodge a written request, duly signed by the shareholder concerned, setting out the proposals at the Company's principal place of business in Hong Kong for the attention of the Board and the Secretary of the Company with sufficient lead time in advance. The request will be verified with the Company's branch share registrar in Hong Kong and upon their confirmation that the request is proper and in order, the Secretary of the Company will pass the request to the Board. Whether a proposal will be put to a general meeting will be decided by the Board in its discretion.

The procedures for Shareholders to propose a person for election as director is posted on the Company's website at www.goodfriend.hk.

AUDITOR'S STATEMENT

The auditor of the Company acknowledge their responsibilities in the auditor's report on the financial statements of the Group for the year ended 31 December 2020.

Hong Kong, 31 March 2021

Environmental, Social and Governance Report

ABOUT THE REPORT

Good Friend International Holdings Inc. (the “Company” together with its subsidiaries, hereinafter referred to as the “Group”, we or us) hereby presents the annual Environmental, Social and Governance (“ESG”) Report in 2020 to summarise the Group’s policies, measures and performance on the key ESG issues.

REPORTING PERIOD

This Report illustrates the overall performance of the Group regarding the environmental and social aspects from 1 January 2020 to 31 December 2020 (“FY2020”).

REPORTING SCOPE

The ESG Report focuses on the principal business activities of the Group. After comprehensive consideration of a series of indicators such as sales, business type, profit amount and asset amount, the scope of the ESG Report is consistent with the ESG Report for the previous financial year ended 31 December 2019 (“FY2019”), covering the following entities in the People’s Republic of China (the “PRC”):

- Hangzhou Good Friend Precision Machinery Precision Co., Ltd.
- Hangzhou Global Friend Precision Machinery Co., Ltd.
- Hangzhou Ever Friend Precision Machinery Co., Ltd.
- Hangzhou Glory Friend Machinery Technology Co., Ltd.

While the ESG Report does not cover all the Group’s operations, the Group aims to improve its internal data collection mechanism and gradually expand the scope of the disclosure.

REPORTING BASIS

The Report is prepared in accordance with the ESG Reporting Guide (the “ESG Guide”) as set out in Appendix 27 to the Rules Governing the Listing of Securities (the “Main Board Listing Rules”) on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on the basis of the four reporting principles – materiality, quantitative, balance and consistency. The Company has complied with the “comply or explain” provisions set out in the ESG Guide. The ESG Report should be read in conjunction with the Corporate Governance Report on pages 26 to 40 of our Annual Report 2020.

The ESG Report is prepared and published in both English and Chinese at the Stock Exchange’s website (www.hkexnews.hk) and the Company’s website (<http://www.goodfriend.hk>). In the event of contradiction or inconsistency between the English version and the Chinese version, the English version shall prevail.

The board (the “Board”) of directors (the “Directors”) of the Company is responsible for the ESG strategy and reporting, including the assessment and determination of relevant risks in these aspects, and guarantee of proper ESG risk management and internal monitoring system. We have appointed the business and functional departments to identify the relevant ESG matters and evaluate the significance of these matters to our business and interested parties by reviewing the Company’s operation and conducting internal discussions. The management has confirmed the effectiveness of the ESG risk management and internal monitoring system with the Board.

Environmental, Social and Governance Report

SELECTION OF MAJOR ISSUES

Communication with stakeholders

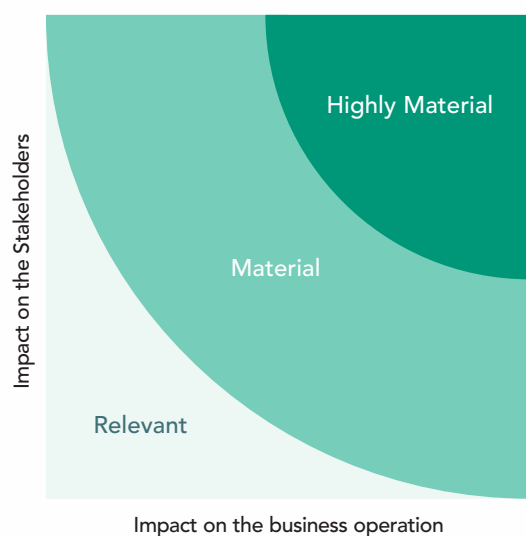
Judging from the characteristics of the business and operation, we identified major stakeholders such as investors, governments and regulators, employees, non-governmental organizations, customers, suppliers and communities.

Stakeholders	Expectation & requirement	Communication & response
Investors	<ul style="list-style-type: none"> • Protection of shareholders' rights and interests • Maintenance and appreciation of assets value • Enterprise governance mechanism • Authentic, accurate, prompt and complete disclosure of information 	<ul style="list-style-type: none"> • Shareholders' meeting • Press releases and announcements • Company reports • Information on the company website • Investors' meetings
Governments and regulators	<ul style="list-style-type: none"> • Compliance with laws and regulations • Pay taxes in accordance with law • Protect the environment • Industry development • Give back to the community 	<ul style="list-style-type: none"> • Meeting • Compliance report • Onsite check • Special investigation • Proper submission of documents
Employees	<ul style="list-style-type: none"> • Equal employment • Competitive salary system • Employee training • Career development • Humanity care • Health and safety protection 	<ul style="list-style-type: none"> • Labour contracts • After-work activities • Manager mailbox • Voluntary activities • Daily communication
Non-governmental organizations	<ul style="list-style-type: none"> • Investment for local development • Participate in local community projects • Take on environmental responsibility • Human rights • Fair share of benefits 	<ul style="list-style-type: none"> • Annual ESG report • Direct communication • Production plant visit
Customers	<ul style="list-style-type: none"> • Customer satisfaction management • Customer complaint management • Product responsibility 	<ul style="list-style-type: none"> • Daily communication • Regular interviews and visits • Customer service centre and hotline
Suppliers	<ul style="list-style-type: none"> • Suppliers' code of conduct • Supplier assessment • Supplier cooperation 	<ul style="list-style-type: none"> • High-level meetings • Workshop • Suppliers' summits • Supplier entry and assessment • Fieldwork • Daily communication
Communities	<ul style="list-style-type: none"> • Noise management • Support economic development • Enthusiasm towards public welfare 	<ul style="list-style-type: none"> • Charitable activities • Community services • Environmental protection activities

ASSESSMENT OF MATERIAL ISSUES

After collecting opinions from internal and external stakeholders, the ESG issues were prioritised according to two perspectives, namely their impact on the business operation as well as their impact on the stakeholders' rights and interests, so as to reflect their influence on the environment and society, and better respond to the expectations and demands of the stakeholders. Our material ESG issues have been identified and prioritised as below:

Matrix for material issues



Highly Material

- Product and service quality
- Customer privacy and corporate information protection
- Occupational health and safety
- Staff development and training

Material

- Material consumption
- Anti-discrimination
- Employee care
- Marketing and Labelling
- Prohibition of child and forced labour
- Responsible supply chain management
- Energy efficiency
- Diversity and equal opportunities

Relevant

- Waste management
- Water efficiency
- Environmental impact mitigation
- Environmental compliance
- Community investment
- Greenhouse gas emission
- Air emission management
- Climate change

MARKET

Without the high standard which we set for ourselves, we cannot become the largest CNC¹ machine tools manufacturer in the PRC. Since the Company was founded, we have adhered to the business philosophy of sincerity and integrity. Therefore, in order to grow better and faster, we do not only select our partners strictly and demand for high quality but also do our best to serve our customers with enthusiasm.

In FY2020, we did not find any products, which were returned to us due to safety or health problems.

Quality assurance

The Group is specialised in manufacturing CNC machine tools, car parking garage structure and forklift trucks. We always insist that all products must pass strict quality control system to free our customers from worries. As for product quality, we have obtained the ISO 9001 Quality Management System and implemented a product safety management system covering material supply, production, packaging and delivery. Every year, we conduct self-inspection in the quality management in accordance with the established material supply inspection management, process inspection

¹ It refers to computer numerical control, which is commonly called CNC.

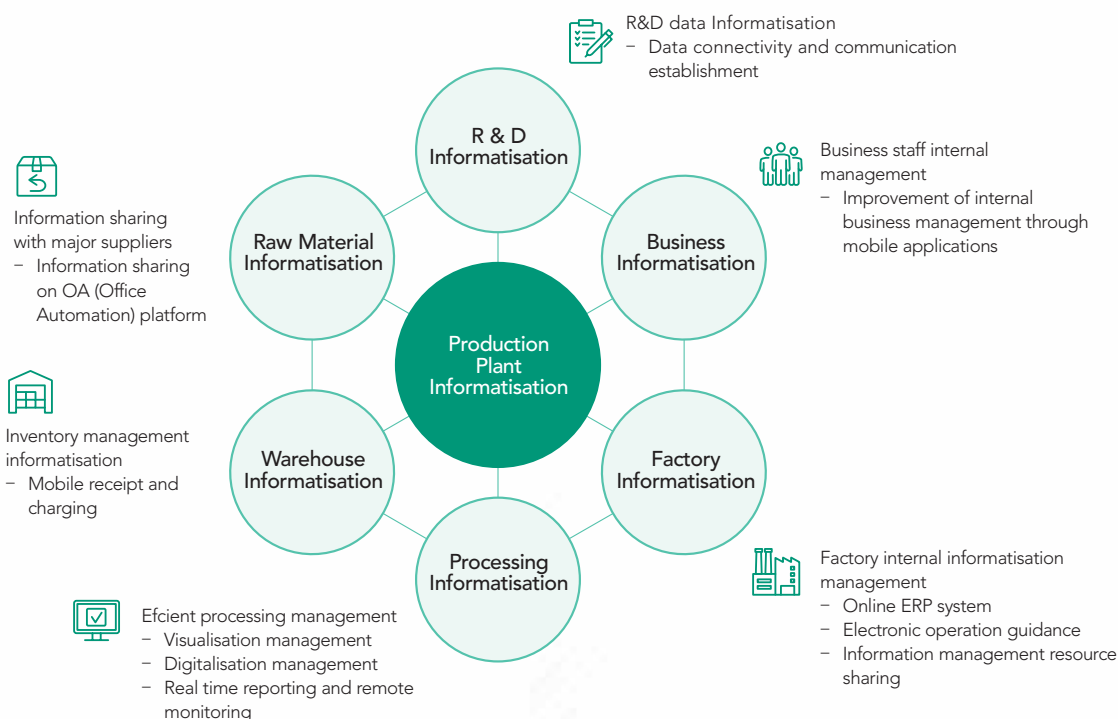
Environmental, Social and Governance Report

management, finished product inspection management, and defective product control management procedures, and organise the internal quality review. We have also obtained the ISO 10012 Measurement Management Systems which specifies quality management requirements of a measurement management system that can be used by an organization performing measurements as part of the overall management system, and to ensure metrological requirements are met.

Our manufacturing operation has met the Guobiao (GB) standard, the Chinese national standards issued by the Standardization Administration of China (SAC) and the Chinese National Committee of the International Organization for Standardization (ISO) and International Electrotechnical Commission (IEC), including but not limited to the followings:

- Metal-cutting machine tools – General safeguarding specification (GB15760-2004)
- Machining centre – Safeguarding specification (GB18568-2001)

Industry 4.0² enables us to obtain precise, traceable and high-quality data for each type of product. In order to improve the quality of products, we are integrating digitalisation, visualisation and information networks into our production plants. We have successfully applied six categories of informatisation to the daily operation of the machine tool division based on customers’ demands, covering the whole process of CNC machine tool research and development (“R & D”), design, manufacturing, inspection, delivery and after-sales service, in order to enhance the product quality and to promote the development of CNC machine tools.



² The term “Industry 4.0”, also known as the Fourth Industrial Revolution, was originated and coined by a group of scientists, business/industry executives that proposed to the German government on how to develop its high-tech strategy in order to maintain the global manufacturing share and its leading industrial country status.

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In addition, we also contribute to improving the quality control of the mechanics, manufacturing and machine tools industry. In order to improve the quality and technical requirements of the industry in the PRC, we have been actively participating in the drafting of the *Standard for Mechanical Parking Equipment Design* ("機械式停車設備設計規範"), which has been led by National Technical Committee on Cranes Standardisation SAC/TC227 since financial year ended 31 December 2018 ("FY2018").

Technology is important for quality improvement. We are committed to technological innovation and continuously improve the technical content of our products to enhance the quality of our products. Now we have owned over 68 valid patents, including 15 software copyrights, of which we have applied and obtained 16 valid patents in FY2020. We also formulate the *Patent Management System* ("專利管理制度") to regulate the patent development and protection processes and fully complied with the laws and regulations including but not limited to the Patent Law of the PRC and Trademark Law of the PRC.

Customer Service

Quality is an essential factor for sustainable development of an enterprise while the customers are the driving force for its development. With a solid and stable customer base, we can actively promote various activities to enable the enterprise to flourish.

We strive to provide high-quality services for customers. In order to timely submit customers' orders and boost customer satisfaction, we implement lean management internally and set up a cross-sectoral subdivision and special investigation team. By summarising and classifying business management data, we easily locate the occurrence points and detection points of problems and promptly solve the problems in the daily operation process. In addition, we regularly conducted satisfaction surveys on product quality and after-sales service. In FY2020, no customer complaints occurred, our average customer satisfaction rate was 99% (FY2019: 97%).

In addition, we set access control on customer files to secure customers' privacy to the best.

Supplier Management

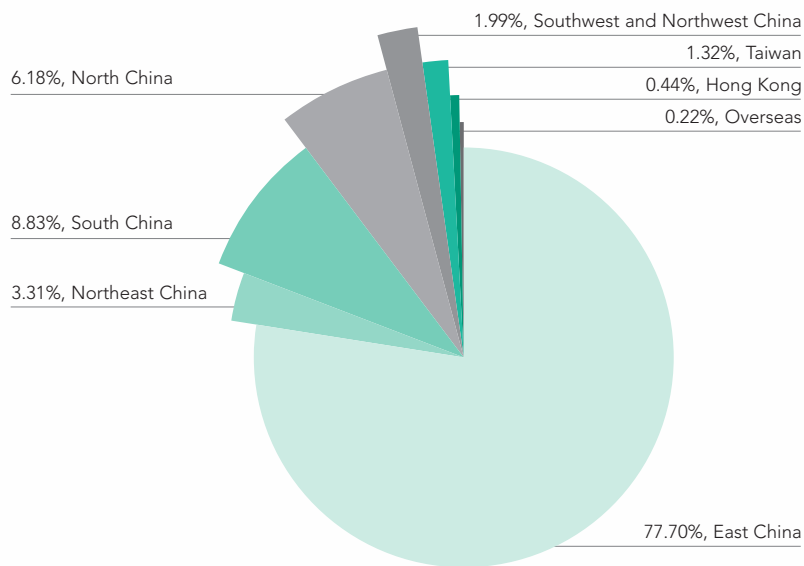
The high-quality environmental-friendly products we provide to customers depends on our excellent supplier management. We impose strict requirements on suppliers. We carry out strict and fair supplier access procedures and evaluation mechanism through formulation of the *Supplier Management Procedures* ("供應商管理程序"), the *Supplier Management Process Flow Chart* ("供應商管理作業流程圖") and *Supplier Monthly Assessment Form* ("供應商月度評核表") and other related policies and procedures. When selecting a new supplier, we will conduct a series of evaluation procedures based on these systems, including the on-site inspection, sampling, quality assurance, etc..

At the same time, we continue enhancing our management on the environmental and social risks of suppliers, requiring suppliers to comply with relevant environmental protection requirements and supervising our suppliers to obtain accreditation under the ISO 14000 Environmental Management System. When evaluating suppliers, we take into consideration of their environmental and social impacts and select the suppliers with excellent quality and strong environmental awareness.

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We give priority to local suppliers in order to promote the local economic development. In FY2020, we cooperated with 453 suppliers³ (FY2019: 824), which are mainly from Jiangsu, Zhejiang and Shanghai. The geographical distribution⁴ is as follows.

FY2020 Suppliers by geographical locations



For qualified suppliers, we conduct monthly and annual review and disqualify suppliers who do not pass the review. For excellent suppliers, we present the “**Excellent Supplier Award**” to them at the end of the year.

Business Ethics

In order to build a positive and healthy operating environment and ensure sound development of the Group, we establish the *Anti-Corruption Management Methods* (“*反貪污受賄管理法*”) internally and strictly comply with the laws and regulations. For suppliers, when signing the contract, we require them to sign the *Letter of Commitment of Manufacturer* (“*廠商承諾書*”) to ensure the transparency of the whole transaction process. In addition, we provide various anonymous channels for reporting immoral matters.

We strictly comply with the related laws and regulations, including but not limited to the Criminal Law of the PRC. In FY2020, we have not been involved in any lawsuits relating to corruption, bribery, blackmail, fraud, or money laundering.

³ The figure refers to the suppliers with amount incurred in FY2020.

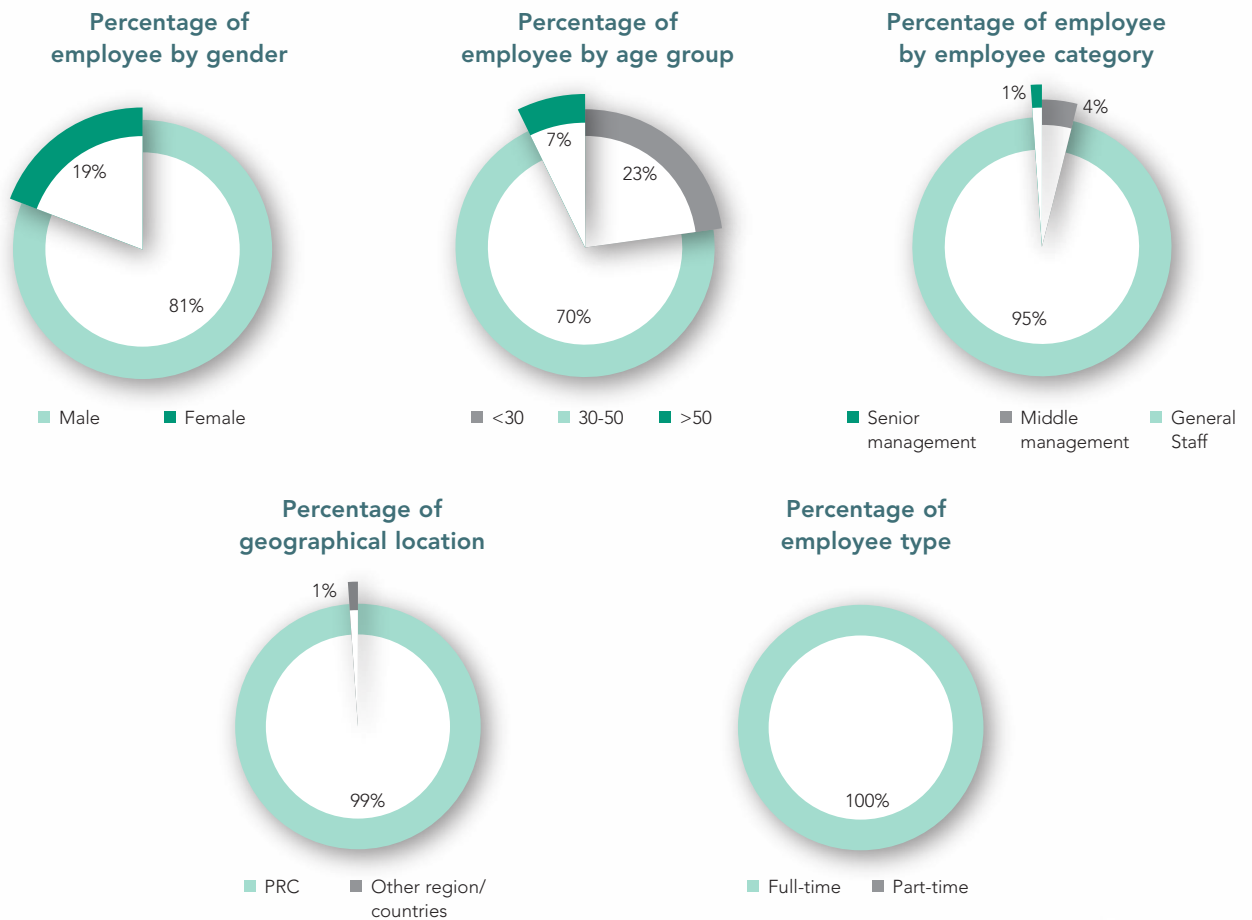
⁴ Due to rounding, the sum may not be 100%.

EMPLOYEE

The Group strictly abides by the international conventions on human rights and labour, as well as the labour and employment regulations and policies of the place where the premises are located. Up to now, it has identified a total of 40 applicable laws, rules and standards, and established relevant systems, including but not limited to *Labour Contract Management* ("勞動合同管理"), *Employment Management* ("員工聘用管理"), *Occupational Physical Examination* ("職業健康體檢"), *Work-related Accident Handling* ("工傷事故處理"), *Dismissal Management* ("離職管理").

We are committed to creating an innovative, win-win and fair working environment for our employees. While ensuring employees' safety and health in the workplace, we focus on taking care of our employees and organise diverse activities to promote employees' physical and mental health. In order to realise the common development of enterprise and individuals, we improve the system of talent cultivation, set channels for internal communication, and provide a good career development platform for our employees.

In FY2020, the total number of employees⁵ reached 918 (FY2019: 1,075), among which 175 (FY2019: 194) were female and they accounted for 19% (FY2019: 21%) of the total employees. The overall employee turnover ratio was 21% (FY2019: 22%). The breakdown of the percentage of the workforce by gender, age group, employee category, geographical location and employee type is illustrated as below:



⁵ It refers to the number of employees as at 31 December 2020.

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Employment and Labour Standards

Labour standards

The Group persists in the equal and fair employment and prohibits any form of discrimination in employment. We ensure our employees will not suffer from discrimination due to race, nationality, colour, religion, physical disability, gender, sexual orientation, club members or marital status.

The Group protects the rights of career development of our female employees. We stipulate that female and male employees are equally entitled to promotion and professional training on technology and management skills. We require a certain proportion of female employees participating in various training and development opportunities, such as further education, on-the-job training and overseas exchange.

We strictly comply with the International Labour Conventions, local laws and regulations relating to labour standards, including but not limited to Provisions on the Prohibition of Using Child Labour and Law of the PRC on the Protection of Minors.

We strictly prohibited child labour and any form of coercion, harassment, physical punishment, psychological oppression or language assault. We respect employees' rights of association.

We did not involve in any child labour, forced labour and discrimination cases in FY2020.

Salary and welfare

We comply with the Labour Contract Law of the PRC. In the PRC, according to the national social security policies, we timely pay social insurances including endowment insurance, medical insurance, unemployment insurance, work-related injury insurance and maternity insurance, as well as housing fund for employees in full. We also buy commercial insurances for our employees to improve their abilities to overcome unexpected difficulties.

We established *Staff Management Policy* ("員工管理規則"), which states explicitly that remuneration, insurance and welfare policies should be timely adjusted based on employees' capability, performance and achievement. For example, we awarded a bonus to staff of CNC machine tools division with no or low absenteeism as well as supervisors with excellent performance on duty.

Training and Development

The development of the enterprise is closely connected with the growth of the employees. The development of the technical skills and abilities of the employees represents the future of the enterprise. The key to our success is to ensure that each employee is equipped with the corresponding skills for their positions. We encourage our employees to continuously improve and develop themselves, and provide all employees with various of training and skills related competitions so that employees can learn from each other, identify areas of improvements and upgrade themselves.

In FY2020, 100% of our employees (FY2019: 65%) received training and the average training hours of each employee were 28 hours (FY2019: 29 hours).

In addition, we cooperated with the Hangzhou Vocational and Technical College to establish the Fair Friend Institute of Electromechanical, which has been the cradle for nurturing our talents. Fair Friend Institute of Electromechanical is a key training base for advanced manufacturing talents in Zhejiang Province. It has advanced equipment of RMB130 million with around 20 professors and associate professors as well as 50 full-time and part-time doctoral and master students. It provides employees with a platform for development and training.

Safety and Health

Occupational safety and health of the employees is the foundation of the sustainable development of the Group. Although there is no significant occupational safety and health threat in our production and operation processes, we always focus on preventing accidents from happening to protect occupational safety and health for our employees. In strict compliance with the Labour Law of the PRC, the Law of the PRC on Prevention and Control of Occupational Disease and other local laws and regulations on prevention and treatment of occupational diseases, we also continuously perfect the health management of employees and formulate the *Occupational Safety and Health Education System* ("職業安全健康教育制度").

We have obtained accreditation under the ISO 45001 Occupational Health and Safety Management System. We constantly enhance the level of occupational health and safety management, forming a comprehensive mechanism of self-monitoring, self-discovery and self-improvement. Every year, we carry out a complete and comprehensive review on the surrounding environment of production plants to ensure the safety of our employee in the workplace. In FY2020, we did not aware of any work-related fatalities or significant accidents.

Dust and noise are the main factors that cause occupational health problems. To protect our employees' health, we have taken the actions below:

- **Decontamination of dust**

During the production of car parking garage structures, the dust produced by welding threatens the health of the employees. Therefore, we installed 8 dust purifiers which inhale smoke, dust and exhaust gas through the suction of the fan. Meanwhile, the flame arrester at the inlet prevents the entry of the spark generated by welding, filters the smoke etc. The purified gas is draught through the outlet. In this way, it not only ensures the safety of the employees but also protects the natural environment.

- **Noise management**

Nosie from machineries may cause damage to hearing of our employees. To prevent our employees from hearing loss, our Processing Department invested RMB150,000 to build a workshop with vibratory stress relief (VSR) technology, which can reduce the noise level to 98 dB in the workshop and the noise level to 78 dB outside the workshop. We also prohibit our employees from entering the workshop until the vibration process is completed. In such case, the possibility of employees' physical injuries in workplace is reduced.

- **Disease prevention**

We provide regular physical examination for employees to prevent the occurrence of diseases. Our staff canteens provide a high-quality balanced diet for our employees.

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Care for Employees

We often organise a wide variety of recreational activities to help employees relieve the pressure of work so that they can maintain a work-life balance. For example, we organise **"Walk with joy and perseverance"** ("歡樂出發毅路同行") every year to enhance employees' awareness of nature conservation and to relieve their work stress. We have successfully organised activities for our employees' families for many years to strengthen their family bonding. We regularly organise sports events where our employees can collaborate and work as a team to help promoting a feeling of company solidarity.

Since FY2019, we have been organising a running group, namely **"Joyrun"** ("悅跑圈"), via a mobile application platform to promote physical fitness among our employees.

In addition, we help employees in difficulty to ease their financial pressures. For instance, we provide a housing subsidy of RMB500 per month for employees with housing difficulties, which is intended to relieve the pressure of high rent. We also encourage employees to help each other. If any employees are under financial pressure due to specific circumstance, we will take the initiative to raise funds and provide financial assistance for them to tide over the difficulties.

ENVIRONMENT

The Group focuses on the sustainable development management and improving the utilisation rate of resources. We strive to mitigate the impacts on environment in every aspect of our operational processes. We have received ISO 14001 Environmental Management System certification for our production plants. We also organised annual internal and external review to ensure that the environmental management system is manageable and effective in the long run.

The Group has continuously optimised the environmental and energy management system, and formulated the *Environmental Quality Manual* ("品質環境手冊"), *Hazardous Material Specification* ("危害物說明書"), *Operation Instructions* ("作業指導書") and *Air Pollution Control and Management System* ("空氣污染管制管理"), in order to enhance the standard and systematic management of the environmental protection, energy conservation and emission reduction.

The Group strictly complies with the national and local laws and regulations relating to environmental protection and pollution control, including but not limited to the followings:

- the Environmental Protection Law of the PRC
- the Water Pollution Prevention and Control Law of the PRC
- the Law of the PRC on the Prevention and Control of Atmospheric Pollution
- the Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste
- the Law of the PRC on Prevention and Control of Pollution from Environmental Noise

Our manufacturing operation has met the national standards and local standards, including but not limited to the followings:

- Standard for fugitive emissions of volatile organic compounds (GB 37822-2019)
- Ambient air quality standards (GB 3095-2012)
- Standard for volatile organic emissions in key industrial enterprise (DB3301/T0277-2018)

In FY2020, there were no environmental pollution accidents, illegal events or complaints from the surrounding residents.

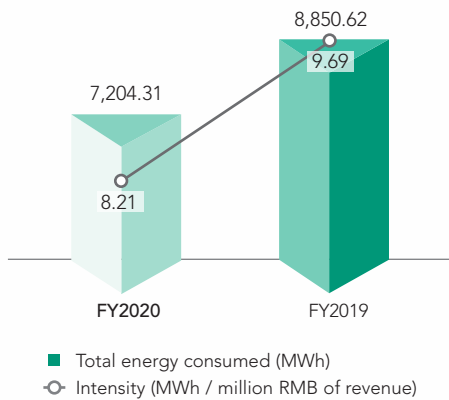
Resources Management

We consume electricity, gasoline, diesel, natural gas, steel and packaging materials in our operations, and we take various actions to reduce our resource consumption.

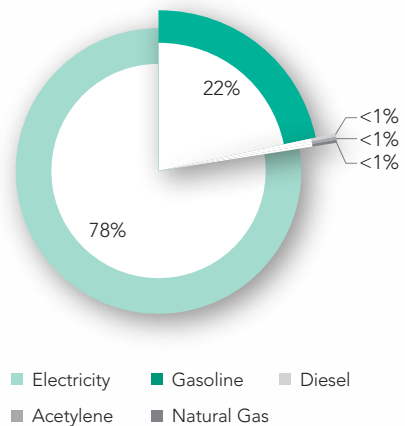
Low-carbon production

The main source of energy consumption in our operation are electricity, gasoline, diesel and natural gas. In FY2020, we consumed 7,204.31MWh (FY2019: 8,850.62 MWh) of energy in total and the purchased electricity accounted for 78% (FY2019: 70%) of the total energy consumption. Compared to FY2019, the total energy consumption decreased by 19% as there was a decrease in fossil fuel and electricity consumption.

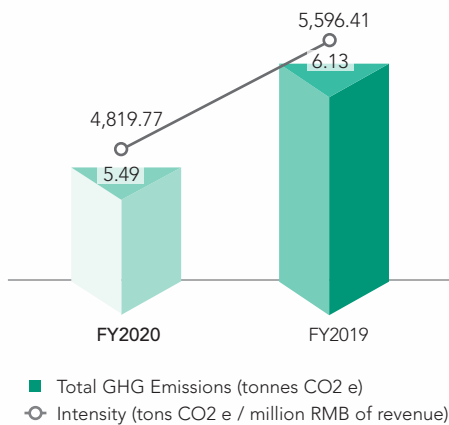
Total Energy Consumption and its Intensity



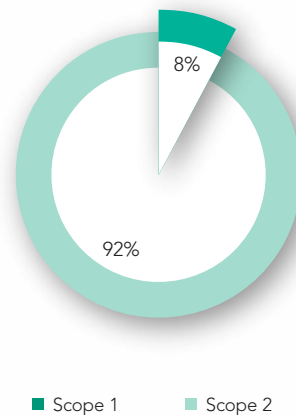
FY2020 Energy Consumption by Category



Total GHG Emissions and its Intensity



FY2020 GHG Emissions by Scope



Environmental, Social and Governance Report

In FY2020, we have 396.96 tonnes carbon dioxide equivalent (CO₂ e) (FY2019: 594.53 tonnes CO₂ e) of direct greenhouse gas (GHG) emissions (Scope 1) and 4,422.81 tonnes CO₂ e (FY2019: 5,001.88 tonnes CO₂ e) of indirect GHG emissions (Scope 2). Compared with FY2019, the total GHG emissions decreased by 14%, which is aligned with the decrease in the total energy consumption.

In order to reduce GHG emissions, we have taken a number of measures. We have replaced the power-consuming lamps with energy-saving light-emitting diodes (LEDs) and all streetlights within our production plants' area were equipped with intelligent sensing lighting control module, which has effectively reduced the use of electricity. Meanwhile, we carry out measures of transformer outage every year to reduce energy consumption.

Regarding the production of car parking garage structures, we use equipment complying with the energy efficiency standards in Europe. Although cost of the equipment is higher, we uphold the concept of environmental friendliness and implement environmental protection measures at all costs.

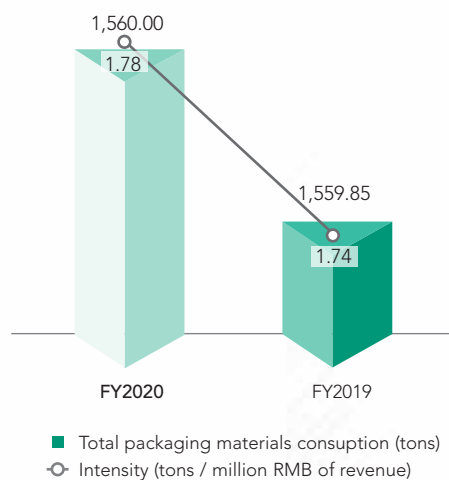
Raw materials and packaging materials

Production of car parking garage structures requires substantial amount of steel. To avoid unnecessary steel wastes from cutting and assembly of steel structures by ourselves, we have engaged suppliers who customise the steel for us.

Wood is the major type of packaging material consumption. Our CNC machine tools are usually packed with wooden boxes when delivering to our customers. To reduce our packaging material consumption, we have signed an agreement with packaging material suppliers for recycling of packaging materials in order to reduce the consumption and mitigate the impact on the environment.

In FY2020, we consumed 1,560 tonnes (FY2019: 1,563.97 tonnes) of packaging materials which are primarily wood.

Packaging Material Consumption and its Intensity



Air Emission Management

The main types of air pollutants produced from our operation include volatile organic compounds (“VOCs”), nitrogen oxides (“NOx”), sulphur oxides (“SOx”) and particulate matters (“PM”). VOCs from our production process contributed the most to our total air pollutant emission amount. The emission amount of inorganic air pollutants (i.e. NOx, SOx and PM) generated from our mobile vehicles, are regarded as insignificant. In order to improve the working environment and reduce the impact on the surrounding environment, we have established the waste gas treatment project with the support of leaders of the Group according to the requirement of the environmental protection project. The waste gas after treatment has met the emission standard stipulated in the Integrated Emission Standard of Air Pollutants (GB16297– 1996).

Dust produced in the production process has a significant impact on employees’ health. It will not only do harm to the surrounding environment but also the whole atmosphere if the emissions are not treated. Smoke recycling equipment was installed, and all the dust gas emissions should be processed before being released into the air again. We also retrofitted the paint spraying facilities to mitigate the impacts of VOCs emissions on both the environment and our employees. These measures will greatly reduce the production activities’ impacts on the surrounding environment.

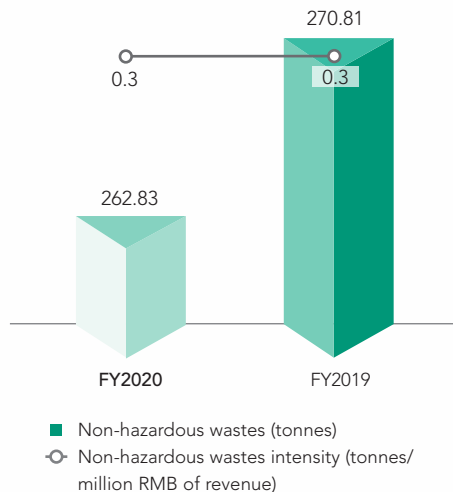
Waste Management

Solid wastes

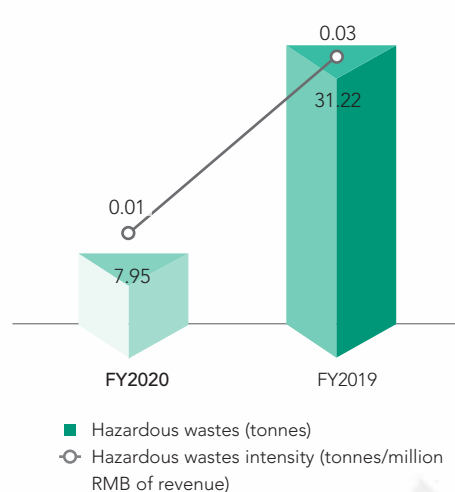
The wastes generated in our production are mainly divided into hazardous wastes and non-hazardous wastes. Non-hazardous wastes mainly include living garbage, scrap iron, grinding wheel and office consumables. The reporting scope of FY2020 was expanded to include paper usage in office consumables, which resulted in the significant increase of office consumables waste to 3.43 tonnes in FY2020 (FY2019: 0.38 tonnes).

Hazardous wastes mainly include grinding mud, activated charcoal contaminated with paint, paint bucket, waste oil etc..

Total non-hazardous waste produced and its intensity



Total hazardous waste produced and its intensity



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We implemented the *Regulations of Waste Discharge of Management* ("廢棄物排放管理規定") in the process of production and operation.

We classified wastes according to the National Catalogue of Hazardous Waste and made corresponding disposal guidelines according to different levels. Hazardous wastes such as waste oil will be disposed of by qualified and professional third parties appointed by the Group.

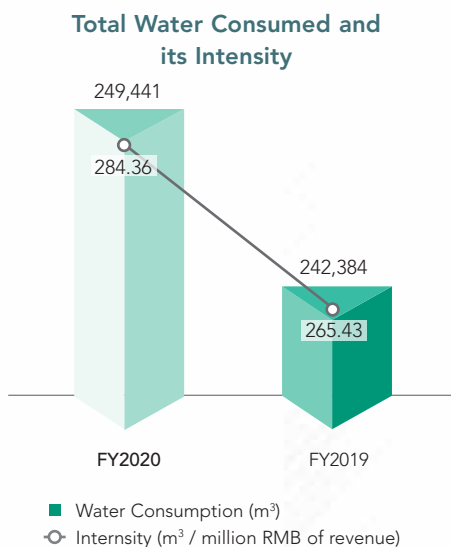
A great deal of heat is generated in the production and cannot be released from the machine, and we use cutting fluid (coolant) for cooling. During the cooling process, the cutting fluid will be mixed with waste oil from the production process and other impurities. We introduced the cutting fluid recovery unit to treat and recycle cutting fluid.

Water Resource Management

Our water is sourced from the urban water supply system. In FY2020, we consumed 249,441 m³ (FY2019: 242,384 m³) of water.

During the production process, we produce 249,390 tonnes of industrial and domestic wastewater in FY2020. The domestic wastewater is mainly discharged from office toilets and kitchens. There was no discharge of poisonous, hazardous and special substance. Industrial wastewater is directly discharged through the municipal sewage pipe network and handled by the municipal government's sewage treatment plant before the discharge. The details of pollutants discharged in wastewater in FY2020 are illustrated as below:

Emissions discharged in wastewater	Unit	Annual amount
Ammonia nitrogen	tonnes	0.07
Suspended particulates	tonnes	1.68
Sulphur content	tonnes	0.006
Nitrogen content	tonnes	0.355



COMMUNITY

We adhere to the concept of “**What comes from the people should be used for the people**” (“取之於民，用之於民”). When running the business, we plough back part of our profits into the society. This concept is deeply rooted in the hearts of every staff in the Group. In addition, in the vicinity of the production plants, there are many residential areas. We always pay attention to our production activities to minimise nuisance to our neighbours.

Noise Management

Noise is mainly produced by power equipment such as the air compressors, planer type milling machines, horizontal boring machines and cranes. We have installed noise shields and sound-absorbing walls surrounding the equipment to control the noise and reduce the impact on the surrounding residential areas.

Boost of Economic Growth

Through the cooperation with Hangzhou Vocational and Technical College, we have jointly established Fair Friend Institute of Electromechanical, which not only supplies us with talents who are proficient in both theories and practical operation but also consistently supplies the local community with elites in the field of electromechanics and provides employment opportunities for local students. In 1993, Hangzhou Good Friend Precision Machinery Co., Ltd. was established in Xiaoshan district. It has provided a lot of job opportunities to the local economy, promoted the local economic development, and been honoured as one of the top 10 enterprises for boosting local economic development. Our high-quality CNC machine tools, forklifts and parking garage structures also provide strong support for the upgrade of local industry and enterprise transformation.

Community Dedication

We actively participate in various community activities and charitable donations. In FY2020, we participated in the voluntary blood donation activity. At our advocacy, a total of 21,600 millilitres of blood were donated, involving 50 employees.

Education Development

We show great concern and support for the development of education. We have co-organised the Vocational and Technical Exhibition with Hangzhou Xiaoshan Technician College (“杭州蕭山技師學院”) in previous year. However, under the effect of the COVID-19 pandemic, no social event related to education was held in FY2020.

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ESG DATA OVERVIEW

Environmental KPIs	Unit	FY2020	FY2019
Air Emissions ^{Note 1}			
NO _x	tonnes	0.05	0.08
SO _x	tonnes	0.01	0.02
PM	tonnes	0.002	0.01
VOCs	tonnes	13.66	25.02
Total	tonnes	13.73	25.13
GHG Emissions ^{Note 2}			
Scope 1	tonnes CO ₂ e	396.96	594.53
Scope 2	tonnes CO ₂ e	4,422.81	5,001.88
Total	tonnes CO ₂ e	4,819.77	5,596.41
Intensity ^{Note 3}	tonnes/million RMB	5.49	6.13
Hazardous wastes			
Grinding mud	tonnes	5.8	21.25
Activated charcoal contaminated with paint	tonnes	1.2	2.50
The paint bucket	tonnes	0.26	2.64
Waste oil	tonnes	0.4	4.83
Waste fluorescent light tubes	tonnes	0.1	N/A
Ink cartridge	tonnes	0.04	N/A
Paint residue	tonnes	0.0365	N/A
Waste battery	tonnes	0.01	N/A
Other hazardous wastes	tonnes	0.105	N/A
Total hazardous wastes produced	tonnes	7.95	31.22
Intensity ^{Note 3}	tonnes/million RMB	0.01	0.03
Non-hazardous wastes			
Scrap iron	tonnes	70.20	70.65
Living garbage	tonnes	132.00	166.24
Grinding wheel	tonnes	1.2	1.43
Office consumables	tonnes	3.43	0.38
Other industrial garbage	tonnes	56.00	32.11
Total non-hazardous wastes produced	tonnes	262.83	270.81
Intensity ^{Note 3}	tonnes/million RMB	0.30	0.30

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Environmental KPIs	Unit	FY2020	FY2019
Water consumption			
Total	m ³	249,441.00	242,384.00
Intensity ^{Note 3}	m ³ /million RMB	284.36	265.43
Energy consumption			
Electricity	MWh	5,583.65	6,216.61
Gasoline	MWh	1,574.12	2,018.20
Diesel	MWh	26.91	577.98
Natural gas	MWh	17.30	37.83
Acetylene	MWh	2.33	N/A
Total	MWh	7,204.31	8,850.62
Intensity ^{Note 3}	MWh/million RMB	8.21	9.69
Packaging material consumption			
Wood	tonnes	1,560.00	1,559.85
Other materials	tonnes	0	31.14
Total	tonnes	1,560.00	1,590.99
Intensity ^{Note 3}	tonnes/million RMB	1.78	1.74

Note 1: Reference is made to Road Vehicles Air Pollutant Emission Inventory Preparation Technical Guide (Trial) issued by the Ministry of Ecology and Environment of the PRC regarding the calculation of NO_x, SO_x and PM. The air pollutants emissions incurred by forklift trucks were not included due to the distance travel data were not available.

Note 2: Reference is made to the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard and 2019 Regional Emission Reduction Project China Regional Grid Baseline Emission Factors issued by the Climate Change Department of the Ministry of Ecology and Environment of the PRC regarding the calculation of the GHG emissions.

Note 3: Intensity is calculated as the total divided by revenue (in million RMB) the corresponding years. The corresponding revenue in 2020 was 877.2 million RMB.

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Social KPIs	Unit	FY2020	FY2019
Workforce			
Total ^{Note 4}	/	918	1,075
By gender			
Female	/	175	194
Male	/	743	881
By age group			
Under 30	/	217	305
From 30 to 50	/	639	696
Over 50	/	62	74
By employee category			
Senior management	/	9	6
Middle management	/	41	134
General Staff	/	868	935
By geographical location			
PRC	/	908	N/A
Hong Kong	/	0	N/A
Other regions/countries	/	10	N/A
By employment type			
Full-time	/	918	N/A
Part-time	/	0	N/A
Employee turnover ^{Note 5}	%	21	22
Safety			
Number of work-related fatalities	/	0	0
Rate of work-related fatalities	/	0	0
Number of lost days due to work injury	/	526	527

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Social KPIs	Unit	FY2020	FY2019
Development and Training			
Percentage of employees trained ^{Note 6}			
Overall	%	100	65
By gender			
Female	%	100	44
Male	%	100	70
By employee category			
Senior management	%	100	82
Middle management	%	100	99
General Staff	%	100	60
Average training hours completed per employee ^{Note 7}			
Overall	hours/employee	28	29
By gender			
Female	hours/employee	24	26
Male	hours/employee	29	30
By employee category			
Senior management	hours/employee	6	18
Middle management	hours/employee	27	32
General Staff	hours/employee	29	29

Note 4: Social KPIs only cover the four entities: Hangzhou Good Friend Precision Machinery Precision Co., Ltd., Hangzhou Global Friend Precision Machinery Co., Ltd., Hangzhou Ever Friend Precision Machinery Co., Ltd. and Hangzhou Glory Friend Machinery Technology Co., Ltd. Therefore, variances may exist compared to figures presented in other sections of our Annual Report 2020.

Note 5: Employee turnover rate is calculated as the total number of employees who left employment divided by the sum of the total number of employees who left employment and the total number of employees as at 31 December 2020.

Note 6: Percentage of employees trained is calculated as the total number of employees trained divided by the total number of employees.

Note 7: Average training hours completed per employee is calculated as the total number of training hours divided by the total number of employees.

Environmental, Social and Governance Report

APPENDIX I – INDEX OF ESG GUIDE

Aspect	Description	Sections/Remarks
A. Environmental		
Aspect A1: Emissions		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	Resource management; Air emission management; Waste management; Water resource management
A1.1	The types of emissions and respective emissions data	Air emission management
A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Resource management
A1.3	Total hazardous wastes produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Waste management
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Waste management
A1.5	Description of measures to mitigate emissions and results achieved	Resource management; Air emission management; Waste management; Water resource management
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	Waste management

Environmental, Social and Governance Report

Aspect	Description	Sections/Remarks
Aspect A2: Use of resources		
General disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	Resource management; Waste management; Water resource management
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility)	Resource management
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility)	Water resource management
A2.3	Description of energy use efficiency initiatives and results achieved	Resource management
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	Resource management
A2.5	Total packing material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	Resource management
Aspect A3: The environment and natural resources		
General disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources	Resource management; Air emission management; Waste management; Water resource management
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	Resource management; Air emission management; Waste management; Water resource management

Environmental, Social and Governance Report

Aspect	Description	Sections/Remarks
B. Social		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, antidiscrimination, and other benefits and welfare	Employee
B1.1	Total workforce by gender, employment type, age group and geographical region	ESG data overview
B1.2	Employee turnover rate by gender, age group and geographical region	ESG data overview (Remark: Only total employee turnover rate is disclosed.)
Aspect B2: Health and safety		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	Safety and health
B2.1	Number and rate of work-related fatalities	ESG data overview
B2.2	Lost days due to work injury	ESG data overview
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	Safety and health
Aspect B3: Development and training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	Training and development
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management)	ESG data overview
B3.2	The average training hours completed per employee by gender and employee category	ESG data overview

Environmental, Social and Governance Report

Aspect	Description	Sections/Remarks
Aspect B4: Labour standards		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	Employment and labour standards
B4.1	Description of measures to review employment practices to avoid child and forced labour	Employment and labour standards
B4.2	Description of steps taken to eliminate such practices when discovered	Employment and labour standards
Aspect B5: Supply chain management		
General Disclosure	Policies on managing environmental and social risks of the supply chain	Supplier management
B5.1	Number of suppliers by geographical region	Supplier management
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	Supplier management
Aspect B6: Product responsibility		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	Market
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Quality assurance
B6.2	Number of products and service related complaints received and how they are dealt with	Customer service
B6.3	Description of practices relating to observing and protecting intellectual property rights	Quality assurance
B6.4	Description of quality assurance process and recall procedures	Quality assurance
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	Customer service

Environmental, Social and Governance Report

Aspect	Description	Sections/Remarks
Aspect B7: Anti-corruption		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	Business ethics
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	Business ethics
B7.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored	Business ethics
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	Community
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	Boost of economic growth; Community dedication; Education development
B8.2	Resources contributed (e.g. money or time) to the focus area	Boost of economic growth; Community dedication; Education development

Independent Auditor's Report



To the Shareholders of Good Friend International Holdings Inc.

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Good Friend International Holdings Inc. (the "Company") and its subsidiaries (the "Group") set out on pages 71 to 161, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters we identified are:

1. Impairment assessment of trade receivables and contract assets
2. Impairment assessment of inventories

Independent Auditor's Report

To the Shareholders of Good Friend International Holdings Inc.

(Incorporated in the Cayman Islands with limited liability) (Continued)

KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>1. Impairment assessment of trade receivables and contract assets</p> <p>Refer to note 20A, 20B and 37(d) to the consolidated financial statements.</p> <p>As at 31 December 2020, the carrying amount (net of impairment) of trade receivables and contract assets amounted to approximately RMB181,041,000.</p> <p>The impairment assessment of trade receivables and contract assets involves judgement and management estimates in evaluating the expected credit loss ("ECL") of the Group's trade receivables and contract assets at the end of the reporting period.</p> <p>The management of the Group estimates the amount of lifetime ECL of trade receivables and contract assets based on provision matrix with appropriate groupings. For collective assessment, the Group uses debtors' aging to assess the impairment for its customers because these customers consist of a large number of small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. In addition, trade receivables and contract assets are assessed individually for debtors with significant balances or credit impaired. ECL is estimated based on historical credit loss experience based on the past default experience of the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The loss allowance amount of the credit impaired trade receivables is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows with the consideration of expected future credit losses.</p> <p>The Group recognised net impairment of trade receivables and contract assets totalling RMB12,985,000 during the year ended 31 December 2020. The Group's lifetime ECL on trade receivables and contract assets as at 31 December 2020 amounted to RMB39,846,000.</p>	<p>Our procedures in relation to the loss allowance for ECL on trade receivable and contract assets included:</p> <ul style="list-style-type: none">• Obtaining an understanding of the key controls over the impairment assessment of trade receivables and contract assets, including but not limited to the management of the Group's assessment on the creditworthiness of the counterparties;• Testing the trade receivables' aging report as at 31 December 2020, on a sample basis, by comparing individual balances in the aging report with the relevant sale agreements, sales invoices and other supporting documents; and• Assessing the management of the Group's basis and judgement in determining credit loss allowance on trade receivables and contract assets as at 31 December 2020, including their identification and evaluation of individually assessed trade receivables and contract assets, the reasonableness of the management of the Group's grouping of trade debtors into different categories in the provision matrix, and the basis of estimated loss rates applied in each category in the provision matrix (with reference to historical default rates and forward-looking information).

To the Shareholders of Good Friend International Holdings Inc.
(Incorporated in the Cayman Islands with limited liability) (Continued)

KEY AUDIT MATTERS (Continued)

Key Audit Matter

How our audit addressed the Key Audit Matter

2. Impairment assessment of inventories

Refer to note 5(b) as stated in key sources of estimation uncertainty and 23 to the consolidated financial statements.

As at 31 December 2020, the carrying amount (net of impairment) of inventories amounted to approximately RMB431,164,000.

The cost of inventories of the Group mainly comprises raw materials, direct labour, other direct costs and related production overheads. Given the relatively long production cycles and the unpredictability of the fluctuations of raw material prices, the inventories are exposed to the risk of being carried in excess of net realisable value.

In assessing the net realisable value and making appropriate allowances to inventories, the management estimates impairment of inventories by identifying inventories that are slow moving or obsolete, and consider the inventories' physical conditions, age, market conditions, market prices for similar items, costs of completion and costs necessary to make the sale.

The Group recognised impairment of inventories of RMB12,565,000 during the year ended 31 December 2020. The aggregate impairment of inventories as at 31 December 2020 amounted to RMB34,830,000.

Our procedures in relation to the impairment assessment of inventories included:

- Obtaining an understanding of the management of the Group's key controls over the impairment assessment of inventories;
- Attending the inventory count performed by the management of the Group to evaluate whether obsolete inventories are properly identified with which the impairment assessment is based;
- Testing the inventories aging report, on a sample basis, with reference to the procurement and/or production records;
- Evaluating the reasonableness of impairment on inventories with reference to the aging report and subsequent movement of the inventories;
- Comparing the carrying amount of inventories on hand to the latest selling prices and/or net realisable value on a sample basis; and
- Evaluating the adequacy of impairment provision on inventories with reference to the information obtained above.

Independent Auditor's Report

To the Shareholders of Good Friend International Holdings Inc.

(Incorporated in the Cayman Islands with limited liability) (Continued)

OTHER INFORMATION

The directors are responsible for the Other Information. The Other Information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee assists the directors in discharging their responsibilities for overseeing the Group's financial reporting process.

To the Shareholders of Good Friend International Holdings Inc.

(Incorporated in the Cayman Islands with limited liability) (Continued)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Independent Auditor's Report

To the Shareholders of Good Friend International Holdings Inc.

(Incorporated in the Cayman Islands with limited liability) (Continued)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Wong Tak Man, Stephen.

RSM Hong Kong

Certified Public Accountants

Hong Kong

14 May 2021

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	NOTE	2020 RMB'000	2019 RMB'000
Revenue	6A	875,318	910,695
Cost of revenue	6B	(678,847)	(701,597)
Gross profit		196,471	209,098
Other income	7A	56,941	157,038
Distribution and selling expenses		(94,852)	(121,928)
Administrative expenses		(57,485)	(71,562)
Research and development costs		(27,750)	(29,086)
(Impairment loss)/reversal of impairment loss on trade receivables and contract assets		(12,985)	3,009
Other gains and losses	7B	36,509	(7,547)
Other expenses	7C	(22,741)	(22,805)
Other operating expenses		(1,398)	(1,297)
Finance costs	10	(18,635)	(24,744)
Share of profit of joint ventures	18	615	1,141
Share of loss of associates	19	(287,061)	(57,089)
(Loss)/profit before tax	8	(232,371)	34,228
Income tax expense	11	(15,848)	(22,069)
(Loss)/profit attributable to owners of the Company		(248,219)	12,159
Other comprehensive income:			
<i>Item that may be reclassified to profit or loss:</i>			
Exchange difference arising on translation of foreign operations		12,490	(4,790)
Net fair value (loss)/gain on receivables at fair value through other comprehensive income ("FVTOCI")		(154)	246
Share of other comprehensive income of associates	19	(25,588)	12,637
		(13,252)	8,093
<i>Item that will not be reclassified to profit or loss:</i>			
Share of other comprehensive income of associates	19	(4,139)	(28,080)
Other comprehensive income for the year attributable to owners of the Company, net of tax		(17,391)	(19,987)
Total comprehensive income attributable to owners of the Company		(265,610)	(7,828)
(Loss)/earnings per share (expressed in RMB per share)	12		
– Basic		(0.62)	0.03
– Diluted		N/A	N/A
Dividends	13	–	–

Consolidated Statement of Financial Position

	NOTE	2020 RMB'000	2019 RMB'000
Non-current assets			
Property, plant and equipment	14	204,098	218,344
Right-of-use assets	15	122,251	124,371
Intangible assets	16	1,047	1,407
Investments in joint ventures	18	22,261	21,646
Investments in associates	19	88,274	392,326
Deferred tax assets	31	28,551	27,991
		466,482	786,085
Current assets			
Inventories	23	431,164	493,053
Trade and other receivables and prepayments	20A	166,688	227,096
Contract assets	20B	52,653	44,399
Loans receivable	21	49,691	48,394
Receivables at FVTOCI	22	120,105	101,945
Amount due from ultimate holding company	39	1,008	–
Amount due from immediate holding company	39	8	–
Amounts due from a related company, fellow subsidiaries and an associate of ultimate holding company	39	28,087	6,248
Amounts due from joint ventures	39	644	512
Amounts due from associates and subsidiaries of an associate	39	370,849	235,155
Restricted bank balances	24	139,426	106,333
Bank and cash balances	25	104,014	74,860
		1,464,337	1,337,995

Consolidated Statement of Financial Position

	NOTE	2020 RMB'000	2019 RMB'000
Current liabilities			
Trade and other payables and accrued expenses	27	471,137	389,300
Contract liabilities	28	260,711	300,336
Deferred income	32	1,410	1,410
Amount due to ultimate holding company	39	1,503	157
Amount due to immediate holding company	39	15,627	815
Amounts due to fellow subsidiaries	39	2,005	2,457
Amounts due to joint ventures	39	517	380
Amount due to an associate	39	24,111	23,481
Lease liabilities	33	2,623	2,486
Provision for litigation claim	35	36,335	60,117
Refund liabilities	35	106,211	100,903
Current tax liabilities		25,272	17,445
Bank and other borrowings	30	423,814	400,071
Warranty provision	29	3,409	4,019
		1,374,685	1,303,377
Net current assets			
		89,652	34,618
Total assets less current liabilities			
		556,134	820,703
Non-current liabilities			
Bank and other borrowings	30	38,506	36,760
Deferred income	32	72,270	73,680
Lease liabilities	33	2,489	1,784
		113,265	112,224
Net Assets			
		442,869	708,479
Capital and reserves			
Share capital	26	4,021	4,021
Share premium		82,183	82,183
Capital reserves		77,338	77,338
Other reserves		53,202	66,454
Retained earnings		226,125	478,483
Total Equity			
		442,869	708,479

Approved by the Board of Directors on 14 May 2021 and are signed on its behalf by:

CHU Chih-Yaung
DIRECTOR

WEN Chi-Tang
DIRECTOR

Consolidated Statement of Changes in Equity

	Share capital	Share premium	Capital reserves	Other reserves	Retained earnings	Total
	RMB'000	(note a) RMB'000	(note b) RMB'000	(note c) RMB'000	RMB'000	RMB'000
At 1 January 2019	4,022	82,281	77,338	58,361	494,404	716,406
Total comprehensive income for the year	–	–	–	8,093	(15,921)	(7,828)
Share repurchased and cancelled (note 26)	(1)	(98)	–	–	–	(99)
At 31 December 2019 and 1 January 2020	4,021	82,183	77,338	66,454	478,483	708,479
Total comprehensive income for the year	–	–	–	(13,252)	(252,358)	(265,610)
At 31 December 2020	4,021	82,183	77,338	53,202	226,125	442,869

Notes:

a. Share premium

Under the Companies Law of the Cayman Islands, where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on their shares shall be transferred to share premium account. The application of the share premium account is governed by the Companies Law of the Cayman Islands. Share premium of the Company is distributable to shareholders subject to the provisions of the Company's Memorandum and Articles of Association and provided that immediately following the distribution the Company is able to pay its debts as they fall due in the ordinary course of business.

b. Capital reserves

Capital reserves represent the difference between the paid-in capital/share capital and share premium of the subsidiaries acquired at the consideration of nominal value of the Company's shares issued during the time of the corporate reorganization of the Group prior to the listing of the shares of the Company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

c. Other reserves

In addition to currency translation reserve and receivables at FVTOCI reserve, other reserves include general reserve and statutory reserve which are set up in accordance with statutory requirements in the People's Republic of China ("PRC").

Statutory reserves include statutory surplus reserve and discretionary surplus reserve.

According to the relevant rules and regulations in the PRC, subsidiaries of the Company established in the PRC are required to transfer 10% of their profit after tax, as determined in accordance with the PRC accounting standards and regulations, to the statutory surplus reserve until the balance of the reserve reaches 50% of their respective registered capital. The transfer to this reserve must be made before distribution of dividends to owners of these subsidiaries. Statutory surplus reserve can be used to set off previous years' losses, if any, and may be converted into capital in proportion to existing equity owners' equity percentage, provided that the balance after such issuance is not less than 25% of their registered capital.

Moreover, upon approval by the equity owner, a subsidiary of the Company can transfer 10% of its profit after tax, as determined in accordance with the PRC accounting and regulations, to the discretionary surplus reserve.

Consolidated Statement of Cash Flows

	2020 RMB'000	2019 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit before tax	(232,371)	34,228
Adjustments for:		
Amortisation of intangible assets	570	824
Depreciation of property, plant and equipment	9,460	9,006
Depreciation of right-of-use assets	6,424	5,602
Impairment of inventories	12,565	667
Interest expenses	18,635	24,744
Interest income	(3,356)	(3,842)
Loss on disposal of property, plant and equipment	622	416
Reversal of provision for litigation claim	(23,782)	–
Provision for refund liabilities	5,308	–
Impairment loss/(reversal of impairment loss) on trade receivables and contract assets	12,985	(3,009)
Share of loss of associates	287,061	57,089
Share of profit of joint ventures	(615)	(1,141)
Inventories written off	870	1,162
Trade receivables written off	12,954	4,337
Unrealised net exchange (gain)/loss	(8,740)	5,776
Warranty expenses	3,549	2,985
COVID-19 related rent concessions received	(55)	–
	334,455	104,616

Consolidated Statement of Cash Flows

	2020 RMB'000	2019 RMB'000
Operating profit before working capital charges	102,084	138,844
Decrease in inventories	56,142	39,580
Decrease in trade and other receivables and prepayments	34,250	117,375
(Increase)/decrease in contract assets	(8,035)	2,339
(Increase)/decrease in receivables at FVTOCI	(18,332)	4,723
Increase in restricted bank balances	(33,093)	(36,346)
Increase in amount due from ultimate holding company	(1,008)	–
Increase in amount due from immediate holding company	(8)	–
Increase in amounts due from a related company, fellow subsidiaries and an associate of ultimate holding company	(21,839)	(6,225)
Increase in amounts due from joint ventures	(132)	(51)
Increase in amounts due from associates and subsidiaries of an associate	(135,694)	(84,096)
Increase in trade and other payables and accrued expenses	81,837	146,331
Decrease in contract liabilities	(39,625)	(58,415)
Increase/(decrease) in amount due to ultimate holding company	1,346	(141,160)
Increase/(decrease) in amount due to immediate holding company	14,812	(2,017)
Decrease in amounts due to fellow subsidiaries	(452)	(1,180)
Increase in amounts due to joint ventures	137	18
Increase/(decrease) in amount due to an associate	630	(4,954)
Decrease in warranty provision	(4,159)	(4,277)
Decrease in deferred income	(1,410)	(3,749)
Cash generated from operations	27,451	106,740
Income tax and withholding tax paid	(8,563)	(27,096)
Interest on lease liabilities	(270)	(171)
Net cash generated from operating activities	18,618	79,473

Consolidated Statement of Cash Flows

	2020 RMB'000	2019 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Loan to a non-controlling shareholder of a subsidiary of an associate of the Group	(1,297)	(12,767)
Acquisition of property, plant and equipment	(1,995)	(31,571)
Proceeds from disposal of property, plant and equipment	217	472
Purchase of intangible assets	(210)	(16)
Interest received	3,356	3,842
Withdrawal of financial assets at fair value through profit or loss ("FVTPL")	9,610	217,655
Purchases of financial assets at FVTPL	(9,610)	(109,635)
Net cash generated from investing activities	71	67,980
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from bank and other borrowings	2,694,968	3,708,993
Repayments of bank borrowings	(2,662,485)	(3,877,937)
Government grant received	-	8,647
Principal elements of lease payments	(3,407)	(2,651)
Repurchase of shares	-	(99)
Interest paid	(18,365)	(24,573)
Net cash generated from/(used in) financing activities	10,711	(187,620)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		
Effect of foreign exchange rate changes	(246)	2,354
CASH AND CASH EQUIVALENTS AT 1 JANUARY	74,860	112,673
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	104,014	74,860
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	104,014	74,860

Notes to the Consolidated Financial Statements

1. GENERAL INFORMATION

Good Friend International Holdings Inc. (the “Company”) was incorporated in the Cayman Islands with limited liability. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The address of its principal place of business is Room 2003, 20th Floor, Kai Tak Commercial Building, 317-319 Des Vouex Road Central, Hong Kong. The Company’s shares are listed on the Main Board of the Stock Exchange. In addition, 67,200,000 units of Taiwan depository receipts, representing 67,200,000 newly issued shares of the Company, were issued and listed on the Taiwan Stock Exchange Corporation on 18 March 2010. In the opinion of the directors of the Company, Good Friend (H.K.) Corporation Limited (“Hong Kong GF”), a company incorporated in Hong Kong, and Fair Friend Enterprise Company Limited (“Fair Friend”), a company incorporated in Taiwan, are the immediate holding company and the ultimate holding company, respectively.

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 17 to the consolidated financial statements.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

(a) Application of new and revised HKFRSs

The Group has applied the Amendments to Reference to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

In addition, the Group has early applied the Amendments to HKFRS 16, COVID-19 Related Rent Concessions.

Except as described below, the application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKAS 1 and HKAS 8 Definition of Material

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments had no impact on the consolidated financial statements.

Amendments to HKFRS 3 Definition of a Business

The amendments clarify the definition of a business and provide further guidance on how to determine whether a transaction represents a business combination. In addition, the amendments introduce an optional "concentration test" that permits a simplified assessment of whether an acquired set of activities and assets is an asset rather than business acquisition, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The Group has applied the amendments prospectively to transactions for which the acquisition date is on or after 1 January 2020. The application of the amendments had no impact on the consolidated financial statements.

Notes to the Consolidated Financial Statements

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

(a) Application of new and revised HKFRSs *(Continued)*

Amendments to HKFRS 9, HKAS 39 and HKFRS 7, Interest Rate Benchmark Reform

The amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reform.

The amendments had no impact on the consolidated financial statements of the Group.

Amendment to HKFRS 16, COVID-19 Related Rent Concessions

The amendment provides a practical expedient that allows a lessee to by-pass the need to evaluate whether certain qualifying rent concessions occurring as a direct consequence of the COVID-19 pandemic ("COVID-19 Related Rent Concessions") are lease modifications and, instead, account for those rent concessions as if they were not lease modifications.

The Group has elected to early adopt the amendments and applies the practical expedient to all qualifying COVID-19 Related Rent Concessions granted to the Group during the year. Consequently, rent concessions received have been accounted for as negative variable lease payments recognised in profit or loss in the period in which the event or condition that triggers those payments occurred (see note 15). There is no impact on the opening balance of equity at 1 January 2020.

(b) New and revised HKFRSs in issue but not yet effective

Other than the amendments to HKFRS 16, COVID-19 Related Rent Concessions, the Group has not applied any new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 January 2020. These new and revised HKFRSs include the following which may be relevant to the Group.

Notes to the Consolidated Financial Statements

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

(b) New and revised HKFRSs in issue but not yet effective *(Continued)*

	Effective for accounting periods beginning on or after
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to HKFRS 3 Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 16 Property, plant and equipment: proceeds before intended use	1 January 2022
Amendments to HKAS 37 Onerous contracts – cost of fulfilling a contract	1 January 2022
Annual Improvements to HKFRSs 2018 – 2020 Cycle	1 January 2022
Amendments to HKAS 1 Classification of liabilities as current or non-current	1 January 2023

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below (e.g. certain financial instruments that are measured at fair value).

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

Notes to the Consolidated Financial Statements

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

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

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill and any accumulated foreign currency translation reserve relating to that subsidiary.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of an entity but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by other entities, are considered when assessing whether the Group has significant influence. In assessing whether a potential voting right contributes to significant influence, the holder's intention and financial ability to exercise or convert that right is not considered.

Investment in an associate is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the associate in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of the investment over the Group's share of the net fair value of the associate's identifiable assets and liabilities is recorded as goodwill, which is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group's share of an associate's post-acquisition profits or losses and other comprehensive income is recognised in consolidated statement of profit or loss and other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The gain or loss on the disposal of an associate that results in a loss of significant influence represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that associate and (ii) the Group's entire carrying amount of that associate (including goodwill) and any related accumulated foreign currency translation reserve. If an investment in an associate becomes an investment in a joint venture, the Group continues to apply the equity method and does not remeasure the retained interest.

Notes to the Consolidated Financial Statements

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) Associates *(Continued)*

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

In the Company's statement of financial position, investments in associates are stated at cost less impairment losses.

(c) Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Relevant activities are activities that significantly affect the returns of the arrangement. When assessing joint control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

A joint arrangement is either a joint operation or a joint venture. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. The Group has assessed the type of each of its joint arrangements and determined them to all be joint ventures.

Investment in a joint venture is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the joint venture in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of the investment over the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is recorded as goodwill, which is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group assesses whether there is an objective evidence that the interest in a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(c) Joint arrangements *(Continued)*

The Group's share of a joint venture's post-acquisition profits or losses and other comprehensive income is recognised in consolidated statement of profit or loss and other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture. If the joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The gain or loss on the disposal of a joint venture that results in a loss of joint control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that joint venture and (ii) the Group's entire carrying amount of that joint venture (including goodwill) and any related accumulated foreign currency translation reserve. If an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

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

In the Company's statement of financial position, investments in joint ventures are stated at cost less impairment losses.

(d) Foreign currency translation

(i) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Renminbi ("RMB"), which is the Company's functional and presentation currency.

(ii) *Transactions and balances in each entity's financial statements*

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Notes to the Consolidated Financial Statements

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(d) Foreign currency translation *(Continued)*

(ii) Transactions and balances in each entity's financial statements (Continued)

Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

(iii) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses are translated at average exchange rates for the period (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 exchange rates on the transaction dates); and
- All resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of monetary items that form part of the net investment in foreign entities are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are reclassified to consolidated profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Property, plant and equipment

Property, plant and equipment are held for use in the production or supply of goods or services, or for administrative purposes (other than properties under construction as described below), Property, plant and equipment are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

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

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Buildings	20 years
Machinery and equipment	10 years
Office and computer equipment	3-5 years
Motor vehicles	4 years

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Construction in progress represents buildings under construction and plant and equipment pending installation, and is stated at cost less impairment losses. Depreciation begins when the relevant assets are available for use.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

(f) Leases

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

Notes to the Consolidated Financial Statements

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(f) Leases *(Continued)*

(i) *The Group as a lessee*

Where the contract contains lease components and non-lease components, the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the Group are primarily office furniture. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses, except for the right-of-use assets that meet the definition of investment property are carried at fair value.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(f) Leases *(Continued)*

(i) *The Group as a lessee (Continued)*

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are any rent concessions which arose as a direct consequence of the COVID-19 pandemic and which satisfied the conditions set out in paragraph 46B of HKFRS 16. In such cases, the Group took advantage of the practical expedient set out in paragraph 46A of HKFRS 16 and recognised the change in consideration as if it were not a lease modification.

(ii) *The Group as a lessor*

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

(g) Intangible assets

(i) *Research and development expenditure*

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

(ii) *Intangible assets acquired separately*

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is calculated on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Notes to the Consolidated Financial Statements

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(g) Intangible assets *(Continued)*

(ii) Intangible assets acquired separately (Continued)

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 3 to 5 years.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

(h) Impairment on non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the consolidated statement of profit or loss to its estimated recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the cash-generating unit.

Value in use is the present value of the estimated future cash flows of the asset/cash-generating unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset/cash-generating unit whose impairment is being measured.

Impairment losses for cash-generating units are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the cash-generating unit. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

(i) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis. The cost of finished goods and work in progress comprises raw materials, direct labour and an appropriate proportion of all production overhead expenditure, and where appropriate, subcontracting charges. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(j) Contract assets and contract liabilities

Contract asset is recognised when the Group recognises revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit loss ("ECL") in accordance with the policy set out in note 4(y) and are reclassified to receivables when the right to the consideration has become unconditional.

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue. A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method.

(k) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Notes to the Consolidated Financial Statements

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(l) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Debt investments

Debt investments held by the Group are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method.
- FVTOCI – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of ECL, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.
- FVTPL if the investment does not meet the criteria for being measured at amortised cost or FVTOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

(m) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses.

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(o) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

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

(p) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Equity instruments

An equity instrument is any contract that evidence a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities including trade and other payables, amount due to ultimate holding company, amount due to immediate holding company, amounts due to fellow subsidiaries, amount due to an associate, amounts due to joint ventures and bank and other borrowings are subsequently measured at amortised cost, using the effective interest method.

(q) Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

- the amount determined in accordance with the ECL model under HKFRS 9; and
- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of HKFRS 15.

Notes to the Consolidated Financial Statements

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(q) Financial guarantee contracts *(Continued)*

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

(r) Trade and other payables

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(s) Warranties

If a customer does not have the option to purchase a warranty separately, the Group accounts for the warranty in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* ("HKAS 37") unless the warranty provides the customer with a service in addition to the assurance that the product complies with agreed-upon specifications (i.e. service-type warranties).

For service-type warranties, the promised service is a performance obligation. In that case, the Group allocates a portion of the transaction price to the warranty.

(t) Revenue and other income

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

For revenue from machine tools and forklift trucks, the management of the Group has assessed that the control of the goods underlying the sales contracts have been transferred to the customers upon delivery, title has been passed, and goods inspected and accepted by the customer.

For revenue from parking garage structures, the management of the Group has assessed the contract terms and the regulatory environment in the PRC, and concludes that the related performance obligations do not satisfy the over time recognition criteria and thus the Group's revenue from parking garage structures is recognised at a point in time when the customer obtains control of the distinct goods.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(t) Revenue and other income *(Continued)*

For machine tools, parking garage structures and forklift trucks, customers are generally required to make an advance payment of 30% of the total contract sum before the Group commences any work, this will give rise to contract liabilities at the start of a contract. During the course of production of parking garage structures, customers will generally be required to make progress payment. In general, customers will be required to pay not less than 80% of the total contract sum before the Group installs the parking garage structures to customer's designated site. For machine tools, customers will be required to pay not less than 90% of the total contract sum before the Group sends the machine tools to customer's designated site. For forklift trucks, customers generally are required to pay all the total contract sum before the Group sends the forklift trucks to customer's designated site. If customers are satisfied with the parking garage structures installed and sign for receipt of machine tools and forklift trucks, they will issue an acceptance certificate to the Group. The Group normally provides a warranty period of 1 to 2 years after the installation of parking garage structures and the issuance of the final acceptance certificate. The Group generally allows a credit period of 30 to 180 days to its customers.

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost or FVTOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset.

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

(u) Employee benefits

(i) *Employee leave entitlements*

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

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) *Retirement benefits schemes*

The Group operates a mandatory provident fund scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. The Group's contributions to the MPF Scheme are calculated at 5% of the salaries and wages subject to a monthly maximum amount per employee and vest fully with employees when contributed into the MPF Scheme.

Notes to the Consolidated Financial Statements

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(u) Employee benefits *(Continued)*

(ii) Retirement benefits schemes (Continued)

The employees of the Group's subsidiaries established in the PRC are members of a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain percentage of the employees' basic salaries and wages to the central pension scheme to fund the retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of these subsidiaries. The only obligation of these subsidiaries with respect to the central pension scheme is to meet the required contributions under the scheme.

The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

(iii) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits, and when the Group recognises restructuring costs and involves the payment of termination benefits.

(v) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(w) Government grants

A government grant is recognised when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(w) Government grants *(Continued)*

Government grants relating to income are deferred and recognised in profit or loss over the period to match them with the costs they are intended to compensate.

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Government grants relating to the purchase of assets are recorded as deferred income and recognised in profit or loss on a straight-line basis over the useful lives of the related assets.

(x) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint arrangements, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Notes to the Consolidated Financial Statements

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(x) *Taxation (Continued)*

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(y) *Impairment of financial assets and contracts assets*

The Group recognises a loss allowance for ECL on investments in debt instruments that are measured at amortised cost or at FVTOCI, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables and contract assets. The ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(y) Impairment of financial assets and contracts assets *(Continued)*

Significant increase in credit risk (Continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- (i) the financial instrument has a low risk of default,
- (ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
- (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of "investment grade" in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of "performing". Performing means that the counterparty has a strong financial position and there is no past due amounts.

Notes to the Consolidated Financial Statements

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(y) Impairment of financial assets and contracts assets *(Continued)*

Significant increase in credit risk (Continued)

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(y) Impairment of financial assets and contracts assets *(Continued)*

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the counterparty;
- a breach of contract, such as a default or past due event;
- the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the counterparty will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, including when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

Notes to the Consolidated Financial Statements

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(y) Impairment of financial assets and contracts assets *(Continued)*

Measurement and recognition of ECL (Continued)

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

For a financial guarantee contract, as the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

(z) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

(aa) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES

Critical judgements in applying accounting policies

The following is the critical judgements, apart from those involving estimations (see below), that the management of the Group has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

(a) *Revenue recognition*

The recognition of each of the Group's revenue streams requires judgement by the management of the Group in determining the timing of satisfaction of performance obligations.

In making their judgement, the management of the Group considers the detailed criteria for recognition of revenue set out in HKFRS 15, and in particular, whether the Group has satisfied all the performance obligations over time or at a point in time with reference to the detailed terms of transaction as stipulated in the contracts entered into with its customers and counterparties.

For revenue from machine tools and forklift trucks, the management of the Group has assessed that the control of the goods underlying the sales contracts have been transferred to the customers upon the delivery and acceptance of the goods delivered. Therefore, the management of the Group has justified that the performance obligation in respect of the sales income is satisfied at a point in time and recognises revenue at a point in time.

For revenue from parking garage structures, the management of the Group has assessed the contract terms and the regulatory environment in the PRC and concludes that the related performance obligations do not satisfy the over time recognition criteria. Therefore, the management of the Group has justified that the performance obligation in respect of the parking garage structures is satisfied at a point in time and recognises revenue at a point in time.

(b) *Significant increase in credit risk*

As explained in note 4(y), ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. HKFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.

(c) *Significant influence assessment*

Although the Group owns more than 50% of the equity interest in FFG European and American Holdings GmbH ("FFG EA"), FFG EA is treated as an associate because according to the shareholders' agreement, each of the three shareholders are entitled to one member vote of the shareholders' committee. The directors have determined that the Group is only able to exercise significant influence over FFG EA (note 19).

Notes to the Consolidated Financial Statements

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES *(Continued)*

Critical judgements in applying accounting policies *(Continued)*

(d) Joint control assessment

In relation to the Group's investments in joint ventures, the directors have determined that the Group has joint control over the arrangement as under the contractual agreement, it appears that unanimous consent is required from all parties to the agreement for all relevant activities (note 18).

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Impairment of property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the cash-generating unit to which the assets belongs. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the net present value used in the impairment test.

As at 31 December 2020, the carrying amount of property, plant and equipment and right-of-use assets amounted to RMB204,098,000 (2019: RMB218,344,000) and RMB122,251,000 (2019: RMB124,371,000) respectively. No impairment loss is recognised for the years ended 31 December 2020 and 2019.

(b) Impairment of inventories

The Group reviews the carrying values of its inventories to ensure that they are stated at the lower of cost and net realisable value. In assessing the net realisable value and making appropriate allowances, the management estimates the provision for impairment of inventories by identifying inventories that are slow moving or obsolete, and considering their physical conditions, age, market conditions and market prices for similar items.

As at 31 December 2020, the carrying amount of the Group's inventories amounted to RMB431,164,000 (net of impairment of inventories of RMB34,830,000) (2019: RMB493,053,000 (net of impairment of inventories of RMB23,135,000)).

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES *(Continued)*

Key sources of estimation uncertainty *(Continued)*

(c) Warranty provision

The Group generally offers one-year warranty for its machine tools and forklift trucks, and two-year warranty for its parking garage structures. The management estimates the related provision for future warranty claim based on historical warranty claim information, as well as recent trends that might suggest that past cost information may differ from future claim. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

As at 31 December 2020, the carrying amount of the Group's warranty provision amounted to RMB3,409,000 (2019: RMB4,019,000).

(d) Impairment of financial assets and contract assets

The Group reviews its financial assets and contract assets to assess impairment on a regular basis. The methodologies and assumptions used for estimating the impairment are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

The management of the Group estimates the amount of loss allowance for ECL on trade and other receivables, contract assets, loans receivable, restricted bank balances, amounts due from joint ventures, a related company, fellow subsidiaries, an associate of the ultimate holding company, associates and subsidiaries of an associate and bank balances based on the credit risk of the financial assets. The estimation of the credit risk of the financial assets and contract assets involves high degree of estimation and uncertainty. When the actual future cash flows are less than expected or more than expected, a material impairment loss or a material reversal of impairment loss may arise, accordingly.

(e) Impairment of investments in associates and joint ventures

The Group reviews its investments in associates and joint ventures to assess impairment on a regular basis. The methodologies and assumptions used for estimating the impairment are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Notes to the Consolidated Financial Statements

6A. REVENUE

Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major product lines for the year is as follows:

	2020 RMB'000	2019 RMB'000
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products		
– Machine tools	696,106	739,056
– Parking garage structures	157,214	107,345
– Forklift trucks	21,998	64,294
	875,318	910,695

The Group derives revenue from the transfer of goods and services at a point in time in the above major product lines and mainly sells in the PRC.

6B. SEGMENT INFORMATION

The chief operating decision-maker has been identified as the executive directors (the “Executive Directors”) of the Company. The Executive Directors review the Group’s internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports reviewed by the Executive Directors that are used to make strategic decisions.

The Executive Directors consider that the Group has three operating and reportable segments: (1) machine tools; (2) parking garage structures; and (3) forklift trucks. No operating segments have been aggregated in arriving at the reportable segments of the Group.

Notes to the Consolidated Financial Statements

6B. SEGMENT INFORMATION (Continued)

The Executive Directors assess the performance of the operating segments based on their respective gross profit, which is consistent with that in the consolidated financial statements.

The Group does not allocate distribution and selling expenses, administrative expenses, other operating expenses or segment assets and liabilities to its segments as the Executive Directors do not use these information to allocate resources to or evaluate the performance of the operating segments. Therefore, the Group does not report a measure of segment assets and liabilities for each operating and reportable segment.

	Machine tools RMB'000	Parking garage structures RMB'000	Forklift trucks RMB'000	Total RMB'000
For the year ended 31 December 2020				
Revenue (from external customers)	696,106	157,214	21,998	875,318
Cost of revenue	(527,615)	(126,991)	(24,241)	(678,847)
Segment profit/(loss)	168,491	30,223	(2,243)	196,471
Share of profit of joint ventures				615
Share of loss of associates				(287,061)
Unallocated amounts:				
Other income				56,941
Distribution and selling expenses				(94,852)
Administrative expenses				(57,485)
Research and development costs				(27,750)
Impairment loss on trade receivables and contract assets				(12,985)
Other gains and losses				36,509
Other expenses				(22,741)
Other operating expenses				(1,398)
Finance costs				(18,635)
Loss before tax				(232,371)

Notes to the Consolidated Financial Statements

6B. SEGMENT INFORMATION (Continued)

	Machine tools RMB'000	Parking garage structures RMB'000	Forklift trucks RMB'000	Total RMB'000
For the year ended 31 December 2019				
Revenue (from external customers)	739,056	107,345	64,294	910,695
Cost of revenue	(549,878)	(88,079)	(63,640)	(701,597)
Segment profit	189,178	19,266	654	209,098
Share of profit of joint ventures				1,141
Share of loss of associates				(57,089)
Unallocated amounts:				
Other income				157,038
Distribution and selling expenses				(121,928)
Administrative expenses				(71,562)
Research and development costs				(29,086)
Reversal of impairment loss on trade receivables and contract assets				3,009
Other gains and losses				(7,547)
Other expenses				(22,805)
Other operating expenses				(1,297)
Finance costs				(24,744)
Profit before tax				34,228

For the years ended 31 December 2019 and 2020, majority of the Group's operations and identifiable non-current assets are located in the PRC and the Group mainly sells to the PRC market. No customers contributed over 10% of total revenue of the Group for each of the years.

Notes to the Consolidated Financial Statements

7A. OTHER INCOME

	2020 RMB'000	2019 RMB'000
Compensation income from an associate, FFG Werke GmbH ("FFG Werke") (note a)	–	72,667
Sale of scrap materials	23,550	31,118
Consultancy income	2,795	4,301
Government grants and subsidies related to income (note b)	9,069	19,890
Repair income	13,922	16,265
Rental income	593	1,261
Interest income	3,356	3,842
Others	3,656	7,694
	56,941	157,038

Notes:

- (a) Compensation income represents the compensation from FFG Werke, an associate of the Group and the supplier of the corresponding CNC machine tools products, to the Group in respect of the litigation claim raised by a customer to the Group's subsidiaries as disclosed in note 35(a).
- (b) Government grants and subsidies mainly represent the refund of value-added tax in relation to software embedded in the sales of machine tools. These grants and subsidies are accounted for as immediate financial support with neither future related costs expected to be incurred nor related to any assets.

7B. OTHER GAINS AND LOSSES

	2020 RMB'000	2019 RMB'000
Reversal of provision for litigation claim (note 35(a))	23,782	–
Loss on disposal of property, plant and equipment	(622)	(416)
Net foreign exchange gain/(loss)	13,349	(7,131)
	36,509	(7,547)

7C. OTHER EXPENSES

	2020 RMB'000	2019 RMB'000
Provision for refund liabilities	5,308	–
Cost of scrap materials sold	17,433	22,805
	22,741	22,805

Notes to the Consolidated Financial Statements

8. (LOSS)/PROFIT BEFORE TAX

(Loss)/profit before tax has been arrived at after charging/(crediting):

	2020 RMB'000	2019 RMB'000
Directors' remuneration	1,876	1,721
Other staff costs	133,409	146,751
Other staff's retirement benefits scheme contributions	475	5,543
Total staff costs	135,760	154,015
Capitalised in inventories	(43,616)	(52,685)
	92,144	101,330
Depreciation of property, plant and equipment	17,148	18,716
Depreciation on right-of-use assets	6,424	5,602
Amortisation of intangible assets	570	824
Total depreciation and amortisation	24,142	25,142
Capitalised in inventories	(7,688)	(9,710)
	16,454	15,432
Auditors' remuneration	1,937	1,893
Cost of inventories sold	675,299	695,986
Impairment of inventories	12,565	667
Loss on disposals of property, plant and equipment	622	416
Impairment loss/(reversal of impairment loss) on trade receivables and contract assets	12,985	(3,009)
Provision for warranty, net	3,549	2,985
Inventories written off	870	1,162
Trade receivables written off	12,954	4,337
Direct operating expenses incurred for rental income	159	469

Notes to the Consolidated Financial Statements

9. BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

The remuneration of each director, disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance, is set out below:

(i) Executive directors

	Chu Chih Yaung RMB'000	Chen Min-Ho RMB'000	Wen Chi-Tang RMB'000	Chiu Rung-Hsien* RMB'000	Total RMB'000
Year ended 31 December 2020					
Fees	–	–	144	45	189
Salaries and other benefits	–	–	–	–	–
Retirement benefit scheme contribution	–	–	–	–	–
Discretionary performance related bonus	1,332	–	–	–	1,332
Total	1,332	–	144	45	1,521
Year ended 31 December 2019					
Fees	–	–	144	144	288
Salaries and other benefits	–	–	–	–	–
Retirement benefit scheme contribution	–	–	–	–	–
Discretionary performance related bonus	1,075	–	–	–	1,075
Total	1,075	–	144	144	1,363

* Resigned on 31 July 2020

Notes to the Consolidated Financial Statements

9. BENEFITS AND INTERESTS OF DIRECTORS (Continued)

(a) Directors' emoluments (Continued)

(ii) Independent non-executive directors

	Koo Fook Sun, Louis RMB'000	Chiang Chun-Te* RMB'000	Yu Yu-Tang RMB'000	Kao Wen-Cheng# RMB'000	Total RMB'000
Year ended 31 December 2020					
Fees	177	–	89	89	355
Year ended 31 December 2019					
Fees	178	90	90	–	358

* Resigned on 10 January 2020

Appointed on 10 January 2020

The Executive Directors' emoluments shown above were mainly for their services as directors and in connection with the management of the affairs of the Group. The independent non-executive directors' emoluments shown above were mainly for their services as directors.

The remuneration of the directors is determined by factors including their time commitment, responsibilities, performance, experiences, and the overall performance of the Group.

(iii) Save as these set out in note 39, no significant transactions arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company and the director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

(b) Five highest paid individuals

Of the five individuals with the highest emoluments in the Group, one (2019: one) was director of the Company. The emoluments of the remaining four (2019: four) highest paid employees of the Company are as follows:

	2020 RMB'000	2019 RMB'000
Salaries and allowances	2,506	5,204
Discretionary performance related bonus	3,302	4,045
Retirement benefit scheme contribution	159	93
	5,967	9,342

Notes to the Consolidated Financial Statements

9. BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

(b) Five highest paid individuals *(Continued)*

The emoluments of the five highest paid employees who are not the directors of the Company whose remuneration fell within the following bands are as follows:

	Number of individuals	
	2020	2019
Nil to RMB2,000,000	4	2
RMB2,000,001 to RMB5,000,000	0	2

During the year, no emoluments were paid by the Group to any of the directors of the Company or five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors of the Company waived any emoluments during the year (2019: Nil).

10. FINANCE COSTS

	2020	2019
	RMB'000	RMB'000
Interest expenses on:		
– Bank borrowings	18,365	24,573
– Other borrowings	1,746	1,667
– Lease liabilities (note 15)	270	171
Total borrowing costs	20,381	26,411
Less: amounts capitalised in the cost of qualifying assets	(1,746)	(1,667)
	18,635	24,744

Borrowing costs on other borrowings capitalised during the year are calculated by applying a capitalisation rate of 4.75% per annum (2019: 4.75%).

Notes to the Consolidated Financial Statements

11. INCOME TAX EXPENSE

	2020 RMB'000	2019 RMB'000
Current Tax – PRC Enterprise Income Tax (“EIT”)		
– Provision for the year	14,954	26,748
– Under/(over) provision in prior years	1,454	(4,208)
	16,408	22,540
Deferred tax (note 31)	(560)	(471)
	15,848	22,069

No provision for Hong Kong Profits Tax has been made since the Group did not have any assessable profit subject to Hong Kong Profits Tax for both years.

EIT is provided at 25% (2019: 25%) for subsidiaries in the PRC except for Hangzhou Good Friend Precision Machinery Co., Ltd. (“Hangzhou Good Friend”). Hangzhou Good Friend has been approved by the relevant government authorities and recognised as a new and high-tech enterprise. As such, Hangzhou Good Friend is entitled to a reduced tax rate of 15% for a three-year period commencing from 2018. Accordingly, the applicable tax rate for Hangzhou Good Friend in 2020 is 15% (2019: 15%).

According to Detailed Implementation Regulations for implementation of the EIT law of the PRC issued on 6 December 2007, dividends paid out by companies established in the PRC to their then foreign investors is subject to 10% withholding tax from 1 January 2008 onwards. A lower withholding tax rate may be applied if there is a tax arrangement between Mainland China and the jurisdiction of the foreign investors. Under the Arrangement between the Mainland China and the Hong Kong Special Administration Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, or China-HK Tax Arrangement, a qualified Hong Kong tax resident which is the “beneficial owner” and holds 25% or more of the equity interest in a PRC-resident enterprise is entitled to a reduced withholding rate of 5%. No dividend was declared and paid by Hangzhou Good Friend during the year (2019: RMB281,653,000).

For the year ended 31 December 2020, the directors of the Company have assessed that no dividends will be declared by any of the PRC subsidiaries in the foreseeable future so it is concluded that no withholding tax shall be accrued on the undistributed retained earnings of the PRC subsidiaries as the Group is able to control the timing of the reversal of such temporary differences and it is probable that such temporary differences would not be reversed in foreseeable future.

Notes to the Consolidated Financial Statements

11. INCOME TAX EXPENSE (Continued)

Income tax expense for the year can be reconciled to (loss)/profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2020 RMB'000	2019 RMB'000
(Loss)/profit before tax	(232,371)	34,228
Add: Share of profit of joint ventures and loss of associates	286,446	55,948
	54,075	90,176
Tax calculated at tax rates applicable to the principal operating entity of the Group (15%)	8,111	13,526
Tax effect of:		
Income not taxable for tax purpose	(4,818)	(12,682)
Expenses not deductible for tax purpose	7,929	7,586
Tax losses for which no deferred income tax asset was recognised	8,251	11,628
Deductible temporary differences not recognised	(1,290)	(4,404)
Different tax rates of subsidiaries	(2,722)	766
Tax concession granted to Hangzhou Good Friend	(1,067)	(4,226)
PRC dividend withholding tax	–	14,083
Under/(over) provision in prior years	1,454	(4,208)
Income tax expense	15,848	22,069

12. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share

Basic (loss)/earnings per share is calculated by dividing the loss attributable to owners of the Company amounted to RMB248,219,000 (2019: profit attributable to owners of the Company: RMB12,159,000) by the weighted average number of ordinary shares of 403,074,000 (2019: 403,145,000) shares in issue during the year.

	2020	2019
Basic (loss)/earnings per share (RMB per share)	(0.62)	0.03

Diluted (loss)/earnings per share

No diluted (loss)/earnings per share was presented as there were no potential dilutive ordinary shares in issue for both years.

Notes to the Consolidated Financial Statements

13. DIVIDENDS

No dividends was proposed for ordinary shareholders of the Company for the year ended 31 December 2020 (2019: RMB Nil).

14. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Machinery and equipment RMB'000	Office and computer equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
Cost						
At 1 January 2019	205,494	170,017	31,847	20,119	46,849	474,326
Additions	720	810	687	2,247	28,774	33,238
Transfers	5,277	–	–	–	(5,277)	–
Disposals	–	(1,056)	(2,030)	(3,032)	(2)	(6,120)
At 31 December 2019 and 1 January 2020	211,491	169,771	30,504	19,334	70,344	501,444
Additions	–	187	1,138	670	1,746	3,741
Disposals	–	(952)	(1,213)	(3,240)	–	(5,405)
At 31 December 2020	211,491	169,006	30,429	16,764	72,090	499,780
Accumulated depreciation and impairment						
At 1 January 2019	95,300	132,042	25,043	17,231	–	269,616
Provided for the year	8,794	8,129	677	1,116	–	18,716
Disposals	–	(918)	(1,806)	(2,508)	–	(5,232)
At 31 December 2019 and 1 January 2020	104,094	139,253	23,914	15,839	–	283,100
Provided for the year	6,473	9,008	801	866	–	17,148
Disposals	–	(874)	(1,138)	(2,554)	–	(4,566)
At 31 December 2020	110,567	147,387	23,577	14,151	–	295,682
Carrying values						
At 31 December 2020	100,924	21,619	6,852	2,613	72,090	204,098
At 31 December 2019	107,397	30,518	6,590	3,495	70,344	218,344

Notes to the Consolidated Financial Statements

15. RIGHT-OF-USE ASSETS

	Leasehold lands RMB'000	Leased properties RMB'000	Total RMB'000
At 1 January 2019	123,052	3,322	126,374
Additions	–	3,599	3,599
Depreciation	(2,905)	(2,697)	(5,602)
At 31 December 2019 and 1 January 2020	120,147	4,224	124,371
Additions	–	4,304	4,304
Depreciation	(2,905)	(3,519)	(6,424)
At 31 December 2020	117,242	5,009	122,251

The Group has pledged its leasehold lands with carrying amounts of approximately RMB80,631,000 (2019: RMB82,484,000) as at 31 December 2020 to secure the other borrowings to the Group as disclosed in note 41.

Lease liabilities of RMB5,112,000 (2019: RMB4,270,000) are recognised with related right-of-use assets of RMB5,009,000 (2019: RMB4,224,000) as at 31 December 2020. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

	2020 RMB'000	2019 RMB'000
Depreciation expenses on right-of-use assets	6,424	5,602
Interest expense on lease liabilities (included in finance costs)	270	171
Expenses relating to short-term lease (included in cost of goods sold, distribution and selling expenses, administrative expenses and research and development costs)	1,653	4,135
COVID-19 related rent concessions received	55	–

Details of total cash outflow for leases is set out in note 34.

Notes to the Consolidated Financial Statements

15. RIGHT-OF-USE ASSETS (Continued)

As disclosed in note 3, the Group has early adopted the Amendments to HKFRS 16: COVID-19 Related Rent Concessions, and applied the practical expedient introduced by the Amendments to all eligible rent concessions received by the Group during the period. Further details are disclosed below.

For both years, the Group leases various offices, residence and warehouses for its operations. Lease contracts are entered into for fixed term of 1 year to 5 years (2019: 1 year to 5 years), but may have extension and termination options as described below. Lease terms are negotiated on an individual basis and certain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

In addition, the Group owns several industrial buildings where its manufacturing facilities are primarily located and office buildings. The Group is the registered owner of these property interests, including the underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests. The leasehold land components of these owned properties are presented separately only if the payments made can be allocated reliably.

Some leases include an option to renew the lease for an additional period after the end of the contract term. Where practicable, the Group seeks to include such extension options exercisable by the Group to provide operational flexibility. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. If the Group is not reasonably certain to exercise the extension options, the future lease payments during the extension periods are not included in the measurement of lease liabilities. The potential exposure to these future lease payments is summarised below:

	Lease liabilities recognised (discounted)		Potential future lease payments under extension options not included in lease liabilities (undiscounted)	
	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000
Offices, residence and warehouses located in PRC	5,112	4,270	5,381	4,537

In addition, the Group reassesses whether it is reasonably certain to exercise an extension option, upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee. During the year ended 31 December 2020, there has been no such triggering event.

Notes to the Consolidated Financial Statements

16. INTANGIBLE ASSETS

	Softwares RMB'000
<hr/>	
Cost	
At 1 January 2019	15,921
Additions	16
<hr/>	
At 31 December 2019 and 1 January 2020	15,937
Additions	210
<hr/>	
At 31 December 2020	16,147
<hr/>	
Accumulated amortisation	
At 1 January 2019	13,706
Charge for the year	824
<hr/>	
At 31 December 2019 and 1 January 2020	14,530
Charge for the year	570
<hr/>	
At 31 December 2020	15,100
<hr/>	
Carrying values	
At 31 December 2020	1,047
<hr/>	
At 31 December 2019	1,407
<hr/>	

Notes to the Consolidated Financial Statements

17. DETAILS OF SUBSIDIARIES

Particulars of the subsidiaries at 31 December 2020 and 2019:

Name	Place of incorporation/ registration and operation	Principal activities	Issued and fully paid-up share capital/ registered capital	Interest held	
				2020	2019
Directly held subsidiaries					
Winning Steps Ltd.	British Virgin Island (BVI)	Investment holding	Ordinary shares United States dollars (USD)110	100%	100%
Yu Hwa Holdings Ltd.	BVI	Investment holding	Ordinary shares USD1,500,000	100%	100%
Hai Sheng International Holdings Inc.	BVI	Investment holding	Ordinary shares USD200,000	100%	100%
Sky Thrive Investment Ltd.	BVI	Investment holding	Ordinary shares USD5,000,000	100%	100%
Kai Win Group Ltd.	BVI	Investment holding	Ordinary shares USD1	100%	100%
Winnings Steps Hong Kong Development Ltd.	Hong Kong	Trading and Investment holding	Ordinary shares Hong Kong dollars (HKD) 1,000	100%	100%
Full Moral Industrial Ltd.	Hong Kong	Inactive	Ordinary shares HKD2	100%	100%
Yu Hwa Hong Kong Enterprise Ltd.	Hong Kong	Investment holding	Ordinary shares HKD1,000	100%	100%
Hai Sheng International Hong Kong Ltd.	Hong Kong	Investment holding	Ordinary shares HKD1,000	100%	100%
Sky Thrive Hong Kong Enterprise Ltd. (Sky Thrive)	Hong Kong	Investment holding	Ordinary shares HKD1,000	100%	100%

Notes to the Consolidated Financial Statements

17. DETAILS OF SUBSIDIARIES (Continued)

Name	Place of incorporation/ registration and operation	Principal activities	Issued and fully paid-up share capital/ registered capital	Interest held	
				2020	2019
Indirectly held subsidiaries					
Hangzhou Good Friend	PRC*	Design and production of computer numerical control, design machine tools and construction of three dimensional car parking garage structures	Registered Capital USD11,000,000	100%	100%
Hangzhou Global Friend Precision Machinery Co., Ltd.	PRC*	Design and assembling of forklift trucks	Registered Capital USD10,000,000	100%	100%
Hangzhou Ever Friend Precision Machinery Co., Ltd.	PRC*	Design and production of computer numerical control machine tools	Registered Capital USD30,000,000	100%	100%
Hangzhou Glory Friend Machinery Technology Co., Ltd.	PRC*	Processing of computer numerical control machine tools	Registered Capital USD15,000,000	100%	100%
Rich Friend (Shanghai) Precision Machinery Co., Ltd.	PRC*	Trading of computer numerical control machine tools	Registered Capital USD200,000	100%	100%
Huller Hille (Shanghai) Machinery Co., Ltd. (Huller Hille)	PRC*	Trading of high-end machine tools	Registered Capital USD1,000,000	100%	100%
Fair Friend (Henan) Precision Machinery Co., Ltd. (Fair Friend Henan)	PRC*	Design and production of computer numerical control machine tools, design and construction of three dimensional car parking garage structures	Registered Capital USD30,000,000	100%	100%

The above list contains the particulars of subsidiaries which principally affected the result, assets or liabilities to the Group.

* These subsidiaries are PRC limited liability companies.

Notes to the Consolidated Financial Statements

18. INVESTMENTS IN JOINT VENTURES

	2020 RMB'000	2019 RMB'000
Cost of unlisted investments in joint ventures	27,666	27,666
Share of post-acquisition losses	(5,405)	(6,020)
	22,261	21,646

Details of the Group's joint ventures at 31 December 2020 and 2019 are as follows:

Name	Place of incorporation/ registration	Registered capital	Proportion of ownership interest/ held by the Group	Principal activities
Anest Iwata Feeler Corporation (AIF)	PRC	Registered Capital USD9,000,000	35%	Manufacture and sales of air compressor and parts
Hangzhou Nippon Cable Feeler Corporation (Nippon Cable Feeler)	PRC	Registered Capital USD100,000	50%	Wholesale and export of parking garage structures
Hangzhou Feeler Mectron Machinery Co., Ltd. (Feeler Mectron)	PRC	Registered Capital USD1,110,000	45%	Manufacture and sales of machine tools and related products
Hangzhou Union Friend Machinery Co., Ltd. (UFM)	PRC	Registered Capital USD1,000,000	55%	Manufacture and sales of machine tools and related products

The directors of the Group have determined that the Group has joint control over the arrangement as under the respective contractual agreements, it appears that unanimous consent is required from all parties to the agreements for all relevant activities.

Notes to the Consolidated Financial Statements

18. INVESTMENTS IN JOINT VENTURES (Continued)

Summarised financial information of material joint venture

Summarised financial information in respect of each of the Group's material joint venture is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with HKFRSs.

The joint ventures are accounted for using the equity method in these consolidated financial statements.

AIF

At 31 December:	2020 RMB'000	2019 RMB'000
Current assets	54,242	50,180
Non-current assets	23,588	26,220
Current liabilities	(22,714)	(21,905)
Non-current liabilities	(6,533)	(7,016)
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	9,569	7,497
Current financial liabilities (excluding trade and other payables and provisions)	(7,084)	(7,220)
Year ended 31 December:	2020 RMB'000	2019 RMB'000
Revenue	72,857	89,674
Profit and total comprehensive income for the year	1,104	1,172

Notes to the Consolidated Financial Statements

18. INVESTMENTS IN JOINT VENTURES *(Continued)*

Summarised financial information of material joint venture *(Continued)*

The above profit and total comprehensive income for the year includes the following:

Year ended 31 December:	2020	2019
	RMB'000	RMB'000
Depreciation and amortisation	3,272	3,226
Interest income	(14)	(15)
Interest expense	253	–
Income tax expense	–	–

Reconciliation of the above summarised financial information to the carrying amount of the interest in AIF recognised in the consolidated financial statements:

At 31 December:	2020	2019
	RMB'000	RMB'000
Net assets of AIF	48,583	47,479
Proportion of the Group's ownership interest in AIF	35%	35%
Carrying amount of the Group's interest in AIF	17,005	16,618

Aggregate information of joint ventures that are not individually material

Year ended 31 December:	2020	2019
	RMB'000	RMB'000
The Group's share of profit and total comprehensive income for the year	228	731
At 31 December:	2020	2019
	RMB'000	RMB'000
Aggregate carrying amount of the Group's interests of these joint ventures	5,256	5,028

Notes to the Consolidated Financial Statements

19. INVESTMENTS IN ASSOCIATES

	2020 RMB'000	2019 RMB'000
Cost of unlisted investments in associates	556,380	556,380
Share of post-acquisition losses and other comprehensive income	(508,637)	(191,849)
Exchange difference arising on translation of foreign operations	40,531	27,795
	88,274	392,326

Details of the Group's associates at 31 December 2020 and 2019 are as follows:

Name	Place of incorporation/ registration	Paid up capital	Proportion of ownership interest/ voting power held by the Group	Principal activities
FFG Europe S.p.A. (FFG Europe)	Italy	EUR3,379,429	30.16%/30.16%	Manufacture and sales of machine tools and related products
FFG Werke	Germany	EUR195,000	39.00%/39.00%	Manufacture and distribution of machine tools, spare parts and accessories; providing training and maintenance service for machine tools and products
FFG EA	Germany	EUR20,343	81.37%/33.33%	Investment holding company

Notes to the Consolidated Financial Statements

19. INVESTMENTS IN ASSOCIATES *(Continued)*

FFG Europe

The Group holds approximately 30.16% ownership interests in FFG Europe through Sky Thrive, a wholly owned subsidiary of the Company.

According to the Article of Association of FFG Europe, shareholder resolutions are to be adopted by a simple majority of all shareholders authorised to vote, and each share confers one vote. In the opinion of the directors of the Company, the Group has significant influence in FFG Europe. Accordingly, the Group accounted for such investment as investment in an associate in the consolidated financial statements.

FFG Werke

The Group holds approximately 39% ownership interest in FFG Werke through Sky Thrive, a wholly owned subsidiary of the Company.

According to the Article of Association of FFG Werke, shareholder resolutions are to be adopted by a simple majority of all shareholders authorised to vote, and each share confers one vote. In the opinion of the directors of the Company, the Group has significant influence in FFG Werke. Accordingly, the Group accounted for such investment as investment in an associate in the consolidated financial statements.

FFG EA

The Group holds approximately 81.37% ownership interests in FFG EA through Sky Thrive, a wholly owned subsidiary of the Company.

The shareholders of FFG EA have agreed to establish a shareholder committee, under which each of three shareholders shall be entitled to designate one member vote of the shareholders' committee. The entire control over FFG EA shall be governed by the shareholder committee, and any resolution passed with the shareholder committee will be based on simple majority. In the opinion of the directors of the Company, the Group is able to exercise significant influence over FFG EA. Accordingly, the Group accounted for such investment as investment in an associate in the consolidated financial statements.

The principal investment of FFG EA is a 55.3% equity interest in FFG European Holding GmbH, an investment company incorporated in Germany, which in turn effectively owns a 100% equity interest in MAG Global Holding GmbH (MAG) and its subsidiaries (collectively referred to as MAG Group). The principal activities of MAG Group are production of machine tools and production systems in Germany and USA.

Notes to the Consolidated Financial Statements

19. INVESTMENTS IN ASSOCIATES (Continued)

Summarised statement of financial position of material associate

Summarised financial information on the associates that are material to the Group is shown below. The results of the associates are accounted for in the consolidated financial statements using equity method. The summarised financial information presented is based on HKFRSs financial statements of the associate.

At 31 December:	FFG EA	
	2020 RMB'000	2019 RMB'000
Cash	173,268	147,374
Other current assets	1,386,527	1,872,112
Total current assets	1,559,795	2,019,486
Short term bank borrowings	(518,629)	(172,776)
Other financial liabilities	(1,326,897)	(1,459,488)
Total current liabilities	(1,845,526)	(1,632,264)
Non-current assets	1,671,708	1,737,392
Non-current liabilities	(1,048,054)	(1,178,404)
Net assets	337,923	946,210
Less: non-controlling interests	229,439	464,060
Net assets attributed to the owners of the associate	108,484	482,150
Group's share of net assets	88,274	392,326

Notes to the Consolidated Financial Statements

19. INVESTMENTS IN ASSOCIATES (Continued)

Summarised statement of profit or loss and other comprehensive income of material associate

Year ended 31 December:	FFG EA	
	2020 RMB'000	2019 RMB'000
Revenue	2,066,866	3,349,477
Cost of revenue	(2,054,626)	(2,882,198)
Other expenses	(564,581)	(553,955)
Loss before tax	(552,341)	(86,676)
Income tax credit	750	12,825
Loss for the year	(551,591)	(73,851)
Less: non-controlling interest	(198,806)	(3,691)
Loss for the year attributable to owners of the associate	(352,785)	(70,160)
Other comprehensive income for the year attributable to owners of the associate	(36,533)	(18,979)
Total comprehensive income for the year attributable to owners of the associates	(389,318)	(89,139)
Group's share of loss of associates	(287,061)	(57,089)
Group's share of other comprehensive income of associates	(29,727)	(15,443)

The Group has not recognised loss for the year of FFG Europe and FFG Werke in aggregate amounting to RMB28,180,000 (2019: RMB19,064,000). The aggregate accumulated losses not recognised were RMB138,265,000 (2019: RMB110,525,000).

Notes to the Consolidated Financial Statements

20A. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2020 RMB'000	2019 RMB'000
Trade receivables	168,234	225,452
Less: impairment of trade receivables (note 37(d))	(39,846)	(39,596)
	128,388	185,856
Prepayments	11,224	14,749
Other receivables	27,076	26,491
	166,688	227,096

The Group generally allows a credit period of 30 to 180 days to its customers. The Group also allows its customers to retain certain percentage of the outstanding balances as retention money amounted to RMB15,709,000 (2019: RMB22,696,000) of which the conditions to entitlement of consideration had been reached and became unconditional.

At 31 December 2020 and 2019, the aging analysis of trade receivables based on the invoice date, and net of allowance, is as follows:

	2020 RMB'000	2019 RMB'000
0 – 30 days	16,127	21,541
31 – 60 days	11,620	18,300
61 – 90 days	1,631	14,376
91 – 180 days	21,304	23,947
Over 180 days	77,706	107,692
	128,388	185,856

Notes to the Consolidated Financial Statements

20A. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS *(Continued)*

The Group's trade receivables that are denominated in currency other than the functional currency of the relevant group entities is set out below:

	2020 RMB'000	2019 RMB'000
USD	949	4,766
EUR	4,613	9,248

20B. CONTRACT ASSETS

	2020 RMB'000	2019 RMB'000
Arising from revenue from:		
– Machine tools	30,498	34,041
– Parking garage structures	22,155	10,577
	52,653	44,618
Less: impairment on contract assets (note 37(d))	–	(219)
	52,653	44,399

The contract assets primarily relate to the Group's right to billing for work completed and not billed because the rights are conditional upon specified payment milestones at the end of each reporting date. The contract assets are transferred to trade receivables when the rights become unconditional. The Group typically transfers the contract assets to trade receivables when the Group achieved the specific milestones of payments in the corresponding contracts.

The Group classifies these contract assets as current asset because the Group expects to realise them in its normal operating cycle and within one year.

Notes to the Consolidated Financial Statements

21. LOANS RECEIVABLE

As at 31 December 2020, the Group's loans receivable to a non-controlling shareholder of an associate is unsecured, interest free, repayable on demand. The repayment of the loans receivable is guaranteed for repayment by the ultimate holding company.

The Group's loans receivable that are denominated in currency other than the functional currency of the relevant group entities is set out below:

	2020 RMB'000	2019 RMB'000
EUR	49,691	48,394

22. RECEIVABLES AT FVTOCI

	2020 RMB'000	2019 RMB'000
Bills receivable aged within 1 year presented based on the issue dates of bills receivable	120,105	101,945

Bills receivable are denominated in RMB.

23. INVENTORIES

	2020 RMB'000	2019 RMB'000
Raw materials	53,685	49,401
Work in progress	189,543	234,622
Finished goods	187,936	209,030
	431,164	493,053

Impairment of inventories of RMB12,565,000 (2019: RMB667,000) has been recognised and included in cost of sales during the year.

Notes to the Consolidated Financial Statements

24. RESTRICTED BANK BALANCES

	2020 RMB'000	2019 RMB'000
Restricted bank balances arising from		
– Trade finance facilities	72,585	43,728
– Litigation claim (note 35)	66,841	62,605
	139,426	106,333

Restricted bank balances from trade finance facilities represent the amounts placed in banks as guarantees issued for trade finance facilities granted to the Group as set out in note 41 to the consolidated financial statements.

Breaches in meeting the financial covenants would permit the bank to immediate call for repayment. There have been no breaches in the financial covenants of any borrowings for the years ended 31 December 2019 and 2020.

25. BANK AND CASH BALANCES

Bank balances carry interest at market rates which range from 0.05% to 3% (31 December 2019: 0.01% to 1%) per annum.

The Group's bank and cash balances (including restricted bank balances) that are denominated in currency other than the functional currency of the relevant group entities is set out below:

	2020 RMB'000	2019 RMB'000
USD	4,917	11,969
EUR	13,695	13,070
Others	3,327	6,051

As at 31 December 2020, the bank and cash balances and restricted bank balances of the Group denominated in RMB amounted to RMB221,501,000 (2019: RMB150,103,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Registrations and Administration of Settlement, Sales and Payment of Foreign Exchange Registrations.

26. SHARE CAPITAL

	Number of shares '000	Amount HKD'000	Amount RMB'000
Ordinary share of HKD0.01 each			
Authorised:			
At 1 January 2019, 31 December 2019, 1 January 2020 and 31 December 2020	1,000,000	10,000	10,211
Issued and fully paid:			
At 1 January 2019	403,200	4,032	4,022
Share repurchased and cancelled	(126)	(1)	(1)
At 31 December 2019, 1 January 2020 and 31 December 2020	403,074	4,031	4,021

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, buy-back shares, raise new debts, redeem existing debts or sell assets to reduce debts.

The externally imposed capital requirements for the Group are: (i) in order to maintain its listing on the Stock Exchange it has to have a public float of at least 25% of the shares; and (ii) to meet financial covenants attached to the bank borrowings.

The Group receives a report from the share registrars on substantial share interests showing the non-public float and it demonstrates continuing compliance with the 25% limit throughout the year. As at 31 December 2020, over 25% (2019: over 25%) of the shares were in public hands.

Notes to the Consolidated Financial Statements

27. TRADE AND OTHER PAYABLES AND ACCRUED EXPENSES

	2020 RMB'000	2019 RMB'000
Trade payables	154,431	162,885
Bills payable	233,382	150,144
Other payables	43,719	32,152
Accrued expenses	39,605	44,119
	471,137	389,300

The following is an aging analysis of trade and bills payables presented based on the invoice date:

	2020 RMB'000	2019 RMB'000
0 – 30 days	100,386	54,647
31 – 60 days	78,736	47,414
61 – 90 days	68,407	45,400
91 – 180 days	118,333	73,700
Over 180 days	21,951	91,868
	387,813	313,029

The Group normally receives credit terms of 30 to 90 days from its suppliers (2019: 30 to 90 days).

The Group's trade payables denominated in currencies other than the functional currency of the relevant group entities is set out below:

	2020 RMB'000	2019 RMB'000
USD	4,782	10,582

Notes to the Consolidated Financial Statements

28. CONTRACT LIABILITIES

	2020 RMB'000	2019 RMB'000
Billing in advance of revenue from:		
– Machine tools	133,357	87,904
– Parking garage structures	126,873	206,512
– Forklift trucks	481	5,920
	260,711	300,336

Contract liabilities relating to billing in advance of revenue from machine tools, parking garage structures and forklift trucks are balances due to customers under sales contracts. These arise if billing is made in advance of the Group performance obligation of the sales contracts.

Contract liabilities that are expected to be settled within the Group's normal operating cycle are classified as current liabilities. There were no significant changes in the contract liabilities balances during the reporting period.

Movements in contract liabilities:

	2020 RMB'000	2019 RMB'000
Balance at 1 January	300,336	358,751
Decrease in contract liabilities as a result of recognising revenue during the year was included in the contract liabilities at the beginning of the period	(160,988)	(169,415)
Increase in contract liabilities as a result of billing in advance of revenue from:		
– Machine tools	110,780	53,936
– Parking garage structures	10,960	53,318
– Forklift trucks	111	3,746
Other movements	(488)	–
Balance at 31 December	260,711	300,336

Notes to the Consolidated Financial Statements

29. WARRANTY PROVISION

	2020 RMB'000	2019 RMB'000
At 1 January	4,019	5,311
Additional provision during the year	3,631	2,985
Utilisation of provision	(4,159)	(4,277)
Unused provision reversed	(82)	–
At 31 December	3,409	4,019

The warranty provision represents the Group's best estimate of the Group's liability under 1 to 2 years warranty granted to the Group's sale of machine tools, parking garage structures and forklift trucks based on prior experience and industry averages for defective products.

30. BANK AND OTHER BORROWINGS

	2020 RMB'000	2019 RMB'000
Bank borrowings – variable interest rates	423,814	400,071
Other borrowings – interest free	38,506	36,760
	462,320	436,831
Secured	38,506	36,760
Unsecured	423,814	400,071
	462,320	436,831
Carrying amount repayable*		
Within one year	423,814	400,071
Within a period of more than two years but not exceeding five years	38,506	36,760
	462,320	436,831

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

The Group's bank borrowings carry interest with reference to Hong Kong Interbank Offered Rate/London Interbank Offered Rate/Taipei Interbank Offered Rate/European Interbank Offered Rate.

Notes to the Consolidated Financial Statements

30. BANK AND OTHER BORROWINGS (Continued)

The Group's other borrowings are interest-free loan of RMB43,522,000 received from the PRC government. The loan is repayable in full in 2023. Using prevailing market interest rate for an equivalent loan of 4.75%, the fair value of the loan at inception is estimated at RMB34,510,000. The difference of RMB9,012,000 between the gross proceeds and the fair value of the other borrowings represents the benefit derived from the interest-free loan and is recognised as deferred income (note 32) and will be recognised in profit or loss on the same basis as depreciation for the related property, plant and equipment.

The range of effective interest rates of the Group's bank and other borrowings are as follows:

	2020	2019
Effective interest rate	1.6% to 5.87% per annum	0.9% to 5.87% per annum

The Group's bank and other borrowings that are denominated in currencies other than the functional currency of the relevant group entities is set out below:

	2020 RMB'000	2019 RMB'000
USD	106,181	87,367
EUR	138,292	42,790
HKD	91,108	179,777

Notes:

- As at 31 December 2020, personal guarantees were provided by a director of the Company and a related party of the Group in respect of the Group's bank facilities of RMB123,973,000 (2019: RMB90,691,000).
- As at 31 December 2020, the Group's other borrowings of RMB38,506,000 (2019: RMB36,760,000) were secured by right-of-use assets with carrying amounts of approximately RMB80,631,000 (2019: RMB82,484,000).

Notes to the Consolidated Financial Statements

31. DEFERRED TAX ASSETS

The movement on the deferred tax assets during the year are as follows:

	Impairment on trade receivables and contract assets RMB'000	Impairment on inventories RMB'000	Warranty provision RMB'000	Deferred income RMB'000	Others RMB'000	Total RMB'000
At 1 January 2019	4,744	1,195	766	15,295	5,520	27,520
Credit/(charge) to profit or loss	(478)	460	–	1,225	(736)	471
At 31 December 2019 and 1 January 2020	4,266	1,655	766	16,520	4,784	27,991
Credit/(charge) to profit or loss	564	185	(247)	(353)	411	560
At 31 December 2020	4,830	1,840	519	16,167	5,195	28,551

At the end of the reporting period, the Group has unused tax losses of approximately RMB92,974,000 (2019: RMB87,031,000) available for offsetting against future profits that will expire in five years. Others tax losses may be carried forward indefinitely. No deferred tax asset had been recognised due to the unpredictability of future profit streams.

Apart from unutilised tax losses as mentioned above, the Group had other deductible temporary differences of RMB177,068,000 (2019: RMB164,944,000) available to offset against future profits as at 31 December 2020. Deductible temporary differences of RMB144,463,000 (2019: RMB141,677,000) had been recognised in deferred tax assets as at 31 December 2020, while RMB32,605,000 (2019: RMB23,267,000) had not been recognised as it is not probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

Notes to the Consolidated Financial Statements

32. DEFERRED INCOME

	2020 RMB'000	2019 RMB'000
Assets related government grants	73,680	75,090
Analysed as:		
Current liabilities	1,410	1,410
Non-current liabilities	72,270	73,680
	73,680	75,090

In November 2016 and July 2019, a wholly owned subsidiary of the Company, Fair Friend Henan received certain government subsidies and grants amounting to RMB61,180,000 and RMB8,647,000 respectively for its specified purpose of the usage of land. These grants will be recognised as other income in profit or loss over the lease term of the land.

Furthermore, in April 2018, Fair Friend Henan received an interest-free loan government grant with the benefit amounted to RMB9,012,000 (see note 30 for details). Up to the date of the approval of these consolidated financial statements, the related construction of the plant and equipment are still under construction and thus the deferred income is not yet recognised in profit or loss.

33. LEASE LIABILITIES

	Minimum lease payments		Present value of minimum lease payments	
	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000
Within one year	2,800	2,646	2,623	2,486
In the second to fifth years, inclusive	2,566	1,876	2,489	1,784
Less: Future finance charges	5,366 (254)	4,522 (252)	5,112 N/A	4,270 N/A
Present value of lease obligations	5,112	4,270	5,112	4,270
Less: Amount due for settlement within 12 months (shown under current liabilities)			(2,623)	(2,486)
Amount due for settlement after 12 months			2,489	1,784

The weighted average incremental borrowing rate applied to lease liabilities is 4.58% (2019: 5.35%) per annum.

Notes to the Consolidated Financial Statements

34. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both the cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	1 January 2020 RMB'000	Cash flows RMB'000	Foreign exchange translation RMB'000	Interest expenses RMB'000	Amortisation RMB'000	Change in lease liabilities RMB'000	31 December 2020 RMB'000
Bank and other borrowings (note 30)	436,831	14,118	(8,740)	20,111	-	-	462,320
Deferred income (note 32)	75,090	-	-	-	(1,410)	-	73,680
Lease liabilities (note 33)	4,270	(3,732)	-	270	-	4,304	5,112
	516,191	10,386	(8,740)	20,381	(1,410)	4,304	541,112

	1 January 2019 RMB'000	Impact on initial application of HKFRS 16 RMB'000	Restated balance at 1 January 2019 RMB'000	Cash flows RMB'000	Foreign exchange translation RMB'000	Interest expenses RMB'000	Amortisation RMB'000	Change in lease liabilities RMB'000	31 December 2019 RMB'000
Bank and other borrowings (note 30)	598,332	-	598,332	(193,517)	5,776	26,240	-	-	436,831
Deferred income (note 32)	70,192	-	70,192	8,647	-	-	(3,749)	-	75,090
Lease liabilities (note 33)	-	3,322	3,322	(2,822)	-	171	-	3,599	4,270
	668,524	3,322	671,846	(187,692)	5,776	26,411	(3,749)	3,599	516,191

Note:

The financing cash flow of bank and other borrowings represents the proceeds from and repayments of bank and other borrowings and interest paid in the consolidated statement of cash flows.

Notes to the Consolidated Financial Statements

34. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(b) Total cash outflow for leases

Amounts included in the consolidated statement of cash flows for leases comprise the following:

	2020 RMB'000	2019 RMB'000
Within operating cash flows	5,385	6,957

These amounts relate to the following:

	2020 RMB'000	2019 RMB'000
Lease rental paid	1,653	4,135
Payments for right-of-use assets	3,732	2,822
	5,385	6,957

35. PROVISION FOR LITIGATION CLAIM

- (a) In September 2015, the Group's subsidiary, Huller Hille, entered into a sales contract with an independent third party (the Customer) to sell 7 sets of high-end CNC machine tools (the Machine Tools) to the Customer, which were originally procured from the FFG Werke. In October 2015, Huller Hille, Hangzhou Good Friend and the Customer entered into a supplementary agreement that Hangzhou Good Friend shall, collectively with Huller Hille, share the rights and obligations as the seller set out in the contract entered into in September 2015. The delivery of the 7 sets of Machine Tools were completed by Huller Hille in 2017.

Subsequent to the delivery, the Customer raised to Huller Hille that some of the Machine Tools did not meet the product quality requirement as set out in the contract. After a few rounds of amendments and negotiations with the Customer, the Customer and Huller Hille still could not reach consensus on the product quality of the Machine Tools. Finally, the Customer raised a litigation to the Province Higher People's Court in Anhui. In August 2018, the Province Higher People's Court in Anhui issued the first-instance judgement in favour to the Customer for which the Customer shall return the 7 sets of Machine Tools to the Group and the Group shall refund and compensate the Customer in an aggregate amount of RMB161,020,000.

In October 2018, the Group then filed an appeal to the Supreme People's Court and obtained approval of second-instance. In April 2020, The Province Higher People's Court in Anhui issued the second-instance judgement in favour of the Customer for which the Customer shall return the 7 sets of Machine Tools to the Group and the Group shall refund and compensate the Customer in an aggregate amount of RMB195,777,000.

Notes to the Consolidated Financial Statements

35. PROVISION FOR LITIGATION CLAIM *(Continued)*

(a) *(Continued)*

In May 2020, the Group filed an appeal to the Supreme People's Court. In December 2020, the Supreme People's Court issued the final appeal judgement in favour to the Customer for which the Customer shall return the 7 sets of Machine Tools to the Group and the Group shall refund and compensate the Customer in an aggregate amount of RMB142,546,000.

After taking into account of the legal opinion of an independent PRC legal counsel and the judgement issued by the Supreme People's Court, the directors of the Company made their best estimation on the amount of refund to the Customer amounted to RMB106,211,000 (2019: RMB100,903,000) which has been recognised as refund liabilities in the consolidated statement of financial position and the expected loss on settlement of the litigation amounted to RMB36,335,000 (2019: RMB60,117,000) has been provided in the consolidated statement of financial position. A reversal of provision for litigation claim amounted to RMB23,782,000 (2019: Nil) has been recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2020. In March 2021, refund liabilities of RMB106,211,000 and provision for litigation claim of RMB36,335,000 have been settled.

Furthermore, in March 2019, FFG Werke, an associate of the Group and the Group's supplier of the Machine Tool, has agreed to compensate the Group amounted RMB72,667,000 in respect of the litigation cost and claim raised by the Customer (note 7A). Such compensation income is guaranteed by the ultimate holding company and recorded as other income in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2019.

- (b) In August 2019, a construction contractor (the "Contractor"), an independent third party, raised to Fair Friend Henan, a wholly owned subsidiary of the Group, that the payment of outstanding balance of a construction project located in Henan should be borne collectively by Fair Friend Henan and two other contracted parties. The Contractor raised a litigation to the Intermediate People's Court in Zhengzhou. In August 2019, the Intermediate People's Court in Zhengzhou issued an order to freeze certain bank accounts of Fair Friend Henan and the two contracted parties up to an amount of RMB57,832,000. As at 31 December 2020, a bank balance of RMB500 (2019: RMB27,000) in Fair Friend Henan was being frozen by a bank with regard to litigation claim and such balance was included as restricted bank balances in the consolidated statement of financial position.

Subsequent to the year end and in February 2021, the Intermediate People's Court in Zhengzhou (the "Court") issued the judgement in favour of the Company. The Court considered that Fair Friend Henan has no contractual relationship with other contracted parties. In March 2021, the Contractor then filed an appeal to the High People's Court in Henan and obtained approval for second-instance.

After taking into account of the legal opinion of an independent PRC legal counsel and the current status of the litigation, the directors of the Company made their best estimation on the litigation and considered the probability of outflow of economic benefits will be required is remote as Fair Friend Henan is neither a contracted party nor a guarantor of the said construction project. Thus, no provision is made as at 31 December 2020. As at the date of approval of these consolidated financial statements, the second-instance is still in progress.

Notes to the Consolidated Financial Statements

36. CAPITAL COMMITMENTS

	2020 RMB'000	2019 RMB'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:		
– Construction of plant	24,246	24,246

37. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, interest rate risk, other price risk, credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(a) Foreign currency risk

The Group is mainly exposed to foreign exchange risk arising from HKD, USD and EUR against RMB. This foreign exchange risk arises from business transactions, assets and liabilities denominated in a currency that is not the Group's functional currency of RMB. The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures.

The Group currently does not have a foreign currency hedging policy as the management of the Group considers that the foreign exchange risk exposure of the Group is minimal. The Group will consider hedging significant foreign currency exposure should the need arise.

Notes to the Consolidated Financial Statements

37. FINANCIAL RISK MANAGEMENT (Continued)

(a) Foreign currency risk (Continued)

Sensitivity analysis

The following table details the Group's sensitivity to a 5% increase in the functional currency of the relevant group entities against the foreign currency. 5% is the sensitivity rate used in management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates.

A positive/(negative) number below indicates an increase/(decrease) in post-tax profit and a decrease/(increase) in post-tax loss for the year where the functional currency of relevant group entities strengthening against the relevant foreign currency at 31 December 2020, for a 5% weakening of the functional currency of relevant group entities, there would be an equal and opposite impact on the post-tax (loss)/profit for the year.

	2020 RMB'000	2019 RMB'000
USD	3,249	3,412
EUR	(6,643)	(1,146)
HKD	3,711	7,253

In addition, the conversion of RMB into foreign currencies is subject to the rules and regulations of the foreign exchange control promulgated by the PRC government.

In the opinion of the directors of the Company, the sensitivity analysis is unrepresentative of the inherent foreign currency risk as the year end exposure does not reflect the exposure during the year.

(b) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed interest rate restricted bank balances and interest free other borrowings. The Group currently does not have any interest rate hedging policy. The management of the Group monitors the Group's exposure on an on-going basis and will consider hedging interest rate risk should the need arises.

The Group is also exposed to cash flow interest rate risk in relation to variable interest rate bank borrowings, restricted bank balances and bank balances.

37. FINANCIAL RISK MANAGEMENT *(Continued)*

(b) Interest rate risk *(Continued)*

Sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to interest rates for variable interest rate bank borrowings at the end of the reporting period. The analysis is prepared assuming the amount of liabilities outstanding at the end of the reporting period was outstanding for the whole year. 50 basis points (2019: 50 basis points) increase or decrease for variable interest rate bank borrowings represents management's assessment of the reasonably possible change in interest rates. Restricted bank balances and bank balances are excluded from sensitivity analysis as the directors of the Company consider that the exposure of cash flow interest rate risk arising from variable interest rate restricted bank balances and bank balances is insignificant.

If interest rates had been increased/(decreased) by 50 basis points (2019: 50 basis points) in respect of variable interest rate bank borrowings and all other variables were held constant, the Group's post-tax loss for the year ended 31 December 2020 would (increase)/decrease by RMB1,777,000 (2019: post-tax profit for the year would increase/(decrease) by RMB1,677,000).

(c) Other price risk

The Group is exposed to other price risk through its receivables at FVTOCI. In the opinion of the directors of the Company, no sensitivity analysis is prepared for the other price risk since the impact to the Group's post-tax (loss)/profit for the year is insignificant as these receivables have short maturities.

(d) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables and contract assets) from its investing activities (primarily loans receivable) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions with high credit-rating assigned by international credit-rating agencies, for which the Group considers to have low credit risk.

Except for the financial guarantee issued by the Group as set out in note 40, the Group does not provide any other guarantees which would expose the Group to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the end of the reporting period is disclosed in note 40.

Notes to the Consolidated Financial Statements

37. FINANCIAL RISK MANAGEMENT (Continued)

(d) Credit risk (Continued)

Trade receivables and contract assets

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30 to 180 days from the date of billing. Normally, the Group does not obtain collateral from customers.

The Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The Group assesses individually for debtors with significant balances or credit impaired and/or collectively using a provision matrix with appropriate grouping. For collective assessment, the Group uses debtors' aging to assess the impairment for its customers because these customers consist of a large number of small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. ECL is estimated based on historical credit loss experience based on the past default experience of the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Group writes off trade receivables and contract assets when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

In order to minimise credit risk, the Group has tasked its operation management committee to develop and maintain the Group's credit risk gradings to categorise exposures according to their degree of risk of default.

The operation management committee uses other publicly available financial information and the Group's own trading records to rate its major customers and other debtors. The credit rating information supplied by independent rating agencies will be referenced when required. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Notes to the Consolidated Financial Statements

37. FINANCIAL RISK MANAGEMENT (Continued)

(d) Credit risk (Continued)

Trade receivables and contract assets (Continued)

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables and contract assets excluding specific loss allowance for trade receivables as at 31 December 2020:

As at 31 December 2020

	Current to 30 days RMB'000	31 to 60 days RMB'000	61 to 90 days RMB'000	91 to 180 days RMB'000	Over 180 days RMB'000	Total RMB'000
ECL rate	–	0.01%	0.14%	0.22%	31.14%	3.02%
Total gross carrying amount	77,588	4,994	697	2,632	9,187	95,098
Loss allowance	(1)	–	(1)	(6)	(2,861)	(2,869)
	77,587	4,994	696	2,626	6,326	92,229

As at 31 December 2019

	Current to 30 days RMB'000	31 to 60 days RMB'000	61 to 90 days RMB'000	91 to 180 days RMB'000	Over 180 days RMB'000	Total RMB'000
ECL rate	–	–	–	1.71%	42.43%	10.10%
Total gross carrying amount	68,400	2,927	19	783	22,508	94,637
Loss allowance	–	–	–	(13)	(9,550)	(9,563)
	68,400	2,927	19	770	12,958	85,074

The expected loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort.

Movements of impairment of trade receivables of the Group in 2020 and 2019 are as follows:

	2020 RMB'000	2019 RMB'000
At 1 January	39,596	46,931
Impairment loss/(reversal of impairment loss)	13,204	(2,998)
Amount written off	(12,954)	(4,337)
At 31 December	39,846	39,596

Notes to the Consolidated Financial Statements

37. FINANCIAL RISK MANAGEMENT (Continued)

(d) Credit risk (Continued)

Trade receivables and contract assets (Continued)

Movements of impairment of contract assets for the year ended 31 December 2020 and 2019 are as follow:

	2020 RMB'000	2019 RMB'000
At 1 January	219	230
Reversal of impairment loss	(219)	(11)
At 31 December	–	219

The following table shows the Group's credit risk grading framework in respect of financial assets other than trade receivables and contract assets:

Category	Description	Basis for recognising ECL
Performing	For financial assets where there has low risk of default or has not been a significant increase in credit risk since initial recognition and that are not credit impaired (refer to as Stage 1)	12-month ECL
Doubtful	For financial assets where there has been a significant increase in credit risk since initial recognition but that are not credit impaired (refer to as Stage 2)	Lifetime ECL – not credit impaired
Default	Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred (refer to as Stage 3)	Lifetime ECL – credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

Notes to the Consolidated Financial Statements

37. FINANCIAL RISK MANAGEMENT (Continued)

(d) Credit risk (Continued)

Other receivables and loans receivable

For other receivables and loans receivable, the Group has applied the general approach in HKFRS 9 to measure the loss allowance approximate to such at 12-month ECL, since the directors of the Company did not expect any significant increase in credit risk. Thus, no loss allowance provision is recognised.

Bank balances, restricted bank balances and receivables at FVTOCI

The bank balances, restricted bank balances and receivables at FVTOCI are determined to have low risk at the end of the reporting period. The credit risk on bank balances, restricted bank balances, and receivables at FVTOCI are limited because the counterparties are reputable banks and the risk of inability to pay or redeem at the due date is low.

Amounts due from related parties

With reference to the liquidity position and the historical settlement patterns from the Group's a related company, fellow subsidiaries, an associate of ultimate holding company, joint ventures, associates and subsidiaries of an associate, the Group has assessed that the ECL for amounts due from these related parties is insignificant. Thus, no loss allowance provision is recognised.

(e) Liquidity risk

In order to manage the liquidity risk, the Group monitors and maintains cash and cash equivalents and unused credit facilities at a level which is deemed to be adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period between the reporting date to the contractual maturity dates.

	Repayable on demand or less than 1 year RMB'000	2-5 years RMB'000	Total undiscounted cash flows RMB'000	Total carrying amount RMB'000
At 31 December 2020				
Trade and other payables and accrued expenses	471,137	–	471,137	471,137
Bank borrowings – variable interest rate	434,778	–	434,778	423,814
Other borrowings	–	43,522	43,522	38,506
Amount due to ultimate holding company	1,503	–	1,503	1,503
Amount due to immediate holding company	15,627	–	15,627	15,627
Amounts due to fellow subsidiaries	2,005	–	2,005	2,005
Amounts due to joint ventures	517	–	517	517
Amount due to an associate	24,111	–	24,111	24,111
Financial guarantee (Note)	2,658	–	2,658	–

Notes to the Consolidated Financial Statements

37. FINANCIAL RISK MANAGEMENT (Continued)

(e) Liquidity risk

	Repayable on demand or less than 1 year RMB'000	2-5 years RMB'000	Total undiscounted cash flows RMB'000	Total carrying amount RMB'000
At 31 December 2019				
Trade and other payables and accrued expenses	389,300	–	389,300	389,300
Bank borrowings – variable interest rate	415,721	–	415,721	400,071
Other borrowings	–	43,522	43,522	36,760
Amount due to ultimate holding company	157	–	157	157
Amount due to immediate holding company	815	–	815	815
Amounts due to fellow subsidiaries	2,457	–	2,457	2,457
Amounts due to joint ventures	380	–	380	380
Amount due to an associate	23,481	–	23,481	23,481
Financial guarantee (note)	13,091	–	13,091	–

Note:

The amount is categorised based on contractual term of repayment of the relevant underlying financial guarantee contracts guaranteed by the Group.

The amounts included above for variable interest rate instruments are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

(f) Categories of financial instruments at 31 December 2020

	2020 RMB'000	2019 RMB'000
<i>Financial assets:</i>		
Receivables at FVTOCI – Debt instruments	120,105	101,945
Financial assets measured at amortised cost	849,188	683,849
	969,293	785,794
<i>Financial liabilities:</i>		
Financial liabilities at amortised cost	977,219	853,421

Notes to the Consolidated Financial Statements

37. FINANCIAL RISK MANAGEMENT (Continued)

(g) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

(h) Transfers of financial assets

As at 31 December 2020, the Group had transferred to its suppliers by endorsing bills amounted to RMB39,239,000 (2019: RMB52,986,000).

As those bills are issued by banks with high credit rating, the management of the Group had assessed and satisfied that the Group had transferred substantially all of the risks and rewards relating to those bills. The Group had derecognised the full carrying amount of the abovementioned bills and the corresponding amount of trade payables.

38. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

Disclosures of level in fair value hierarchy at 31 December 2020:

Recurring fair value measurements:

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
	31 December 2020	31 December 2019			
Receivables at FVTOCI	Receivables at FVTOCI RMB120,105,000	Receivables at FVTOCI RMB101,945,000	Level 2	Discounted cash flow method was used to capture the present value of the cash flows to be derived from the receivables.	N/A

Notes to the Consolidated Financial Statements

39. RELATED PARTY TRANSACTIONS

In addition to those related party transactions and balances disclosed elsewhere in the consolidated financial statements, the Group also had the following transactions with its related parties during the year:

(a) Transactions

Name of company	Relationship	Nature of transactions	2020 RMB'000	2019 RMB'000
<i>Ultimate holding company</i>				
Fair Friend	Ultimate holding company	Purchases of goods	18,697	7,996
		Purchases of services	–	4,054
<i>Immediate holding company</i>				
Hong Kong GF	Immediate holding company	Purchases of goods	42,853	37,182
<i>Related company, fellow subsidiaries and associate of ultimate holding company</i>				
Hangzhou Best Friend Technology Co., Ltd. (Best Friend)	Related company	Sales of goods	–	4
		Interest income	372	70
Ikegai (Shanghai) Machinery & Equipment Co., Ltd.	Fellow subsidiary	Purchases of goods	–	433
FFG DMC Co., Ltd. (FFG DMC)	Fellow subsidiary	Sales of goods	–	739
		Purchases of goods	7,240	3,683
SMS Holding Co., Inc. (SMS Holding)	Fellow subsidiary	Sales of goods	209	80
Hangzhou Feeler Takamatsu Machinery Co., Ltd. (Feeler Takamatsu)	Associate of ultimate holding company	Sales of goods	1	–
		Purchases of goods	2,277	–
		Rendering of services	753	1,568
		Rental income	61	82

Notes to the Consolidated Financial Statements

39. RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions (Continued)

Name of company	Relationship	Nature of transactions	2020 RMB'000	2019 RMB'000
Joint ventures				
AIF	Joint venture	Sales of goods	1	27
		Purchases of goods	1	–
		Rendering of services	1,000	1,213
		Rental income	46	46
Feeler Mectron	Joint venture	Purchases of goods	572	–
		Rendering of services	238	362
		Rental income	72	53
Nippon Cable Feeler	Joint venture	Purchases of services	29	83
		Rendering of services	21	21
		Rental income	8	8
UFM	Joint venture	Sales of goods	4	3
		Purchases of goods	2,082	1,684
		Rendering of services	88	86
		Interest income	16	15
Associate and subsidiaries of an associate				
FFG Werke	Associate	Compensation income	–	72,667
Jobs Automazione S.p.A. (Jobs)	Subsidiary of an associate	Purchases of goods	–	3,696
FFG Europe & Americas (Shanghai) IAS Co., Ltd. (FFG (Shanghai))	Subsidiary of an associate	Purchases of services	690	–
		Interest income	494	397
MAG IAS GmbH (MAG IAS)	Subsidiary of an associate	Purchases of goods	22,840	–
MAG Automotive LLC	Subsidiary of an associate	Sales of goods	126	–

Notes:

- (a) The terms of the above sale and purchase transactions are governed based on framework agreements entered into between the Company and the respective related parties.
- (b) Rental income was charged at terms mutually agreed between the parties.

Notes to the Consolidated Financial Statements

39. RELATED PARTY TRANSACTIONS (Continued)

(b) Balances

Name of company	Relationship	Nature of transactions	2020 RMB'000	2019 RMB'000
Ultimate holding company				
Fair Friend	Ultimate holding company	Advance to (note (ii))	1,008	–
		Trade payables (note (ii))	(1,503)	(157)
Represented by:				
Amount due from ultimate holding company			1,008	–
Amount due to ultimate holding company			(1,503)	(157)
Immediate holding company				
Hong Kong GF	Immediate holding company	Other receivables (note (ii))	8	–
		Trade payables (note (ii))	(3,556)	(815)
		Advance from (note (ii))	(12,071)	–
Represented by:				
Amount due from immediate holding company			8	–
Amount due to immediate holding company			(15,627)	(815)

Notes to the Consolidated Financial Statements

39. RELATED PARTY TRANSACTIONS (Continued)

(b) Balances (Continued)

Name of company	Relationship	Nature of transactions	2020 RMB'000	2019 RMB'000
Related company, fellow subsidiaries and associate of ultimate holding company				
Best Friend	Related company	Other receivables (note (iii))	8,745	2,950
Sanco Machine & Tools Corp.	Fellow subsidiary	Other receivables (note (ii))	127	–
		Trade payables (note (ii))	(2,005)	(2,144)
FFG DMC	Fellow subsidiary	Trade receivables (note (i))	–	160
		Other receivables (note (ii))	–	2,931
		Advance to (note (ii))	18,955	–
		Trade payables (note (ii))	–	(303)
		Advance from (note (ii))	–	(10)
		Trade receivables (note (i))	–	17
Feeler Takamatsu	Associate of ultimate holding company	Trade receivables (note (i))	215	151
		Other receivables (note (ii))	45	39
Represented by:				
Amounts due from a related company, fellow subsidiaries and an associate of ultimate holding company			28,087	6,248
Amounts due to fellow subsidiaries			(2,005)	(2,457)

Notes to the Consolidated Financial Statements

39. RELATED PARTY TRANSACTIONS (Continued)

(b) Balances (Continued)

Name of company	Relationship	Nature of transactions	2020 RMB'000	2019 RMB'000
<i>Joint ventures</i>				
AIF	Joint venture	Other receivables (note (ii))	248	116
Feeler Mectron	Joint venture	Trade receivables (note (iii))	75	52
		Other receivables (note (ii))	8	19
UFM	Joint venture	Trade receivables (note (i))	1	–
		Other receivables (note (ii))	312	316
		Trade payables (note (ii))	(515)	(379)
Nippon Cable Feeler	Joint venture	Other receivables (note (ii))	–	9
		Other payables (note (ii))	(2)	(1)
Represented by:				
Amounts due from joint ventures			644	512
Amounts due to joint ventures			(517)	(380)

Notes to the Consolidated Financial Statements

39. RELATED PARTY TRANSACTIONS (Continued)

(b) Balances (Continued)

Name of company	Relationship	Nature of transactions	2020 RMB'000	2019 RMB'000
<i>Associates and subsidiaries of an associate</i>				
FFG Werke	Associate	Other receivables (note (ii))	1,357	1,724
		Shareholder loan (note (iii))	53,981	38,893
		Compensation receivables (note (iii))	72,667	72,667
		Trade payables (note (ii))	(24,111)	(23,481)
FFG Europe	Associate	Other receivables (note (iii))	766	766
		Shareholder loan (note (iii))	40,812	38,073
FFG EA	Associate	Other receivables (note (ii))	139,900	7,683
Grinding technology S.r.l.	Subsidiary of an associate	Other receivables (note (ii))	9,307	9,531
Jobs	Subsidiary of an associate	Other receivables (note (iii))	24,225	23,365
MAG	Subsidiary of an associate	Other receivables (note (ii))	575	–
MAG IAS	Subsidiary of an associate	Other receivables (note (ii))	–	18,772
FFG (Shanghai)	Subsidiary of an associate	Other receivables (note (ii))	17,734	14,397

Notes to the Consolidated Financial Statements

39. RELATED PARTY TRANSACTIONS (Continued)

(b) Balances (Continued)

Name of company	Relationship	Nature of transactions	2020 RMB'000	2019 RMB'000
<i>Associates and subsidiaries of an associate (Continued)</i>				
Sky Thrive Rambaudi S.r.l.	Subsidiary of an associate	Other receivables (note (iii))	3,306	3,227
		Shareholder loan (note (iii))	6,219	6,057
Represented by:				
Amounts due from associates and subsidiaries of an associate			370,849	235,155
Amount due to an associate			(24,111)	(23,481)

Notes:

- (i) The Group allowed a normal credit period of 30 to 180 days for sales made to the above parties. Balances are unsecured and interest free.
- (ii) Balances are unsecured, interest free and repayable on demand.
- (iii) Balances are unsecured, interest free and repayable on demand. The ultimate holding company has issued letter of guarantee to undertake for repayment of the outstanding balances to the Group should these related parties fail to meet the obligation as they fall due.

(c) Key management compensation

The remuneration of directors and other members of key management during the year were as follows:

	2020 RMB'000	2019 RMB'000
Salaries and allowances	2,111	2,265
Discretionary performance related bonus	1,444	1,252
Retirement benefit scheme contributions	87	68
	3,642	3,585

40. FINANCIAL GUARANTEE CONTRACTS

In June 2019, the Company issued a guarantee to an independent third party for each of the payment obligations of certain associates of the Group, MAG IAS and FFG Werke under their respective purchase contracts with the independent third party with a maximum amount of EUR11,000,000 (equivalent to RMB85,971,000) and EUR2,000,000 (equivalent to RMB15,631,000) respectively. As at 31 December 2020, MAG IAS and FFG Werke have payment obligation to the independent third party with a total amount of EUR264,000 (equivalent to RMB2,117,000) (2019: EUR764,000 (equivalent to RMB5,971,000)) and EUR67,000 (equivalent to RMB541,000) (2019: EUR911,000 (equivalent to RMB7,120,000)) respectively.

The management of the Group estimates that the default risk of the abovementioned entities is low, thus the exposure to credit losses arising from these financial guarantees and their fair value is immaterial.

41. PLEDGE OF ASSETS

	2020 RMB'000	2019 RMB'000
Right-of-use assets	80,631	82,484
Restricted bank balances for trade finance facilities	72,585	43,728
	153,216	126,212

The Group has pledged its right-of-use assets in order to secure other borrowings of the Group. The Group also has restricted bank balances which mainly represent deposits placed in banks for guarantees issued to secure bills payable and finance facilities of the Group.

42. EVENTS AFTER THE REPORTING PERIOD

The outbreak of COVID-19 pandemic in early 2020 brought uncertainty in the Group's operating environment and impacted the Group's operations at the beginning of the reporting period. Nevertheless, the demand for CNC machine tools (the Group's major product) had been growing and hence the business performance of the Group notably recovered as from the second quarter of 2020. The net loss incurred for the year ended 31 December 2020 was solely attributable to the share of loss of the associate in Germany which was also hit hard by the pandemic. The management considers that the financial position of the Group remains solid. Moreover, the management will closely monitor the business and operation of its associates in Germany in which the COVID-19 pandemic still prevails.

After the reporting period and up to the date of this report, the Board was not aware of any significant events relating to the business or financial performance of the Group.

Notes to the Consolidated Financial Statements

43. INFORMATION OF THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2020 RMB'000	2019 RMB'000
Non-current assets		
Investments in subsidiaries	52,840	52,840
Investments in joint ventures	27,666	27,666
Amounts due from subsidiaries	160,580	290,890
	241,086	371,396
Current assets		
Trade and other receivables and prepayment	1,783	6,683
Amounts due from associates and subsidiaries of an associate	345,578	196,319
Bank balances and cash	18,320	27,453
	365,681	230,455
Current liabilities		
Other payables and accrued charges	8,476	8,317
Amounts due to subsidiaries	443,751	309,575
Amounts due to an associate and subsidiaries of an associate	–	–
Amounts due to immediate holding company	12,063	–
Bank borrowings	318,458	309,769
	782,748	627,661
Net current liabilities	(417,067)	(397,206)
Total assets less current liabilities	(175,981)	(25,810)

Approved by the Board of Directors on 14 May 2021 and are signed on its behalf by:

CHU Chih-Yaung
Director

WEN Chi-Tang
Director

Notes to the Consolidated Financial Statements

43. INFORMATION OF THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

	2020 RMB'000	2019 RMB'000
Capital and reserves		
Share capital	4,021	4,021
Share premium	82,183	82,183
Other reserves	13,653	59,647
Accumulated losses	(275,838)	(171,661)
Total equity	(175,981)	(25,810)

The movement of the Company's reserves for the year ended 31 December 2020 and 2019 is as follows:

	Share premium RMB'000	Other reserves RMB'000	Retained earnings/ (accumulated losses) RMB'000	Total RMB'000
At 1 January 2019	82,281	7,973	170,703	260,957
Total comprehensive income for the year	–	51,674	(342,364)	(290,690)
Share repurchased and cancelled	(98)	–	–	(98)
At 31 December 2019 and 1 January 2020	82,183	59,647	(171,661)	(29,831)
Total comprehensive income for the year	–	(45,994)	(104,177)	(150,171)
At 31 December 2020	82,183	13,653	(275,838)	(180,002)

Five-Year Financial Summary

OPERATING RESULTS

For the year ended 31 December

	2016	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	1,082,336	1,294,801	1,090,693	910,695	875,318
Gross profit	295,151	312,515	290,727	209,098	196,471
Profit/(loss) before income tax	87,650	85,066	(42,730)	34,228	(232,371)
Profit/(loss) attributable to owners of the Company	60,749	65,690	(57,724)	12,159	(248,219)
Earnings/(loss) per share – basic (RMB)	0.15	0.16	(0.14)	0.03	(0.62)

ASSETS AND LIABILITIES

As at 31 December

	2016	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets	743,761	703,361	706,420	786,085	466,482
Net current assets	121,487	185,223	115,271	34,618	89,652
Non-current liabilities	(61,180)	(61,180)	(105,285)	(112,224)	(113,265)
Net assets	804,068	827,404	716,406	708,479	442,869
Share capital	4,022	4,022	4,022	4,021	4,021
Reserves	800,046	823,382	712,384	704,458	438,848
Shareholders' equity	804,068	827,404	716,406	708,479	442,869