

香港交易及結算所有限公司及香港聯合交易所有限公司對本公佈的內容概不負責，對其準確性或完整性亦不發表任何聲明，並明確表示，概不對因本公佈全部或任何部份內容而產生或因倚賴該等內容而引致的任何損失承擔任何責任。

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二零一七年四月二十六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，二零一七年四月二十六日

於本公佈日期，本公司董事會成員包括 (i) 五名執行董事：朱志洋先生、陳向榮先生、陳明河先生、溫吉堂先生及邱榮賢先生；及 (ii) 三名獨立非執行董事：顧福身先生、江俊德先生及余玉堂先生。

友佳國際控股有限公司及子公司

民國105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)

友佳國際控股有限公司及子公司  
民國 105 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)

§ 目 錄 §

內 容	附 件 編 號
目 錄	
本國會計師複核報告	一
最近一年度按新台幣換算之主要財務報表	二
(一) 綜合財務狀況表	
(二) 綜合損益及其他全面收益表	
(三) 綜合權益變動表	
(四) 綜合現金流量表	
依中華民國金管會認可之 IFRSs 重編後之主要財務報表	三
(一) 重編後合併資產負債表	
(二) 重編後合併綜合損益表	
(三) 重編後合併現金流量表	
(四) 合併財務報表重編說明(含合併財務報表重編原則 暨中華民國及香港所採用之會計原則差異彙總說 明)	
外國會計師之查核報告(中譯本)	四
財務報表及其相關附註或附表(中譯本)	四
外國會計師之查核報告(原文)	五
財務報表及其相關附註或附表(原文)	五

附 件 一

## 會計師複核報告

友佳國際控股有限公司 公鑒：

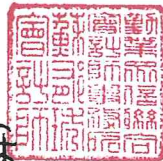
友佳國際控股有限公司及子公司按香港一般公認會計原則編製之民國 105 年 12 月 31 日之綜合財務狀況表，暨民國 105 年 1 月 1 日至 12 月 31 日之綜合損益及其他全面收益表、綜合權益變動表及綜合現金流量表（金額以人民幣為單位），業經德勤關黃陳方會計師行（Deloitte Touche Tohmatsu）查核完竣，並於 106 年 3 月 30 日出具無保留意見之查核報告（詳附件五）。隨附友佳國際控股有限公司及子公司所編製民國 105 年度依新臺幣換算之主要報表（詳附件二）暨合併財務報表之中譯本（詳附件四），業經本會計師依照「第二上市（櫃）公司財務報告複核要點」，採行必要之複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，友佳國際控股有限公司及子公司之合併財務報表格式，係依香港一般公認會計原則及相關法令編製，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控股有限公司及子公司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

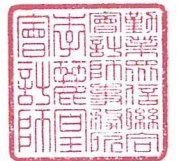
情事；本會計師亦未發現第一段所述友佳國際控股有限公司及子公司合併財務報表之中譯本內容與原文有重大不符而需作修正之情事。

勤業眾信聯合會計師事務所  
會計師 蘇 郁 琇



蘇郁琇

會計師 李 麗 鳳



李麗鳳

金融監督管理委員會核准文號  
金管證審字第 1040024195 號

財政部證券暨期貨管理委員會核准文號  
台財證六字第 0930128050 號

中 華 民 國 1 0 6 年 4 月 2 6 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 105 年及 104 年 12 月 31 日

單位：仟元

	105年12月31日		104年12月31日	
	人 民 幣	新 台 幣	人 民 幣	新 台 幣
資 產				
非流動資產				
預付租賃款項—非流動部分	\$ 121,148	\$ 559,340	\$ 35,658	\$ 178,112
物業、廠房及設備	195,332	901,848	216,383	1,080,833
無形資產	3,431	15,841	3,251	16,239
於合營企業的投資	16,494	76,153	16,970	84,765
於聯營公司的投資	385,655	1,780,569	310,959	1,553,240
遞延所得稅資產	21,701	100,194	6,310	31,518
	<u>743,761</u>	<u>3,433,945</u>	<u>589,531</u>	<u>2,944,707</u>
流動資產				
存 貨	202,828	936,457	250,076	1,249,130
應收帳款、按金及預付款項	499,083	2,304,266	449,745	2,246,476
預付租賃款項—流動部分	2,707	12,498	940	4,695
應收客戶合約工程款項	40,692	187,875	36,717	183,401
應收最終控股公司款項	2,110	9,742	-	-
應收同系附屬公司及最終控股公 司的一間聯營公司的款項	2,518	11,626	1,277	6,379
應收合營企業款項	922	4,257	717	3,581
應收聯營公司及聯營公司的附屬 公司款項	81,629	376,881	60,841	303,901
限制性銀行存款	33,163	153,114	172,613	862,202
現金及現金等值物	177,946	821,577	101,583	507,407
	<u>1,043,598</u>	<u>4,818,293</u>	<u>1,074,509</u>	<u>5,367,172</u>
總 資 產	<u>\$ 1,787,359</u>	<u>\$ 8,252,238</u>	<u>\$ 1,664,040</u>	<u>\$ 8,311,879</u>

註一：民國 105 年及 104 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 105 年及 104 年 12 月 31 日之匯率 RMB 1 = NTD 4.6170 及 RMB 1 = NTD 4.9950 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
105.1.1-105.12.31	RMB1 : NT5.1050	RMB1 : NT4.5910	RMB1 : NT4.8489
104.1.1-104.12.31	RMB1 : NT5.1840	RMB1 : NT4.8900	RMB1 : NT5.0331
103.1.1-103.12.31	RMB1 : NT5.1090	RMB1 : NT4.7970	RMB1 : NT4.9202

董事長：朱志洋



經理人：陳向榮



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 105 年及 104 年 12 月 31 日

單位：仟元

	105年12月31日		104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	\$ 4,022	\$ 18,570	\$ 4,022	\$ 20,090
股本溢價	82,281	379,891	82,281	410,994
資本儲備	77,338	357,070	77,338	386,303
其他儲備	61,248	282,782	48,905	244,280
保留盈利	579,179	2,674,069	531,893	2,656,805
總權益	<u>804,068</u>	<u>3,712,382</u>	<u>744,439</u>	<u>3,718,472</u>
負債				
非流動負債				
遞延收益	<u>61,180</u>	<u>282,468</u>	-	-
	<u>61,180</u>	<u>282,468</u>	-	-
流動負債				
應付客戶合約工程款項	\$ 31,682	\$ 146,277	\$ 15,576	\$ 77,802
應付帳款、其他應付款項及應計費用	490,737	2,265,734	447,313	2,234,328
應付最終控股公司款項	2,388	11,026	160	799
應付直接控股公司款項	619	2,858	1,856	9,271
應付一間同系附屬公司及最終控股公司的一間聯營公司款項	5,503	25,407	21,664	108,212
應付一間聯營公司及一間聯營公司的附屬公司款項	7,981	36,848	10,389	51,893
應付合營企業款項	192	886	317	1,583
即期所得稅負債	26,219	121,053	7,858	39,251
銀行借貸	350,772	1,619,514	408,677	2,041,342
保證撥備	6,018	27,785	5,791	28,926
	<u>922,111</u>	<u>4,257,388</u>	<u>919,601</u>	<u>4,593,407</u>
總負債	<u>983,291</u>	<u>4,539,856</u>	<u>919,601</u>	<u>4,593,407</u>
總負債及權益	<u>\$ 1,787,359</u>	<u>\$ 8,252,238</u>	<u>\$ 1,664,040</u>	<u>\$ 8,311,879</u>
流動資產淨值	<u>\$ 121,487</u>	<u>\$ 560,905</u>	<u>\$ 154,908</u>	<u>\$ 773,765</u>
總資產減流動負債	<u>\$ 865,248</u>	<u>\$ 3,994,850</u>	<u>\$ 744,439</u>	<u>\$ 3,718,472</u>

註一：民國 105 年及 104 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 105 年及 104 年 12 月 31 日之匯率 RMB 1 = NTD 4.6170 及 RMB 1 = NTD 4.9950 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
105.1.1-105.12.31	RMB1 : NT5.1050	RMB1 : NT4.5910	RMB1 : NT4.8489
104.1.1-104.12.31	RMB1 : NT5.1840	RMB1 : NT4.8900	RMB1 : NT5.0331
103.1.1-103.12.31	RMB1 : NT5.1090	RMB1 : NT4.7970	RMB1 : NT4.9202

董事長：朱志洋



經理人：陳向榮



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 105 年及 104 年 1 月 1 日至 12 月 31 日

單位：仟元  
除每股盈餘為元外

	105年度		104年度	
	人 民 幣	新 台 幣	人 民 幣	新 台 幣
收益	\$ 1,082,336	\$ 4,997,145	\$ 990,239	\$ 4,946,244
收益成本	( 787,185)	( 3,634,433)	( 722,314)	( 3,607,958)
毛利	<u>295,151</u>	<u>1,362,712</u>	<u>267,925</u>	<u>1,338,286</u>
其他收入	45,643	210,734	39,797	198,786
分銷及銷售費用	( 122,398)	( 565,112)	( 122,494)	( 611,858)
行政費用	( 112,639)	( 520,054)	( 115,895)	( 578,896)
其他營運費用	( 1,825)	( 8,426)	( 4,023)	( 20,095)
經營溢利	103,932	479,854	65,310	326,223
財務費用	( 9,897)	( 45,694)	( 8,734)	( 43,626)
分佔合營企業虧損	( 476)	( 2,198)	( 1,387)	( 6,928)
分佔聯營公司(虧損)溢利	( 5,909)	( 27,282)	101	504
視作出售可供出售金融資產之收益	-	-	662	3,307
除所得稅前溢利	87,650	404,680	55,952	279,480
所得稅開支	( 26,901)	( 124,202)	( 9,855)	( 49,226)
本公司權益持有人應佔溢利	60,749	280,478	46,097	230,254
其他全面收益(虧損)				
不會重分類至損益的科目				
分佔聯營公司其他全面虧損	( 1,352)	( 6,242)	-	-
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(虧損)	5,726	26,437	( 4,318)	( 21,568)
換算海外業務產生之匯兌差額	<u>6,602</u>	<u>30,481</u>	<u>157</u>	<u>784</u>
本公司權益持有人應佔年內全面收益總額	<u>\$ 71,725</u>	<u>\$ 331,154</u>	<u>\$ 41,936</u>	<u>\$ 209,470</u>
本公司權益持有人應佔每股盈利				
每股基本及攤薄盈利	<u>\$ 0.15</u>	<u>\$ 0.69</u>	<u>\$ 0.11</u>	<u>\$ 0.55</u>
股 息	<u>\$ 12,096</u>	<u>\$ 55,847</u>	<u>\$ 24,192</u>	<u>\$ 120,839</u>

註一：民國 105 年及 104 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 105 年及 104 年 12 月 31 日之匯率 RMB 1 = NTD 4.6170 及 RMB 1 = NTD 4.9950 換算。

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(請參閱勤業眾信聯合會計師事務所 106 年 4 月 26 日複核報告)

董事長：朱志洋



經理人：陳向榮



會計主管：葉世強



友佳國際控股有限公司及子公司

綜合權益變動表

民國 105 年及 104 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
104 年 1 月 1 日餘額	4,022	82,281	77,338	53,066	509,988	726,695
全面收益：						
年內溢利	-	-	-	-	46,097	46,097
其他全面收益：						
分佔聯營公司其他全面收益	-	-	-	(4,318)	-	(4,318)
換算海外業務產生之匯兌差額	-	-	-	157	-	157
全面收益總額	-	-	-	(4,161)	46,097	41,936
已付股息	-	-	-	-	(24,192)	(24,192)
104 年 12 月 31 日餘額	4,022	82,281	77,338	48,905	531,893	744,439
全面收益：						
年內溢利	-	-	-	-	60,749	60,749
其他全面收益：						
轉撥至其他儲備	-	-	-	15	(15)	-
分佔聯營公司其他全面收益	-	-	-	5,726	(1,352)	4,374
換算海外業務產生之匯兌差額	-	-	-	6,602	-	6,602
全面收益總額	-	-	-	12,343	59,382	71,725
已付股息	-	-	-	-	(12,096)	(12,096)
105 年 12 月 31 日餘額	\$ 4,022	\$ 82,281	\$ 77,338	\$ 61,248	\$ 579,179	\$ 804,068



董事長：朱志洋



經理人：陳向榮



會計主管：葉世強

友佳國際控股有限公司及子公司  
 綜合變動表

民國 105 年及 104 年 1 月 1 日至 12 月 31 日

	股	本	股	本	溢	價	資	本	儲	備	其	他	儲	備	保	留	盈	利	總	權	益
	20,480	418,975	393,805	270,212	2,596,859	3,700,331															
104 年 1 月 1 日餘額	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
全面收益：																					
年內溢利																					
其他全面收益：																					
分佔聯營公司其他全面收益																					
換算海外業務產生之匯兌差額																					
全面收益總額																					
已付股息	(390)	(7,981)	(7,502)	(5,148)	(120,839)	(120,839)															
匯率影響數	20,090	410,994	386,303	244,280	2,656,805	3,718,472															
104 年 12 月 31 日餘額																					
全面收益：																					
年內溢利																					
其他全面收益：																					
轉撥至其他儲備																					
分佔聯營公司其他全面收益																					
換算海外業務產生之匯兌差額																					
全面收益總額																					
已付股息	(1,520)	(31,103)	(29,233)	(18,485)	(55,847)	(55,847)															
匯率影響數																					
105 年 12 月 31 日餘額	\$ 18,570	\$ 379,891	\$ 357,070	\$ 282,782	\$ 2,674,069	\$ 3,712,382															

註一：民國 105 年及 104 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 105 年及 104 年 12 月 31 日之匯率 RMB 1 = NTD 4.6170 及 RMB 1 = NTD 4.9950 換算。  
民國 104 年 1 月 1 日股東權益科目金額，係以民國 103 年 12 月 31 日之匯率 RMB 1 = NTD 5.0920 換算。



董事長：朱志洋



經理人：陳向榮



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 105 年及 104 年 1 月 1 日至 12 月 31 日

單位：仟元

	105年度		104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	\$ 149,050	\$ 688,164	\$ 128,851	\$ 643,611
已繳所得稅及預扣稅	( 23,931)	( 110,489)	( 34,962)	( 174,635)
經營活動所得現金淨額	<u>125,119</u>	<u>577,675</u>	<u>93,889</u>	<u>468,976</u>
投資活動產生的現金流量				
於聯營公司的投資	( 85,089)	( 392,856)	( 289,067)	( 1,443,890)
存入股東貸款	-	-	( 6,037)	( 30,155)
購買物業、廠房及設備	( 4,741)	( 21,889)	( 5,818)	( 29,061)
購買預付租賃款項	( 88,200)	( 407,219)	-	-
出售物業、廠房及設備所得款項	109	503	20	100
購置無形資產	( 1,413)	( 6,524)	( 2,538)	( 12,677)
已收利息	8,201	37,864	14,193	70,894
限制性銀行存款減少	139,450	643,841	( 37,932)	( 189,470)
已收政府津貼及補助	61,180	282,468	-	-
初步年期超過三個月的定期存款減少	-	-	98,000	489,510
投資活動產生(動用)的現金淨額	<u>29,497</u>	<u>136,188</u>	<u>( 229,179)</u>	<u>( 1,144,749)</u>
融資活動產生的現金流量				
借貸所得款項	348,683	1,609,869	1,837,670	9,179,162
償還借貸	( 406,588)	( 1,877,217)	( 1,831,072)	( 9,146,205)
已付權益持有人股息	( 12,096)	( 55,847)	( 24,192)	( 120,839)
已付利息	( 9,897)	( 45,694)	( 8,734)	( 43,626)
融資活動動用的現金淨額	<u>( 79,898)</u>	<u>( 368,889)</u>	<u>( 26,328)</u>	<u>( 131,508)</u>
現金及現金等值物增加(減少)淨額	74,718	344,974	( 161,618)	( 807,281)
期初現金及現金等值物	101,583	507,407	262,751	1,337,928
匯率調整數	<u>1,645</u>	<u>( 30,804)</u>	<u>450</u>	<u>( 23,240)</u>
期末現金及現金等值物	<u>\$ 177,946</u>	<u>\$ 821,577</u>	<u>\$ 101,583</u>	<u>\$ 507,407</u>

註一：民國 105 年及 104 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 105 年及 104 年 12 月 31 日之匯率 RMB 1 = NTD 4.6170 及 RMB 1 = NTD 4.9950 換算。

民國 104 年度期初現金及現金等值物金額，以民國 103 年 12 月 31 日之匯率 RMB 1 = NTD 5.0920 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
105.1.1-105.12.31	RMB1 : NT5.1050	RMB1 : NT4.5910	RMB1 : NT4.8489
104.1.1-104.12.31	RMB1 : NT5.1840	RMB1 : NT4.8900	RMB1 : NT5.0331
103.1.1-103.12.31	RMB1 : NT5.1090	RMB1 : NT4.7970	RMB1 : NT4.9202

(請參閱勤業眾信聯合會計師事務所 106 年 4 月 26 日複核報告)

董事長：朱志洋



經理人：陳向榮



會計主管：葉世強



附 件 三

友佳國際股份有限公司及其子公司  
依中華民國企業會計準則及IFRSs編製後合併資產負債表

民國105年及104年12月31日

單位：新台幣千元

代碼	105年12月31日			104年12月31日			105年12月31日			104年12月31日		
	資產	負債及權益	%	資產	負債及權益	%	資產	負債及權益	%	資產	負債及權益	%
1100	現金及約當現金	\$ 821,577	10	\$ 507,407	6	2100	流動負債	\$ 1,619,514	20	\$ 2,041,342	25	
1170	應收帳款淨額	2,082,236	25	2,040,288	25	2170	短期借款	939,555	11	886,426	11	
1180	應收帳款-關係人	275,492	3	261,364	3	2180	應付帳款	72,953	1	94,535	1	
1190	應收帳款-其他關係人	187,875	2	183,401	2	2190	應付帳款-關係人	146,277	2	77,802	1	
1200	其他應收款	131,902	2	126,103	2	2219	其他應收款	425,910	5	425,244	5	
1210	其他應收款-關係人	127,014	2	52,497	1	2220	其他應收款-關係人	4,072	-	77,223	1	
130X	存貨	936,457	11	1,249,130	15	2230	其他應收款-關係人	121,053	2	39,251	-	
1410	預付款項	90,128	1	80,085	1	2250	負債準備-流動	27,785	-	28,926	-	
1412	預付租賃款	12,498	-	4,695	-	2310	預收款項	900,269	11	920,658	11	
1476	其他金融資產-流動	133,114	2	862,202	10	21XX	流動負債合計	4,257,388	52	4,593,407	55	
11XX	流動資產合計	4,818,293	58	5,367,172	58		非流動負債	282,468	3	-	-	
						2690	遞延收入-非流動	282,468	3	-	-	
						25XX	非流動負債合計	282,468	3	-	-	
						2XXX	負債合計	4,539,856	55	4,593,407	55	
1550	非流動資產	1,856,722	22	1,638,005	20	3110	股本	18,570	-	20,090	-	
1600	按權益法之投資	901,848	11	1,080,833	13	3200	資本公積	736,961	9	797,297	10	
1780	不動產、廠房及設備	15,841	-	16,239	-	3310	保留盈餘	207,419	3	224,400	3	
1840	無形資產	100,194	1	31,518	-	3350	法定盈餘公積	2,674,069	32	2,656,805	32	
1985	遞延所得稅資產	559,340	8	178,112	2	3400	未分配盈餘	75,363	1	19,880	-	
15XX	非流動資產合計	3,433,945	42	2,844,707	35	3XXX	權益合計	3,712,382	45	3,718,472	45	
1XXX	資產總計	\$ 8,252,238	100	\$ 8,311,872	100		負債及權益總計	\$ 8,252,238	100	\$ 8,311,872	100	

註一：民國105年及104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105年及104年12月31日之匯率RMB1 = NTD 4.6170及RMB1 = NTD 4.9950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
105.1.1-105.12.31	RMB1 : NTD5.1050	RMB1 : NTD4.5910	RMB1 : NTD4.8459
104.1.1-104.12.31	RMB1 : NTD5.1840	RMB1 : NTD4.8900	RMB1 : NTD5.0331
103.1.1-103.12.31	RMB1 : NTD5.1090	RMB1 : NTD4.7970	RMB1 : NTD4.9202

註三：揭露之報表格式業已依中華民國企業會計準則及IFRSs規定予以調整。

(精舍國際信託聯合會計師事務所106年4月26日覆核報告)



董事長：朱志祥



經理人：陳向榮



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發布生效之 IFRSs 重編後合併綜合損益表  
民國 105 年及 104 年 1 月 1 日至 12 月 31 日

單位：新台幣仟元，惟  
每股盈餘為元

代碼	項 目	105年度				104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	\$ 4,997,145	\$ -	\$ 4,997,145	100	\$ 4,946,244	\$ -	\$ 4,946,244	100
5000	營業成本	( 3,634,433)	-	( 3,634,433)	( 73)	( 3,607,958)	-	( 3,607,958)	( 73)
5900	營業毛利	1,362,712	-	1,362,712	27	1,338,286	-	1,338,286	27
	營業費用								
6100	銷售費用	( 565,112)	-	( 565,112)	( 11)	( 611,858)	-	( 611,858)	( 12)
6200	管理費用	( 359,756)	-	( 359,756)	( 7)	( 417,148)	-	( 417,148)	( 8)
6300	研發費用	( 160,298)	-	( 160,298)	( 3)	( 161,748)	-	( 161,748)	( 3)
6000	營業費用合計	( 1,085,166)	-	( 1,085,166)	( 21)	( 1,190,754)	-	( 1,190,754)	( 24)
6510	其他收益及費損淨額	202,308	( 202,308)	-	-	178,691	( 178,691)	-	-
6900	營業淨利	479,854	( 202,308)	277,546	6	326,223	( 178,691)	147,532	3
	營業外收入及支出								
7010	其他收入	-	210,734	210,734	4	-	198,786	198,786	4
7020	其他利益及損失	-	( 8,426)	( 8,426)	-	3,307	( 20,095)	( 16,788)	-
7050	財務成本	( 45,694)	-	( 45,694)	( 1)	( 43,626)	-	( 43,626)	( 1)
7070	採用權益法之關聯企業及合資損益份額	( 29,480)	-	( 29,480)	( 1)	( 6,424)	-	( 6,424)	-
7000	營業外收入及支出合計	( 75,174)	202,308	127,134	2	( 46,743)	178,691	131,948	3
7900	稅前淨利	404,680	-	404,680	8	279,480	-	279,480	6
7950	所得稅費用	( 124,202)	-	( 124,202)	( 2)	( 49,226)	-	( 49,226)	( 1)
8200	本年度淨利	280,478	-	280,478	6	230,254	-	230,254	5
	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	( 6,242)	-	( 6,242)	-	-	-	-	-
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	30,481	-	30,481	1	784	-	784	-
8380	採權益法之關聯企業及合資之其他綜合損益份額	26,437	-	26,437	-	( 21,568)	-	( 21,568)	-
8500	其他綜合損益總額	\$ 331,154	\$ -	\$ 331,154	7	\$ 209,470	\$ -	\$ 209,470	-
8600	淨利歸屬於								
8610	本公司業主	\$ 280,478	\$ -	\$ 280,478	6	\$ 230,254	\$ -	\$ 230,254	5
8700	綜合損益總額歸屬於								
8710	本公司業主	\$ 331,154	\$ -	\$ 331,154	7	\$ 209,470	\$ -	\$ 209,470	4
	每股盈餘								
9750	基本	\$ 0.69	\$ -	\$ 0.69		\$ 0.55	\$ -	\$ 0.55	
9850	稀釋	\$ 0.69	\$ -	\$ 0.69		\$ 0.55	\$ -	\$ 0.55	

註一：民國 105 年及 104 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 105 年及 104 年 12 月 31 日之匯率 RMB 1 = NTD 4.6170 及 RMB 1 = NTD 4.9950 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
105.1.1-105.12.31	RMB1 : NT5.1050	RMB1 : NT4.5910	RMB1 : NT4.8489
104.1.1-104.12.31	RMB1 : NT5.1840	RMB1 : NT4.8900	RMB1 : NT5.0331
103.1.1-103.12.31	RMB1 : NT5.1090	RMB1 : NT4.7970	RMB1 : NT4.9202

註三：揭露之報表格式業已依中華民國金管會認可及發布生效之 IFRSs 規定予以調整。

(請參閱勤業眾信聯合會計師事務所 106 年 4 月 26 日複核報告)

董事長：朱志洋



經理人：陳向榮



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發布生效之 IFRSs 重編後合併現金流量表  
民國 105 年及 104 年 1 月 1 日至 12 月 31 日

單位：新台幣仟元，惟  
每股盈餘為元

項 目	105年度			104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
<b>營業活動之現金流量</b>						
本年度稅前淨利	\$ 404,680	\$ -	\$ 404,680	\$ 279,480	\$ -	\$ 279,480
不影響現金流量之收益費損項目						
折舊費用	117,004	-	117,004	130,275	-	130,275
攤銷費用	10,047	-	10,047	9,605	-	9,605
呆帳(迴升利益)費用	( 12,558 )	-	( 12,558 )	10,070	-	10,070
財務成本	45,694	-	45,694	43,626	-	43,626
利息收入	( 37,864 )	-	( 37,864 )	( 70,894 )	-	( 70,894 )
採權益法之關聯企業及合資損益份額	29,480	-	29,480	6,424	-	6,424
存貨跌價損失	7,156	-	7,156	-	-	-
處分不動產、廠房及設備損失	1,574	-	1,574	1,004	-	1,004
處分備供出售金融資產淨利益	-	-	-	( 3,307 )	-	( 3,307 )
<b>營業資產及負債之淨變動數</b>						
應收帳款	( 183,789 )	-	( 183,789 )	266,793	-	266,793
應收帳款—關係人	( 33,907 )	-	( 33,907 )	( 191,468 )	-	( 191,468 )
應收建造合約款	( 18,353 )	-	( 18,353 )	( 21,094 )	-	( 21,094 )
其他應收款	( 15,342 )	-	( 15,342 )	( 4,116 )	-	( 4,116 )
存貨	210,988	-	210,988	35,869	-	35,869
預付款項	( 16,104 )	-	( 16,104 )	48,122	-	48,122
應付帳款	118,361	-	118,361	( 134,475 )	-	( 134,475 )
應付帳款—關係人	( 14,428 )	-	( 14,428 )	58,816	-	58,816
應付建造合約款	74,361	-	74,361	( 135,984 )	-	( 135,984 )
其他應付款	32,845	-	32,845	( 8,042 )	-	( 8,042 )
其他應付款—關係人	( 67,307 )	-	( 67,307 )	-	-	-
預收款項	49,282	-	49,282	327,842	-	327,842
負債準備	( 1,048 )	-	( 1,048 )	( 2,687 )	-	( 2,687 )
營運產生之現金流入	700,772	-	700,772	645,859	-	645,859
支付之所得稅	( 110,489 )	-	( 110,489 )	( 174,985 )	-	( 174,985 )
營業活動之淨現金流入	<u>590,283</u>	<u>-</u>	<u>590,283</u>	<u>470,874</u>	<u>-</u>	<u>470,874</u>
<b>投資活動之現金流量</b>						
取得採用權益法之長期股權投資	( 321,477 )	-	( 321,477 )	( 1,443,890 )	-	( 1,443,890 )
購置不動產、廠房及設備	( 21,889 )	-	( 21,889 )	( 29,061 )	-	( 29,061 )
處分不動產、廠房及設備價款	503	-	503	100	-	100
購置無形資產	( 6,524 )	-	( 6,524 )	( 12,677 )	-	( 12,677 )
其他金融資產	643,841	-	643,841	300,040	-	300,040
其他應收款—關係人	( 78,489 )	-	( 78,489 )	( 30,155 )	-	( 30,155 )
其他非流動資產	( 407,219 )	-	( 407,219 )	-	-	-
遞延收入	282,468	-	282,468	-	-	-
收取之利息	37,864	-	37,864	70,894	-	70,894
投資活動之淨現金流入(出)	<u>129,078</u>	<u>-</u>	<u>129,078</u>	<u>( 1,144,749 )</u>	<u>-</u>	<u>( 1,144,749 )</u>
<b>籌資活動之現金流量</b>						
短期借款(減少)增加	( 267,348 )	-	( 267,348 )	32,957	-	32,957
發放現金股利	( 55,847 )	-	( 55,847 )	( 120,839 )	-	( 120,839 )
支付之利息	( 45,694 )	-	( 45,694 )	( 43,626 )	-	( 43,626 )
籌資活動淨現金流出	<u>( 368,889 )</u>	<u>-</u>	<u>( 368,889 )</u>	<u>( 131,508 )</u>	<u>-</u>	<u>( 131,508 )</u>
匯率變動對現金及約當現金之影響	( 36,302 )	-	( 36,302 )	( 25,138 )	-	( 25,138 )
本期現金及約當現金增加(減少)數	314,170	-	314,170	( 830,521 )	-	( 830,521 )
期初現金及約當現金餘額	<u>507,407</u>	<u>-</u>	<u>507,407</u>	<u>1,337,928</u>	<u>-</u>	<u>1,337,928</u>
期末現金及約當現金餘額	<u>\$ 821,577</u>	<u>\$ -</u>	<u>\$ 821,577</u>	<u>\$ 507,407</u>	<u>\$ -</u>	<u>\$ 507,407</u>

註一：民國 105 年及 104 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 105 年及 104 年 12 月 31 日之匯率 RMB1 = NTD 4.6170 及 RMB1 = NTD4.9950 換算。

民國 104 年度期初現金及約當現金餘額，以民國 103 年 12 月 31 日之匯率 RMB1 = NTD 5.0920 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
105.1.1-105.12.31		RMB1	: NT5.1050	RMB1	: NT4.5910	RMB1	: NT4.8489
104.1.1-104.12.31		RMB1	: NT5.1840	RMB1	: NT4.8900	RMB1	: NT5.0331
103.1.1-103.12.31		RMB1	: NT5.1090	RMB1	: NT4.7970	RMB1	: NT4.9202

註三：揭露之報表格式業已依中華民國金管會認可及發布生效之 IFRSs 規定予以調整。

(請參閱勤業眾信聯合會計師事務所 106 年 4 月 26 日複核報告)

董事長：朱志洋



經理人：陳向榮



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 105 及 104 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 105 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 105 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 105 年及 104 年 12 月 31 日合併資產負債表及民國 105 年度及 104 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：

項	目	中華民國金管會 認可及發布生效之 I F R S s	香港一般公認 會計原則	對合併重編 財務報表之影響
(一)	其他收入	非因經常營業活動所發生之收入或利益應帳列營業外收入項下。	分類為營業溢利之一部分。	已予重分類： 105年：210,734仟元 104年：198,786仟元
(二)	其他開支	非因經常性營業活動所發生之費用或損失應帳列營業外支出項下。	分類為營業溢利之一部分。	已予重分類： 105年：8,426仟元 104年：20,095仟元
(三)	現金流量表表達方式	依據中華民國金管會認可及發布生效之IFRSs，來自營業活動之淨現金流量，係於現金流量表中詳細列示其組成項目，包含本年度稅前淨利、當期存貨及營業應收款與應付款之變動、非現金項目（諸如折舊、攤銷費用、呆帳費用等）。	依據香港一般公認會計原則之慣例，經營活動所得現金淨額之組成項目，可詳細列示於現金流量表中，亦得僅列示彙總之營運所得現金金額及所得稅支付數於現金流量表，再於附註中詳細揭露其組成項目。	已依中華民國金管會認可及發布生效之IFRSs規定予以拆分列示來自營業活動淨現金流量之組成項目。

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



2016年報

# 目錄

公司資料	2
財務摘要	4
主席報告	6
管理層討論及分析	10
董事及高級管理人員的履歷詳情	14
董事會報告	17
企業管治報告	32
環境、社會及管治報告	47
獨立核數師報告	55
綜合損益及其他全面收益表	61
綜合財務狀況表	62
綜合權益變動表	64
綜合現金流量表	65
綜合財務報表附註	66
五年財務概要	138



# 公司資料

## 董事會

### 執行董事

朱志洋 (主席)  
陳向榮 (行政總裁)  
陳明河  
溫吉堂  
邱榮賢

### 獨立非執行董事

顧福身  
江俊德  
余玉堂

## 公司秘書

羅泰安

## 法定代表

陳向榮  
邱榮賢

## 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)  
江俊德  
余玉堂

## 薪酬委員會

顧福身 (委員會主席)  
江俊德  
陳向榮

## 提名委員會

顧福身 (委員會主席)  
江俊德  
陳向榮

## 核數師

德勤•關黃陳方會計師行

## 註冊辦事處

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

## 公司資料

### 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

### 主要股份過戶登記處

Royal Bank of Canada Trust Company  
(Cayman) Limited  
4th Floor, Royal Bank House  
24 Shedden Road, George Town  
Grand Cayman KY1-1110  
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22樓

### 主要往來銀行

中國銀行  
國泰世華銀行  
恒生銀行有限公司  
中國工商銀行  
凱基銀行  
兆豐國際商業銀行  
元大商業銀行  
法國巴黎銀行  
永豐銀行  
盤谷銀行

### 股份代號

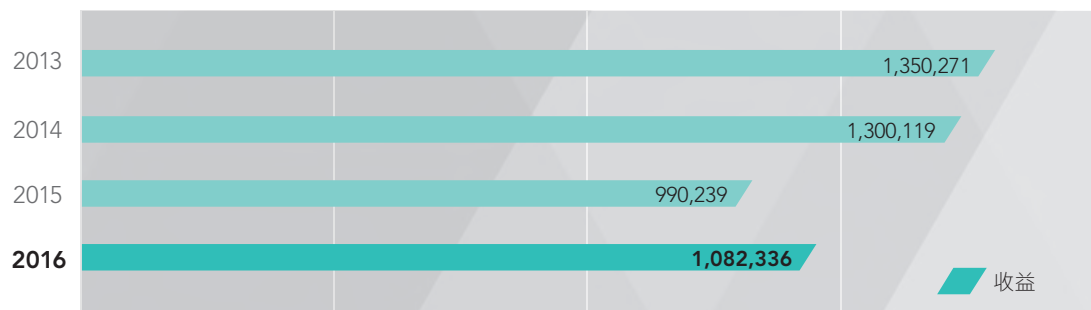
2398

### 網站

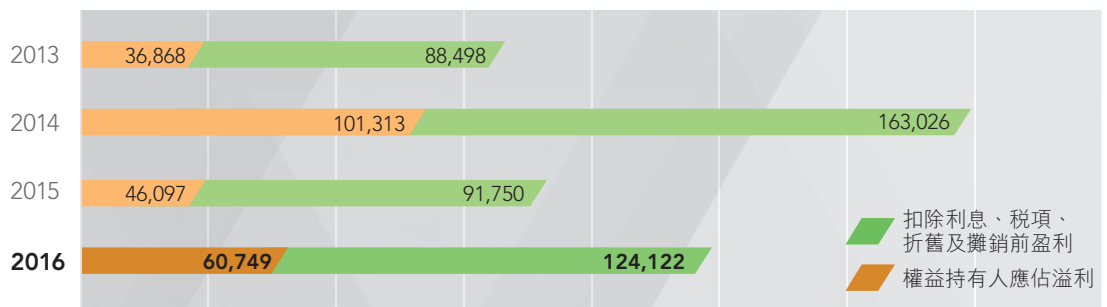
<http://www.goodfriend.hk>

## 財務摘要

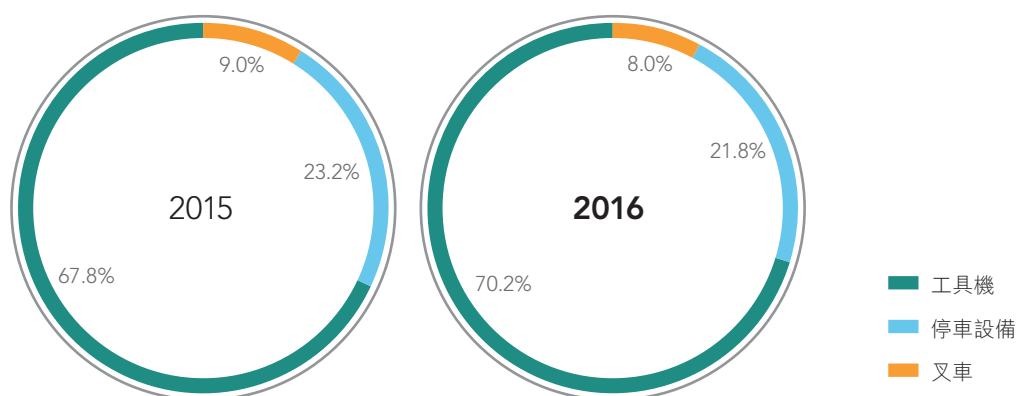
### 收益 (人民幣千元)



### 溢利 (人民幣千元)



### 業務分部 (按收益計算)



## 財務摘要

### 兩年財務數字的比較

截至十二月三十一日止年度

	二零一六年 人民幣千元	二零一五年 人民幣千元	變動 (%)
收益	1,082,336	990,239	9.3%
毛利	295,151	267,925	10.2%
扣除利息、稅項、折舊及攤銷前盈利	124,122	91,750	35.3%
權益持有人應佔溢利	60,749	46,097	31.8%
股東權益	804,068	744,439	8.0%
總資產	1,787,359	1,664,040	7.4%
每股盈利—基本(人民幣元)	0.15	0.11	36.4%

### 主要財務比率的摘要

截至十二月三十一日止年度

	二零一六年	二零一五年	變動 (%)
毛利率 <sup>附註1</sup>	27.3%	27.1%	0.7%
純利率 <sup>附註2</sup>	5.6%	4.7%	19.1%
存貨周轉日數 <sup>附註3</sup>	94.0	126.4	-25.6%
應收款項周轉日數 <sup>附註4</sup>	152.1	150.6	1%
應付賬款周轉日數 <sup>附註5</sup>	94.4	89.9	5%
流動比率(倍) <sup>附註6</sup>	1.1	1.2	-8.3%
速動比率(倍) <sup>附註7</sup>	0.9	0.9	-%
資本負債比率(%) <sup>附註8</sup>	19.6%	24.6%	-20.3%
扣除利息、稅項、折舊及 攤銷前盈利/財務費用(倍) <sup>附註9</sup>	12.5	10.5	19.0%
權益回報率(%) <sup>附註10</sup>	7.6%	6.2%	22.6%

附註1：毛利率按毛利除以收益計算。

附註2：純利率按權益持有人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銷售成本再乘以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：扣除利息、稅項、折舊及攤銷前盈利/財務費用以年度內扣除財務費用、稅項、折舊及攤銷前盈利除以財務費用計算。上表的數字以比率(而非百分比)呈列。

附註10：權益回報率以權益持有人應佔溢利除以相應年末的股東權益總額計算。

# 主席報告



主席  
朱志洋

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」）截至二零一六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

截至二零一六年十二月三十一日止年度，本集團錄得收入約人民幣1,082,340,000元，較二零一五年上升約9.3%。而本年度的權益持有人應佔溢利錄得約人民幣60,750,000元，較二零一五年之數額人民幣46,100,000元上升約31.8%。

## 末期股息

董事會提議為保留現金用於本集團的發展，不建議派發截至二零一六年十二月三十一日止年度末期股息（二零一五年：每股普通股人民幣0.03元）。

## 主席報告

### 業務回顧

二零一六年，中國經濟增長速度進一步放緩。根據中國國家統計局發佈的經濟資料顯示，二零一六年中國國內生產總值(GDP)較二零一五年增長6.5%，經濟仍處於深度調整期。縱然如此，本集團之主營產品CNC工具機的訂單並未有受到影響。於截至二零一六年十二月三十一日止年度，CNC工具機之銷售數量及銷售額分別為1,611台及約人民幣760,050,000元，與二零一五年比較均呈現增長。另外，由於本年度內原材料價格維持穩定，因此於本年度CNC工具機業務之毛利率亦維持於約29.8%。

於本年度內，本集團繼續向客戶提供高端CNC工具機產品。由德國及意大利廠家所生產之高端CNC工具機產品於本年度之銷售額合共約為人民幣66,500,000元，佔本集團CNC工具機業務銷售額約8.7%。此等高端產品除可優化本集團之產品結構外，亦能增強本集團之核心競爭優勢。

### 前景展望

中國經濟保持了總體穩中有進的發展態勢。二零一七年乃中國「十三五」規劃的第二年，中國仍然是全球經濟增長的引擎。中國乃全球第一大工具機消耗國，而預期中國之高速鐵路、城軌、航太與能源產業對工具機之需求仍將大幅提升，特別是高端CNC工具機。這將有利本集團的CNC工具機業務。本集團亦將繼續向客戶開拓銷售（主要產地來自意大利及德國）高端CNC工具機產品。管理層相信憑藉本集團所擁有之龐大銷售網絡及完善之售後服務、穩固的業務基礎以及優異的產品質素，定能充份滿足客戶不同的需求，繼續鞏固其市場地位。

展望未來，面對當前複雜的經濟環境，本集團將維持一貫審慎的態度，在嚴峻市場環境下繼續強化核心業務根基，以面對未來多變化和不明朗的市場情況。另一方面，管理層亦會繼續尋求並把握各種發展和策略性合作的機遇，從而提升本集團的競爭優勢，以帶領本集團邁向成為一家國際性的CNC工具機製造商。管理層對於本集團的長遠發展前景保持樂觀。

# 主席報告



## 主席報告

管理層亦會致力管控營運成本，以使本集團能獲得更理想的營運效益，並竭誠為本公司的股東創造更佳的回報。

### 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，二零一七年三月三十日



## 管理層討論及分析

### 財務回顧

#### 收益

截至二零一六年十二月三十一日止年度，本集團錄得收益約人民幣1,082,340,000元，與二零一五年比較上升約9.3%。於本年度，CNC工具機、停車設備及叉車的銷售數量分別為1,611台、17,529台及1,433台（二零一五年：1,587台、15,368台及1,492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760,050,000元，較二零一五年增加約13.1%，佔本集團整體收益約70.2%。另一方面，於本年度本集團的停車設備業務之銷售額亦較二零一五年增加約2.8%至約人民幣236,050,000元，佔本集團整體收益約21.8%。此外，叉車業務於本年度之銷售額為約人民幣86,240,000元，比較二零一五年下跌約2.8%，佔總收益約8.0%。

#### 毛利及毛利率

截至二零一六年十二月三十一日止年度，本集團之毛利約人民幣295,150,000元，而整體毛利率約為27.3%，而二零一五年之毛利率為27.1%。由於本集團的主營產品CNC工具機於本年度之毛利率維持於約29.8%，因此本年度的整體毛利率與二零一五年比較大致持平。

#### 分銷及銷售費用

截至二零一六年十二月三十一日止年度，分銷及銷售費用約為人民幣122,400,000元，與二零一五年比較大致持平。於本年度，分銷及銷售費用佔本集團收益百分比約為11.3%，而二零一五年約為12.4%。

#### 行政費用

截至二零一六年十二月三十一日止年度，行政費用比較二零一五年減少約2.8%。這有賴於管理層致力管控有關成本所致。

## 管理層討論及分析

### 財務費用

於本年度，財務費用增加至約人民幣9,900,000元，主要由於本集團於二零一六年的平均銀行借貸增加所致。

### 分佔聯營公司虧損

截至二零一六年十二月三十一日止年度，分佔聯營公司虧損約為人民幣5,910,000元。乃指於本年度內分佔其位於意大利的聯營公司「FFG Europe」，位於德國的聯營公司「FFG European and American」以及位於德國的聯營公司「FFG Werke」的營運業績。

### 本公司權益持有人應佔溢利

截至二零一六年十二月三十一日止年度，本公司的權益持有人應佔溢利約人民幣60,750,000元，較二零一五年上升約31.8%。

### 流動資金及財務資源

於二零一六年十二月三十一日，本集團擁有流動資產淨額約人民幣121,490,000元（二零一五年：人民幣154,910,000元），股東資金約人民幣804,070,000元（二零一五年：人民幣744,440,000元），以及短期銀行貸款約人民幣350,770,000元（二零一五年：人民幣408,680,000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。

於二零一六年十二月三十一日，現金及現金等值物為數約人民幣177,950,000元（二零一五年：人民幣101,580,000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（二零一五年：1.2倍）。資本負債比率（債項總額對資產總值的比率）約為19.6%（二零一五年：24.6%），反映本集團整體財務狀況仍然保持穩健。

## 管理層討論及分析

### 資本架構及庫務政策

於二零一六年十二月三十一日，本公司的股本為4,032,000港元，分為403,200,000股每股0.01港元的股份（二零一五年十二月三十一日：4,032,000港元，分為403,200,000股每股0.01港元的股份）。

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。於二零一六年十二月三十一日，尚未繳清的短期貸款約人民幣350,770,000元（二零一五年：人民幣408,680,000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

截至二零一六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

截至二零一六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

截至二零一六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5。

### 僱員及薪酬政策

於二零一六年十二月三十一日，本集團在香港及中國僱用合共1,300位（二零一五年：1,320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140,150,000元（二零一五年：人民幣142,990,000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。

本公司已採納購股權計劃，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。於回顧年度內，本集團向上述計劃作出供款約人民幣4,610,000元（二零一五年：人民幣4,920,000元）。

## 管理層討論及分析

### 資本承擔及或然負債

本集團並無主要就有關物業、廠房及設備已訂約但尚未於財務報表撥備的資本支出已作出的承擔（二零一五年：人民幣630,000元），以及並無對任何聯營公司之注資作出承擔（二零一五年：67,400,000）。於二零一六年十二月三十一日，本集團並無任何重大或然負債（二零一五年：無）。

### 集團資產押記

於二零一六年十二月三十一日，受限制銀行存款約人民幣33,160,000元（二零一五年：人民幣172,610,000元）主要指本集團為就所使用的融資信貸出具擔保而存放於銀行的存款。

另外，本公司之附屬公司以總賬面值約人民幣12,600,000元（二零一五年：人民幣15,260,000元）之土地及樓宇抵押作其獲授一般銀行信貸額度。於二零一六年十二月三十一日，附屬公司已使用有抵押銀行信貸額度人民幣1,830,000元（二零一五年：無）。

### 有關重大投資或資本資產的未來計劃

於二零一六年十二月三十一日，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。截至二零一六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，部分已兌換為美元、日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。如需要，匯率波動所產生之外匯風險將由本集團利用遠期外幣合約加以調控。

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**，70歲，於二零零五年九月獲委任為執行董事，並為董事會主席。彼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。

**陳向榮先生**，71歲，於二零零五年十二月獲委任為本公司執行董事及行政總裁。彼亦為本公司薪酬委員會及提名委員會之成員。彼負責本集團之一般管理。陳先生在機械、製造及工具機業累積了逾三十年經驗。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。陳先生於一九九三年加入本集團。

**陳明河先生**，66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**，52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三十一年經驗。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。

## 董事及高級管理人員的履歷詳情

**邱榮賢先生**，59歲，於二零零五年十二月獲委任為執行董事。邱先生為杭州友佳精密機械有限公司停車設備部經理，並由二零一一年一月一日起升任為協理。彼負責該部門的生產及運作。邱先生在機械及製造業累積了逾三十二年經驗。彼於二零零一年加入本集團。

### 獨立非執行董事

**顧福身先生**，60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。彼為一家企業財務顧問公司凱利融資有限公司之創辦人兼董事總經理，於投資銀行業及專業會計有逾二十年之豐富經驗。顧先生現為李寧有限公司、美聯集團有限公司、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。彼為一名註冊會計師。

**江俊德先生**，56歲，於二零零五年十二月獲委任為獨立非執行董事。江先生為本公司審核委員會、薪酬委員會及提名委員會之委員。江先生為德鎂實業股份有限公司之總經理，並由二零零零年起兼任為董事長。

彼現為榮成紙業股份有限公司之法人董事。彼亦為中國信託商業銀行之法人董事。

彼曾於二零零三年至二零一零年二月期間出任首席財務管理顧問股份有限公司及首席創業投資股份有限公司之董事；於二零零六年至二零零九年六月期間出任毅金工業股份有限公司（臺灣證券交易所股份有限公司上櫃公司）之獨立董事；於二零零九年至二零一二年三月期間出任豐聲科技股份有限公司（臺灣證券交易所股份有限公司上市公司）之獨立董事；於二零一一年至二零一三年六月期間出任上緯企業股份有限公司（臺灣證券交易所股份有限公司上市公司）之獨立董事；於二零零一年至二零一四年十二月期間出任乾坤投資股份有限公司之董事兼總經理；於二零零零年至二零一五年六月十八日期間出任台北市進出口商業同業公會之理事。

## 董事及高級管理人員的履歷詳情

**余玉堂先生**，80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之成員。彼曾任台灣新竹縣政府及省政府顧問。

### 高級管理人員

**強家鑫先生**，58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三十一年設計、製造及生產管理的工作經驗。

**吳立城先生**，55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三十二年經驗。

**葉明彬先生**，49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。葉先生於一九九四年畢業於台灣淡江大學，獲頒會計學位。彼於二零零七年一月加入本集團前，在一九九四年至一九九八年間服務於台灣勤業會計師事務所，並在核數、會計及財務方面具有逾十九年經驗。

**葉世強先生**，51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逾二十年經驗。

# 董事會報告

董事會欣然提呈其報告，連同本集團截至二零一六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

本集團截至二零一六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9頁之「主席報告」及第10至13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頁至第9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3。

## 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。



## 董事會報告

### 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

本集團截至二零一六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5。

### 業績及分派

本集團截至二零一六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61至137頁。

董事會提議為保留現金用於本集團的發展，不建議派發截至二零一六年十二月三十一日止年度末期股息（二零一五年：每股普通股人民幣0.03元）。

### 儲備

年內本公司儲備之變動載於綜合財務報表附註36。

### 股東週年大會

二零一七年股東週年大會將於二零一七年六月一日（星期四）舉行。二零一七年股東週年大會詳情載於二零一七年四月二十七日之本公司通函、股東週年大會通告及委任代表表格，隨附於二零一六年年報寄發予本公司之股東。

## 董事會報告

### 確定有權出席股東週年大會並於會上投票的記錄日期

為確定本公司股東出席於二零一七年六月一日股東週年大會並於會上投票的權利的記錄日期（鑒於將不會暫停辦理股份過戶登記，即指進行任何股份過戶登記的截止日期）為二零一七年五月二十五日（星期四）。本公司股東必須於二零一七年五月二十五日（星期四）下午四時三十分前，將所有股份過戶文件連同有關股票送交本公司香港股份過戶登記處卓佳證券登記有限公司（地址為香港皇后大道東183號合和中心22樓）進行登記。

### 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

本公司截至二零一六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25。

### 銀行借貸

本集團於二零一六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28。

### 董事

年內及截至本報告日期止，本公司的董事如下：

#### 執行董事

朱志洋先生（主席）  
陳向榮先生（行政總裁）  
陳明河先生  
溫吉堂先生  
邱榮賢先生

#### 獨立非執行董事

顧福身先生  
江俊德先生  
余玉堂先生

根據本公司組織章程細則（「章程細則」）第87(1)條，朱志洋先生、溫吉堂先生及顧福身先生會在即將舉行的股東週年大會上退任，並符合資格且願膺選連任。

### 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。

## 董事會報告

### 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，任何本公司董事或高級行政人員、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

每位執行董事已於二零一五年一月十一日與本公司簽訂服務協議，由二零一五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，由二零一六年一月十日開始，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。於二零一六年十二月三十一日，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。

## 董事會報告

### 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」），即於股東大會透過本公司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本公司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之10%。

## 董事會報告

- (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。
- (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。

## 董事會報告

### 董事的股份權益

於二零一六年十二月三十一日，董事或行政總裁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。

## 董事會報告

## 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	15,669,255股 普通股股份	15.30%
	友嘉實業	配偶權益 (附註1)	2,682,926股 普通股股份	2.62%
	Fair Fine (Hongzhou) Industrial Co., Ltd. (附註2)	實益擁有人	750股 普通股股份	0.03%
陳向榮先生	友嘉實業	實益擁有人	1,948,553股 普通股股份	1.90%
	Fair Fine (Hongzhou) 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2.62%，故根據證券及期貨條例，朱志洋先生被視為於王女士所持有的友嘉實業所有股份中擁有權益。
2. Fair Fine (Hongzhou) 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，於二零一六年十二月三十一日，本公司董事或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。

## 董事會報告

### 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

於二零一六年十二月三十一日，本公司董事或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。

### 1. 於本公司股份及相關股份的好倉總額

### 主要股東

於二零一六年十二月三十一日，每位人士（本公司董事或高級行政人員除外）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：

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)	57.54%
友嘉實業	受控制公司的權益	232,086,000股股份 (附註)	57.56%

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。



## 董事會報告

除上文所披露者外，於二零一六年十二月三十一日，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二零一六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

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

本集團董事及五位最高薪人士之酬金詳情載於綜合財務報表附註8。

### 關連人士交易及關連交易

有關年度關連人士交易之詳情載於綜合財務報表附註34。有關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。

## 董事會報告

### 不獲豁免持續關連交易

1. 誠如二零一四年五月二十二日之本公司公告及二零一四年六月六日之本公司通函所載，本公司已於二零一四年五月二十二日與友嘉實業訂立：(a) 零部件協議（「零部件協議」），據此，由二零一四年六月二十七日起三年，本公司（及／或其指定允許公司）（「本公司有關方」）同意向友嘉實業（及／或其指定允許公司）（「友嘉有關方」）供應CKD零部件，而友嘉有關方同意向本公司有關方供應CKD零部件；及(b) 工具機協議（「工具機協議」），據此，由二零一四年六月二十七日起三年，本公司有關方可向友嘉有關方購買，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，及友嘉有關方須應本公司有關方之要求，向本公司有關方供應並授權本公司有關方於銷售地區以獨家形式銷售指定CNC工具機。

由於友嘉實業為友佳實業香港（本公司控股股東）之控股公司，故根據上市規則友嘉實業為本公司之關連人士。零部件協議及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。

批准零部件協議及工具機協議，其項下擬進行之交易及有關年度上限的決議案已於二零一四年六月二十七日舉行之股東特別大會上獲本公司獨立股東通過。根據零部件協議，於二零一六年一月一日至二零一六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2,220,000元及人民幣165,320,000元，及該期間實際供應金額及購買金額分別為人民幣236,000元及人民幣27,520,000元。而根據工具機協議，於二零一六年一月一日至二零一六年十二月三十一日期間本公司有關方向友嘉有關方購買指定CNC工具機之年度上限為人民幣153,190,000元，及該期間實際購買金額為人民幣103,740,000元。

## 董事會報告

2. 誠如二零一四年七月九日之本公司公告及二零一四年七月二十二日之本公司通函所載，FFG Werke GmbH（「FFG Werke」）及天盛香港實業有限公司（「天盛」）已於二零一四年七月九日訂立擔保促成契約（「擔保促成契約」），據此FFG Werke可於二零一四年八月六日至緊接其後12個月屆滿日期之前一日當日期間，要求天盛（而天盛可酌情決定）就FFG Werke及其任何附屬公司（「FFG Werke集團」）及其客戶訂立之製造及／或銷售合約促成出具以該等客戶為受益人而最高總金額約為10,600,000歐元之銀行擔保（「銀行擔保」）。每個銀行擔保將在不遲於發行日期後24個月內到期。

由於FFG Werke為友嘉實業（為友佳實業香港（本公司控股股東）之控股公司）之聯繫人，故根據上市規則FFG Werke為本公司之關連人士。擔保促成契約項下之交易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。批准擔保促成契約及其項下擬進行之交易的決議案已於二零一四年八月六日舉行之股東特別大會上獲本公司獨立股東通過。

截至二零一六年十二月三十一日，總額為歐元8,500,000的由持牌銀行出具的以FFG Werke集團之客戶為受益人的銀行擔保已根據擔保促成契約促成出具。銀行擔保將在不遲於二零一七年八月五日期到。

## 董事會報告

獨立非執行董事已審閱零部件協議、工具機協議、擔保促成契約及其項下於本年度進行之交易並確定有關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) 根據零部件協議，工具機協議及擔保促成契約之相關條款進行，乃公平及合理並符合本公司股東整體利益。

本公司之核數師就其對本公司董事會之審查結果發出了一份報告，以確認有關上市規則第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本公司之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二零一六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18.28%，而最大客戶佔本集團總營業額約6.11%。五大供應商於本年度佔本集團總採購額約28.92%，而最大供應商約佔本集團總採購額約14.03%。

概無董事或其聯繫人於任何上述客戶或供應商持有權益。

## 董事會報告

於本年度，就本公司董事所知，除友佳實業香港及友嘉實業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，本公司已為本公司之董事及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34所載者外，本公司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。

## 董事會報告

### 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。審核委員會的成員包括三位獨立非執行董事，即顧福身先生（為主席）、江俊德先生及余玉堂先生。審核委員會已與管理層共同審閱本集團截至二零一六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32至46頁。

### 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138頁。

### 核數師

截至二零一四年十二月三十一日止年度，本公司核數師為羅兵咸永道會計師事務所。於二零一五年，羅兵咸永道會計師事務所辭任為本公司的核數師，及德勤•關黃陳方會計師行獲委任及續聘為截至二零一五年十二月三十一日止年度及二零一六年十二月三十一日止年度的本公司核數師。

本公司在即將舉行之股東週年大會上將提呈決議案，重新續聘德勤•關黃陳方會計師行為本公司之核數師。

承董事會命  
友佳國際控股有限公司  
主席  
朱志洋

香港，二零一七年三月三十日

# 企業管治報告

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。董事會主席因公務出差而未能出席二零一六年六月二日舉行之本公司股東週年大會，根據本公司章程細則，由執行董事陳向榮先生擔任股東週年大會主席。

## 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二零一六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。

## 企業管治報告

### 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各附屬委員會。該等委員會之詳情載於本報告內。

董事會現時由八位董事組成，分別為五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)  
 陳向榮先生 (行政總裁)  
 陳明河先生  
 溫吉堂先生  
 邱榮賢先生

#### 獨立非執行董事

顧福身先生  
 江俊德先生  
 余玉堂先生

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14至16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，以保障股東及本集團之利益。

#### 主席及行政總裁

董事會主席及本公司行政總裁此等職位由兩名人士分別擔任，確保彼等各自之獨立性、問責性及負責制。主席朱志洋先生負責領導董事會及本集團之策略規劃。行政總裁陳向榮先生負責本集團業務之日常管理。



## 企業管治報告

### 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）；及

## 企業管治報告

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。

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，於二零一六年董事有參與以下培訓：

董事	培訓類型
<b>執行董事</b>	
朱志洋	A, B
陳向榮	A, B
陳明河	A, B
溫吉堂	A, B
邱榮賢	A, B
<b>獨立非執行董事</b>	
顧福身	A, B
江俊德	A, B
余玉堂	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。於截至二零一六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	2/4
陳向榮先生	4/4
陳明河先生	2/4
溫吉堂先生	3/4
邱榮賢先生	4/4
顧福身先生	4/4
江俊德先生	3/4
余玉堂先生	3/4

董事已於每次董事會會議前收到會議的決策議程及會議記錄之詳情。

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。

本公司已就針對其董事之相關法律行動，安排適當之保險保障。

## 企業管治報告

### 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）、江俊德先生及余玉堂先生。

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二零一六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二零一六年十二月三十一日止年度之經審核財務報表。

審核委員會已向董事會建議，於本公司應屆股東週年大會上提名執業會計師德勤•關黃陳方會計師行續任為本公司之核數師。

### 會議次數及出席率

於二零一六年年度，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
江俊德先生	2/3
余玉堂先生	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。

## 企業管治報告

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，成員包括兩位獨立非執行董事，分別為顧福身先生（擔任主席）及江俊德先生，以及一位執行董事，即陳向榮先生。

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。

年內及本報告日期前，董事概無任何變動。提名委員會認為現有董事會規模足以應付現時運作。此外，提名委員會已審閱及確信所有獨立非執行董事之獨立性。

根據章程細則，三分之一董事將於本公司應屆股東週年大會上退任。根據章程細則第87(1)條，朱志洋先生、溫吉堂先生及顧福身先生將於本公司應屆股東週年大會輪值告退，惟合資格並願意膺選連任。

### 會議次數及出席紀錄

提名委員會於截至二零一六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
江俊德先生	1/1
陳向榮先生	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，目的是為本公司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本公司董事（「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。

## 企業管治報告

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。

### 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，成員包括兩位獨立非執行董事，分別為顧福身先生（擔任主席）及江俊德先生，以及一位執行董事，即陳向榮先生。

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

薪酬委員會於截至二零一六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
江俊德先生	1/1
陳向榮先生	1/1

## 企業管治報告

### 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底薪。此外，每名執行董事亦有權收取董事酌情發放之花紅，惟不可超逾本集團於有關財政年度之經審核綜合純利之2%。此金額須由薪酬委員會批准。有關董事薪酬詳情載於綜合財務報表附註8。

本公司於二零一六年六月二日採納一項購股權計劃，並於10年期間內有效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二零一六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	2

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財務報註釋8(a)及8(b)。

### 其他董事委員會

於本年度，一獨立董事委員會（成員包括所有三位獨立非執行董事）已就須予披露交易涉及成立合營企業而成立。此等須予披露交易之詳情載於本公司於二零一六年四月七日所刊發之公告。

## 企業管治報告

舉行了一次委員會會議，委員會成員均有出席。

### 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。

### 章程細則

於回顧年度內，本公司之章程細則並無任何變動。

### 核數師酬金

於回顧年度內，支付予／應付予本公司核數師德勤•關黃陳方會計師行之酬金載列如下：

向本集團提供的服務	已付／應付費用 千港元
核數服務	2,180
非核數服務	446

### 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《上市規則》附錄十四之《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《上市規則》附錄十四之《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；董事會下轄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。

## 企業管治報告

### 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復核工作範圍，並根據公司實際情況開展內部控制復核工作。

### 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。

二零一六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、董事會批准後實施。

### 風險管理和內部監控長效機制形成

二零一六年，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。



## 企業管治報告

《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，併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下設的審核委員會。

二零一六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《香港聯合交易所有限公司證券上市規則》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。

## 企業管治報告

### 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。編製截至二零一六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。

## 企業管治報告

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。

本公司於二零一六年六月二日舉行股東週年大會（「二零一六年股東週年大會」）。召開二零一六年股東週年大會之通告乃載於日期為二零一六年四月二十九日之通函，並連同二零一五年年報一併寄發予股東。董事會主席因出差而無法參加二零一六年股東週年大會。執行董事陳向榮先生出席及主持二零一六年股東週年大會。董事委員會主席未能出席二零一六年股東週年大會，並已委任陳向榮先生解答股東提問。其他董事因各人之其他事務未能出席二零一六年股東週年大會。

主席於二零一六年股東週年大會上就進行投票表決之程序作出詳盡解釋。於二零一六年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聯交所及本公司網站公佈。沒有其他股東大會於本年度內舉行。

本公司應屆股東週年大會將於二零一七年六月一日舉行（「二零一七年股東週年大會」）。召開二零一七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聯交所及本公司網站，並且連同二零一六年年報寄發予股東。

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](http://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

## 企業管治報告

### 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。

## 企業管治報告

### 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。

本公司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](http://www.goodfriend.hk)。

### 核數師聲明

本公司之核數師於本集團截至二零一六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，二零一七年三月三十日

# 環境、社會及管治報告

為符合香港聯合交易所有限公司二零一五年十二月頒佈的《環境、社會及管治報告指引》所載的規定，友佳國際控股有限公司（「本公司」或「我們」，連同其附屬公司統稱「集團」）謹此呈報二零一六年一月一日至二零一六年十二月三十一日的年度環境、社會及管治報告（「環境、社會及管治報告」）。

本公司董事會負責我們的環境、社會及管治策略及報告，包括評估及確定環境、社會及管治相關風險，並確保已設有適當及有效的環境、社會及管治風險管理及內部監控系統。我們已委任我們的業務職能部門通過檢討本集團的營運以及舉行內部討論，以識別相關環境、社會及管治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。管理層已對環境、社會及管治風險管理及內部監控系統的有效性向董事會作出確認。根據環境、社會及管治指引的一般披露規定，有關已識別的重大環境、社會及管治事宜已載入本環境、社會及管治報告，旨在以平衡的原則披露本集團營運中的環境、社會及管治的表現。

## 1. 利益相關方管理

本公司跟據自身業務和運營的特點，將主要利益相關方確定為股東與投資者、政府、客戶、供應商、員工和環境。

### 股東與投資者

- 規範公司治理，保證企業合法合規
- 制定信息披露機制，確保信息披露真實、準確、及時和完整

### 政府

- 落實政府管理要求，依法納稅並誠實經營
- 貫徹國家經濟政策，在公平競爭的環境下，促進行業健康發展

### 客戶

- 完善質量管理體系，保證產品質量
- 為客戶提供優質服務，使客戶滿意度得到保證

## 環境、社會及管治報告

### 2. 保護環境

#### 建立環保體系

杭州友佳精密機械有限公司和杭州友華精密機械有限公司通過了ISO14001環境管理體系認證的企業，每年定期組織開展企業環境內部審查和外部審查活動，確保環境管理體系的可控性、長效性。

本公司在二零一六年全年無環境污染事故發生、無違法事件發生，無周邊居民投訴發生。我們一直恪守守法經營之道，嚴格執行經營所在地最新的環境法律法規標準，迄今為止共收集了適用的國家和地方關於水、大氣、廢棄物、雜訊、能源資源方面等環境法律法規標準共153項，並嚴格按照法規標準執行作業，同時對各項法律法規做有環境遵守評價，確保公司所有活動合法化。

本公司不斷優化環境、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。

#### 致力節能減排

本公司高度重視節約資源和保護環境，通過日常節約水電，減少溫室氣體排放，應對氣候變化。

本公司頒佈了《二零一六年環境目標》，全面管理和推進節能降耗工作。

#### 降低能源使用

在管理層面，本公司達成廠房場地利用率100%的環境目標；整個集團通過節能減排方面的宣傳教育，提高員工節能意識；在生產層面，達成有害廢棄物回收率100%的環境目標；在運營層面，我們通過更換LED燈管的方式，來降低能耗的使用。

## 環境、社會及管治報告

### 減少污染排放

本公司致力於減少污染排放，降低對生態環境的破壞和影響。

### 廢水處理

在生產中，我們實行多項廢水處理設施處理。生活廢水主要來源於辦公衛生間及廚房排水，主要為氨氮和懸浮物，非有毒、有害物質和特殊物質排放。對於食堂廚房產生的含油廢水，經清洗池濾網過濾掉固體雜物後，排入市政污水管網。我們禁止使用含磷的洗滌用品。

### 廢氣處理

本公司在生產過程中廢氣主要污染物為粉塵顆粒物及有機物VOCs（苯類物）。為了改善工作環境及減輕對周圍環境的影響，我們根據環保項目要求，為保護環境，防止氣體污染，在杭州友佳精密機械有限公司領導的重視下，建造了廢氣處理工程，經處理後的廢氣已達到《大氣污染物綜合排放標準》（GB16297-1996）排放標準。

### 廢棄物處理

本公司頒佈了《廢棄物排放管理規定》，對生產和經營活動中所產生的廢棄物的處理過程進行規定。並按照《國家危險廢物名錄》對廢棄物進行分類辨識，分級別處理。對於廢油類危險廢棄物，本公司聘請具有資質的第三方專業處理機構對固體廢棄物進行處理。

### 雜訊處理

本公司主要雜訊源包括空壓機、龍門銑床、臥式鏜床和行車等動力設備。在設備周圍加蓋防噪罩，建設吸音牆等措施來控制雜訊，降低對周邊社區環境的雜訊影響程度。



## 環境、社會及管治報告

### 3. 人員管理

本公司堅持平等僱傭，在員工聘用、職位竟升、職業發展、合同終止等方面，禁止任何種族、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方面的歧視。本公司嚴格遵循人權、勞工國際公約及運營所在地的勞動僱傭法規及相關政策，迄今為止共收集了適用的法律法規標準共40項，並制訂了勞動合同管理、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。

本公司杜絕僱傭童工，也禁止任何形式的強迫勞工發生。本公司禁止任何形式的騷擾、體罰、精神壓迫或是語言辱罵。我們同時也尊重所有員工的自由加入協會、工會的權利。

本公司在二零一六年未有僱傭童工事件、強迫勞工及歧視的行為發生。

#### 平等僱傭

本公司堅決維護女職工的職業發展權利，規定女職工享有與男職工同等的升職、晉級、專業技術和崗位技能培訓權利。我們在組織職工外出進修、業務學習、崗位培訓、出國考察、掛職鍛鍊時均要求有一定比例的女職工參加。我們依法建立工會女職工委員會，由女職工委員會參與涉及女職工權益保護的規章制度的審議和制訂，最大限度地保障女職工的合法權益和特殊利益，並與公司簽訂《女職工權益保護專項勞動合同》。

#### 職業安全

本公司一直視我們的員工為最寶貴的資產，致力為員工打造健康安全的工作場所。制訂了品質環境手冊，對工作環境進行了要求。二零一六年安全生產事故死亡人數零人，重大生產安全事故零次。

## 環境、社會及管治報告

本公司致力為員工打造舒適、健康的工作與生活環境，促進員工身心健康。本公司嚴格遵守《勞動法》、《職業病防治法》和地方職業病防治法規，不斷完善員工健康管理，制定了《職業安全健康教育制度》。

本公司建立各項安全管理規章制度，提升公司安全管理水平，最大限度地保障員工的生產安全。

### 薪酬激勵

本公司嚴格按照國家的社會保障政策，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。本公司致力於完善薪酬激勵制度，在《員工管理規則》中將員工的能力、表現與崗位績效結合，建立公平的有吸引力的職業發展通道。

### 職業發展

本公司積極關注員工的職業發展，建立健全員工培訓體系，為員工提供更廣闊的職業發展平台。本公司根據制定的教育訓練管理程序有針對性地開展營銷、品質、研發、專業技能、安全、管理等各項培訓，逐步提高員工技能及素質，滿足員工不同階段的職業需求，夯實職業發展通道，努力實現開拓企業與員工共同成長。針對不同工種，本公司開展了各項生產技能比賽（叉車比武、加工技術和機床安裝調試三個個工種），讓所有員工可以加入，通過這些比賽，檢查員工的作業能力，激發大家的工作興趣，進一步促進了員工的整體水平提高，展示和提高員工個人作業能力，並獎勵表現傑出的員工。

## 環境、社會及管治報告

### 關愛員工

本公司致力為員工打造健康、舒適的工作及生活環境。本公司建立員工食堂，努力為員工提供均衡的膳食營養，同時從就餐環境、服務模式、消費需求等方面不斷提升食堂管理，更好地提高員工就餐體驗。本公司在集團總部及大多數企業都建立了員工活動室，並定期舉行職工運動會、親子活動和三八女工旅遊等文體活動，幫助員工增強身體體質，緩解工作壓力，平衡工作與生活，提高員工的歸屬感，積極營造快樂、開放、健康、友善、和諧的工作生活氛圍。

為讓每位同仁能幸福祥和歡度春節，工會在進行徹底調查後，本公司有四位同仁因個人（家人）重疾或家庭發生意外致生活困難，二零一六年二月七日公司領導對在蕭山廠區的同仁進行了慰問，為他們送上了慰問金，辦事處同仁由辦事處主管代為辦理。希望他們能通過個人的努力並在公司的幫助下儘快走出困境。

### 4. 供應鏈管理

本公司始終堅持合作共贏的理念，致力於建立一個與供應商共同成長、互信互惠的協同發展機制，共同打造一個安全可靠的綠色供應鏈。本公司致力於與供應商建立戰略合作夥伴，共同進步，共同發展，形成行業內強有力的競爭優勢。

#### 供應商行為準則

本公司致力於推行誠信的商業行為準則，積極履行社會責任。本公司推行《供應商管理程序》，對我們的供應商從遵紀守法，誠信經營，健康安全，保護環境和商業道德等方面提出要求，要求供應商必須遵循經營所在地的法律法規，並與供應商就以上方面簽訂《廠商承諾書》。

## 環境、社會及管治報告

### 供應商評估

本公司執行嚴格公正的供應商準入程序和評估機制，通過準入審核和年度常規審核，督促供應商致力於保證產品質量安全，不斷提高供應鏈管理水平。本公司鼓勵我們的供應商通過ISO90001質量保證體系認證；為保證產品質量，我們亦可隨時對供應商進行現場產品質量抽查。

### 產品質量保證體系

本公司通過了ISO90001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、製程檢驗管理、成品檢驗管理和不合格控制管理程序開展質量管理自查工作，並組織開展質量內審工作。本公司與中國計量學院合作，完善供應商質量管理機制，實現產品質量提升。

### 客戶服務

本公司致力於為客戶提供高效優質的產品及服務。為保障客戶的隱私，本公司根據銷售人員的職責對客戶文檔訪問權限進行設置，最大限度地保障我們客戶的隱私。積極有效地處理客戶退/換機要求，提供高品質的產品及服務。

### 科技責任

本公司身為主要專利擁有者與全球其它專利擁有者之商業夥伴，承諾投資於研發與創新，積極保護集團全球的創新技術與知識產權。公司建立了《專利管理制度》，對於專利研發和保護流程進行描述。

### 反貪污

本公司為了營造積極健康的經營環境，確保公司良性發展，本公司建立了《反貪污受賄管理辦法》，我們對於不道德事件檢舉渠道描述（如信箱、郵箱等）進行公佈。截至二零一六年十二月三十一日，我們未有貪污、賄賂、勒索、欺詐及洗黑錢的行為發生，也未有上述事項引起的訴訟案件發生。

## 環境、社會及管治報告

### 5. 社會貢獻

#### 人才培養基地

本公司通過與杭州職業技術學院校企一體化合作，建立了友嘉機電學院。學院是浙江省重點的先進製造業人才培養基地，大力推進基於校企共同體的能力遞進人才培養模式改革，建成了核心競爭力強的製造類專業群，所屬各專業均成為省市重點及特色專業。公司通過「企業主體、學校主導」的校企合作實施路徑，優化了學院基於企業崗位實際需要的項目化課程體系。杭州友佳精密機械有限公司每年為在校的第五學期下廠實踐學生提供實習機會，同時還與蕭山區技師學院建立長期校企合作關係，安排學生下廠一年的實習。

#### 熱心社區活動

本公司熱心社區活動，為切實做好迎接二零一六年杭州市的「G20」志願服務工作，大力弘揚志願服務精神。組織員工積極配合共青團蕭山區委、區志願者工作指導中心，推進志願服務「微笑亭」建設，推助志願服務長效化發展。作為蕭山開發區的一員，公司推助城市文明創建，展現開發區形象，體現開發區氣質，提高公眾滿意度。

#### 致力慈善捐贈

本公司主動承擔社會義務，按屬地政府的要求，每年完成獻血任務。二零一六年八月六日，公司組織42位員工參加了開發區管委會組織的義務獻血。

本公司在二零一六年二月六日台灣南部發生強烈地震時，本著「兩岸一家親和一方有難、八方支援」的精神。為了幫助受災同胞戰勝災害，彰顯企業的社會責任感，為台灣同胞組織了獻愛心募捐活動。

## 獨立核數師報告

**Deloitte.**  
**德勤**

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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)

### 意見

吾等已審核載於第61至137頁的友佳國際控股有限公司(「貴公司」)及其附屬公司(統稱「貴集團」)的綜合財務報表,此等綜合財務報表包括於二零一六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 貴集團於二零一六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。

## 獨立核數師報告

## 關鍵審核事項 (續)

## 關鍵審核事項

## 貿易應收賬款減值評估

吾等將貿易應收賬款減值評估識別為關鍵審核事項，原因是 貴集團的貿易應收賬款在 貴集團綜合財務報表中的重要性，加之涉及管理層判斷。

誠如綜合財務報表附註20所披露，於二零一六年十二月三十一日，貿易應收賬款賬面值為約人民幣451,000,000元（扣除減值撥備人民幣34,000,000元），佔 貴集團資產總值約25.2%。誠如綜合財務報表附註4.1(b)所披露，於出現事件或情況改變顯示可能無法收回結餘時，須對應收賬款計提撥備，而確認應收賬款減值時須使用管理層估算。

## 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減值評估的程序包括：

- 根據香港會計準則第39號「金融工具：確認及計量」的規定評估管理層對貿易應收賬款減值評估的合適性；
- 了解管理層對貿易應收賬款減值評估的控制，包括但不限於管理層對貿易應收賬款信用評級的定期評估以及其對逾期債項的行動計劃；
- 檢查 貴公司財務部門編製的貿易應收賬款賬齡報告，並參考賬齡報告評估 貴集團的貿易應收賬款撥備的合理性，過往違約歷史及貿易債項的後續償還情況；及
- 依據上文取得的資料評估呆賬減值撥備的充足性。

## 獨立核數師報告

### 關鍵審核事項 (續)

#### 關鍵審核事項

##### 存貨減值評估

吾等將存貨減值評估識別為關鍵審核事項，原因是 貴集團的存貨在 貴集團綜合財務報表中的重要性，加之涉及管理層判斷。

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鋼鐵價格波動不可預測，存貨面臨賬面值超過可變現淨值的風險。誠如綜合財務報表附註21所披露，於二零一六年十二月三十一日，存貨賬面值為約人民幣203,000,000元（扣除存貨撥備人民幣27,000,000元），佔 貴集團資產總值約11.3%。誠如綜合財務報表附註4.1(d)所披露，在評估可變現淨值及就存貨作出恰當撥備時，管理層利用其判斷確定滯銷或陳舊存貨，並考慮存貨的實質狀況、賬齡、市況及類似項目的市場價格。

#### 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：

- 根據香港會計準則第2號「存貨」的規定評估管理層對存貨減值評估的合適性；
- 了解管理層對存貨減值評估的控制；
- 參與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/ 或生產紀錄核對 貴公司財務部門編製的存貨賬齡報告；
- 依據賬齡報告及存貨後續變動評估減值撥備的合理性；
- 將存貨現時賬面值與最近售價進行抽樣對比；及
- 依據上文取得的資料評估存貨減值撥備的充足性。



## 獨立核數師報告

### 其他資料

貴公司之董事負責編製其他資料。其他資料包括年報所載之資料，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，吾等亦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，吾等之責任是閱讀上文所識別之其他資料，從而考慮其他資料是否與綜合財務報表或吾等在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，吾等須報告此一事實。吾等就此並無須報告事項。

### 董事及治理層就綜合財務報表須承擔的責任

貴公司董事須負責根據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不存在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。

治理層須負責監督 貴集團的財務報告流程。

## 獨立核數師報告

### 核數師就審核綜合財務報表須承擔的責任

吾等的目標，是對整體綜合財務報表是否不存在由於欺詐或錯誤而導致的重大錯誤陳述取得合理保證，並根據委聘之協定條款僅向閣下（作為整體）出具包括吾等意見的核數師報告，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。合理保證是高水平的保證，但不能保證按照香港核數準則進行的審核在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，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，是運用專業判斷，在整個審核過程中抱持職業懷疑態度。吾等亦：

- 識別和評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險，設計及執行審核程序以應對該等風險，以及取得充足和適當的審核憑證，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的重大錯誤陳述的風險高於因錯誤而導致的重大錯誤陳述的風險。
- 了解與審核相關的內部控制，以設計適當的審核程序，但目的並非對貴集團內部控制的效能發表意見。
- 評價董事所採用會計政策的恰當性及所作出會計估計和相關披露資料的合理性。
- 對董事採用持續經營會計基礎的恰當性作出結論。根據所得的審核憑證，決定是否存在與事件或情況有關的重大不確定性，而可能對貴集團持續經營的能力構成重大疑慮。倘吾等認為存在重大不確定性，則有必要在核數師報告中提請使用者對綜合財務報表中的相關披露資料的關注。倘有關的披露資料不足，則修訂吾等的意見。吾等的結論乃基於截至核數師報告日期止所取得的審核憑證。然而，未來事件或情況可能導致貴集團不能繼續持續經營。

## 獨立核數師報告

### 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和事項。
- 就 貴集團中實體或業務活動的財務資料獲取充分及適當的審核證據,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。

吾等與治理層溝通了(其中包括)計劃的審核範圍、時間安排、重大審核發現等事項,包括吾等在審核期間識別出內部控制的任何重大缺陷。

吾等亦向治理層提交聲明,說明吾等已符合有關獨立性的相關職業道德要求,並與彼等溝通所有可能合理地被認為會影響吾等獨立性的關係及其他事項,以及相關防範措施(倘適用)。

從與治理層溝通的事項中,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。吾等會在核數師報告中描述這些事項,惟法律法規不允許對某件事項作出公開披露,或在極端罕見的情況下,若有合理預期在吾等的報告中溝通某事項而造成的負面後果將會超過其產生的公眾利益,吾等將不會在此等情況下在報告中溝通該事項。

負責此審核項目與簽發獨立核數師報告的項目合夥人為Joseph Wing Ming Chan 先生。

德勤•關黃陳方會計師行  
執業會計師  
香港

二零一七年三月三十日

## 綜合損益及其他全面收益表

	附註	截至十二月三十一日止年度	
		二零一六年 人民幣千元	二零一五年 人民幣千元
收益	5	1,082,336	990,239
收益成本	5	(787,185)	(722,314)
<b>毛利</b>		<b>295,151</b>	267,925
其他收入	6	45,643	39,797
分銷及銷售費用		(122,398)	(122,494)
行政費用		(112,639)	(115,895)
其他營運費用		(1,825)	(4,023)
財務費用	9	(9,897)	(8,734)
分佔合營企業虧損	17	(476)	(1,387)
分佔聯營公司(虧損)溢利	18	(5,909)	101
視作出售可供出售金融資產之收益		-	662
<b>除所得稅前溢利</b>	7	<b>87,650</b>	55,952
所得稅開支	10	(26,901)	(9,855)
<b>本公司權益持有人應佔溢利</b>		<b>60,749</b>	46,097
<b>其他全面收益(虧損)：</b>			
不會重新分類至損益的項目：			
分佔聯營公司其他全面虧損	18	(1,352)	-
其後可能重新分類至損益的項目：			
分佔聯營公司其他全面收益(虧損)	18	5,726	(4,318)
換算海外業務產生之匯兌差額		6,602	157
<b>本公司權益持有人應佔年內全面收益總額</b>		<b>71,725</b>	41,936
<b>本公司權益持有人應佔每股盈利</b> (以每股人民幣元列示)			
—每股基本及攤薄盈利	11	0.15	0.11
股息	12	12,096	24,192

## 綜合財務狀況表

		於十二月三十一日	
		二零一六年	二零一五年
		人民幣千元	人民幣千元
	附註		
<b>非流動資產</b>			
預付租賃款項	13	121,148	35,658
物業、廠房及設備	14	195,332	216,383
無形資產	15	3,431	3,251
於合營企業的投資	17	16,494	16,970
於聯營公司的投資	18	385,655	310,959
遞延所得稅資產	29	21,701	6,310
		<b>743,761</b>	589,531
<b>流動資產</b>			
存貨	21	202,828	250,076
應收賬款、按金及預付款項	20	499,083	449,745
預付租賃款項	13	2,707	940
應收客戶合約工程款項	22	40,692	36,717
應收最終控股公司款項	34	2,110	–
應收同系附屬公司及最終控股公司的聯營公司的款項	34	2,518	1,277
應收合營企業款項	34	922	717
應收聯營公司及聯營公司的附屬公司款項	34	81,629	60,841
限制性銀行存款	23	33,163	172,613
現金及現金等值物	24	177,946	101,583
		<b>1,043,598</b>	1,074,509

## 綜合財務狀況表

	附註	於十二月三十一日	
		二零一六年 人民幣千元	二零一五年 人民幣千元
<b>流動負債</b>			
應付客戶合約工程款項	22	31,682	15,576
應付賬款、其他應付款項及應計費用	26	490,737	447,313
應付最終控股公司款項	34	2,388	160
應付直接控股公司款項	34	619	1,856
應付同系附屬公司及最終控股公司的聯營公司款項	34	5,503	21,664
應付一間聯營公司及一間聯營公司的附屬公司款項	34	7,981	10,389
應付合營企業款項	34	192	317
即期所得稅負債		26,219	7,858
銀行借貸	28	350,772	408,677
保證撥備	27	6,018	5,791
		<b>922,111</b>	919,601
<b>流動資產淨值</b>			
		<b>121,487</b>	154,908
<b>總資產減流動負債</b>			
		<b>865,248</b>	744,439
<b>非流動負債</b>			
遞延收益	30	61,180	-
<b>資產淨值</b>			
		<b>804,068</b>	744,439
<b>資本及儲備</b>			
股本	25	4,022	4,022
股份溢價		82,281	82,281
資本儲備		77,338	77,338
其他儲備		61,248	48,905
保留盈利		579,179	531,893
<b>總權益</b>			
		<b>804,068</b>	744,439

第61至137頁的綜合財務報表已於二零一七年三月三十日獲董事會批准及授權刊發，並由下列董事代表簽署：

朱志洋  
董事

陳向榮  
董事

## 綜合權益變動表

	截至二零一六年十二月三十一日止年度					總計 人民幣千元
	股本 人民幣千元	股份溢價 人民幣千元 (附註a)	資本儲備 人民幣千元 (附註b)	其他儲備 人民幣千元 (附註c)	保留盈利 人民幣千元	
於二零一五年一月一日	4,022	82,281	77,338	53,066	509,988	726,695
年內溢利	-	-	-	-	46,097	46,097
<b>其他全面收益</b>						
分佔聯營公司的其他全面虧損	-	-	-	(4,318)	-	(4,318)
換算海外業務產生之匯兌差額	-	-	-	157	-	157
<b>全面收益總額</b>	-	-	-	(4,161)	46,097	41,936
已確認用於分派的股息	-	-	-	-	(24,192)	(24,192)
於二零一五年十二月三十一日	4,022	82,281	77,338	48,905	531,893	744,439
年內溢利	-	-	-	-	60,749	60,749
<b>其他全面收益</b>						
轉撥至其他儲備	-	-	-	15	(15)	-
分佔聯營公司的其他全面收益(虧損)	-	-	-	5,726	(1,352)	4,374
換算海外業務產生之匯兌差額	-	-	-	6,602	-	6,602
<b>全面收益總額</b>	-	-	-	12,343	59,382	71,725
已確認用於分派的股息	-	-	-	-	(12,096)	(12,096)
於二零一六年十二月三十一日	4,022	82,281	77,338	61,248	579,179	804,068

附註：

**a. 股份溢價**

根據開曼群島法律第22章公司法(一九六一年法律3, 經綜合及修訂)第34(2)條, 本公司可運用股份溢價賬支付股息予股東, 惟除非緊隨擬派付股息之日後本公司能支付其於日常業務過程中到期的債項, 否則概不可從股份溢價賬派付股息予股東。

**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企業擴充儲備。

# 綜合現金流量表

	附註	截至十二月三十一日止年度	
		二零一六年 人民幣千元	二零一五年 人民幣千元
<b>經營活動</b>			
營運所得現金	31	149,050	128,851
已繳所得稅及預扣稅		(23,931)	(34,962)
經營活動所得現金淨額		125,119	93,889
<b>投資活動</b>			
於聯營公司的投資		(85,089)	(289,067)
存入股東貸款		–	(6,037)
購買物業、廠房及設備		(4,741)	(5,818)
購買預付租賃款項		(88,200)	–
出售物業、廠房及設備所得款項	31	109	20
購買無形資產		(1,413)	(2,538)
已收利息		8,201	14,193
提取限制性銀行存款		172,613	134,681
存入限制性銀行存款		(33,163)	(172,613)
已收政府補貼及補助		61,180	–
初步年期超過三個月的定期存款減少		–	98,000
投資活動所得(所用)現金淨額		29,497	(229,179)
<b>融資活動</b>			
銀行借貸所得款項		348,683	1,837,670
償還銀行借貸		(406,588)	(1,831,072)
已付權益持有人股息		(12,096)	(24,192)
已付利息		(9,897)	(8,734)
融資活動所用現金淨額		(79,898)	(26,328)
現金及現金等值物增加(減少)淨額		74,718	(161,618)
年初現金及現金等值物		101,583	262,751
匯率變動之影響		1,645	450
年終現金及現金等值物		177,946	101,583



# 綜合財務報表附註

## 1. 一般事項

友佳國際控股有限公司（「本公司」）及其附屬公司（統稱「本集團」）從事設計及生產電腦數控工具機、立體停車設備及叉車。

本公司於開曼群島註冊成立，其註冊辦事處位於Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands。

本公司之股份自二零零六年一月十一日起在聯交所主板上市。此外，本公司於二零一零年三月十八日在台灣證券交易所（「台灣證券交易所」）發行及上市67,200,000份台灣存託憑證（「台灣存託憑證」），相當於本公司67,200,000股新近發行的股份。友佳實業（香港）有限公司（一間在香港註冊成立的公司）及友嘉實業股份有限公司（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。

除另有說明者外，該等財務報表均以人民幣（「人民幣」）呈報。

## 2. 主要會計政策概要

編製該等綜合財務報表所採用之主要會計政策載於下文。除另有說明者外，該等政策已貫徹應用於所有呈報之年度。

### 2.1 編製基準

本公司綜合財務報表乃按香港財務報告準則（「香港財務報告準則」）編製。綜合財務報表已於各報告期末按歷史成本基準編製，詳情載於下文會計政策內。

歷史成本一般按交換貨品或服務所付代價之公平值計算。

公平值乃指市場參與者之間在計量日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，無論該價格乃直接觀察到的結果，或是採用其他估值技術作出的估計。在對資產或負債的公平值作出估計時，本集團考慮了市場參與者在計量日為該資產或負債進行定價時將會考慮的該資產或負債的特徵。於該等綜合財務報表中計量及／或披露的公平值均按此基準予以釐定，惟香港會計準則第17號－租賃範圍內的租賃交易及與公平值類似但並非公平值的計量（例如香港會計準則第2號－存貨中的可變現淨值或香港會計準則第36號－資產減值）除外。

## 綜合財務報表附註

### 2. 主要會計政策概要 (續)

#### 2.1 編製基準 (續)

此外，就財務報告而言，公平值計量根據公平值計量的輸入數據可觀察程度及輸入數據對公平值計量的整體重要性分類為第1級、第2級或第3級，載述如下：

- 第1級輸入數據是實體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級輸入數據是就資產或負債直接或間接地可觀察的輸入數據（第1級內包括的報價除外）；及
- 第3級輸入數據是資產或負債的不可觀察輸入數據。

綜合財務報表包括聯交所證券上市規則及香港公司條例所規定之適用披露。

編製與香港財務報告準則貫徹一致之財務報表需要使用若干關鍵會計估計，同時亦需要管理層在應用本集團會計政策時作出判斷。涉及較高程度判斷或複雜程度的範圍，或對綜合財務報表屬重大之假設及估計範圍於附註4披露。

#### 2.1.1 會計政策之變動及披露

##### (a) 採納之新訂及經修訂之香港財務報告準則：

本集團已於二零一六年一月一日或之後開始的財政年度首次採納下列由香港會計師公會（「香港會計師公會」）頒佈之香港財務報告準則之修訂本：

香港財務報告準則第11號（修訂本）	收購合營業務權益的會計方法
香港會計準則第1號（修訂本）	披露計劃
香港會計準則第16號及 香港會計準則第38號（修訂本）	澄清折舊及攤銷的可接受方法
香港財務報告準則（修訂本）	香港財務報告準則二零一二年至二零一四年週期之年度改進
香港會計準則第16號及 香港會計準則第41號（修訂本）	農業：生產性植物
香港財務報告準則第10號、 香港財務報告準則第12號及 香港會計準則第28號（修訂本）	投資實體：應用綜合入賬之例外情況

於本年度採納上述香港財務報告準則之修訂本對本集團本年度及過往年度之財務表現及狀況及／或該等綜合財務報表所載之披露並無重大影響。

## 綜合財務報表附註

## 2. 主要會計政策概要 (續)

## 2.1 編製基準 (續)

## 2.1.1 會計政策之變動及披露 (續)

(b) 已頒佈但尚未生效之新訂及經修訂之香港財務報告準則：

下列新訂及經修訂香港財務報告準則已頒佈但尚未生效且本集團並未提早採納：

香港財務報告準則第9號	金融工具 <sup>1</sup>
香港財務報告準則第15號	來自客戶合約的收益及相關修訂 <sup>1</sup>
香港財務報告準則第16號	租賃 <sup>2</sup>
香港財務報告準則第2號(修訂本)	以股份為基礎之付款交易的分類及計量 <sup>1</sup>
香港財務報告準則第4號(修訂本)	於應用香港財務報告準則第4號保險合約時 一併應用香港財務報告準則第9號金融工具 <sup>1</sup>
香港財務報告準則第10號及 香港會計準則第28號(修訂本)	投資者與其聯營公司或合營企業之間的資產出售或注資 <sup>3</sup>
香港會計準則第7號(修訂本)	披露計劃 <sup>4</sup>
香港會計準則第12號(修訂本)	就未變現虧損確認遞延稅項資產 <sup>4</sup>
香港財務報告準則(修訂本)	香港財務報告準則二零一四年至二零一六年週期之年度改進 <sup>5</sup>

<sup>1</sup> 於二零一八年一月一日或之後開始的年度期間生效

<sup>2</sup> 於二零一九年一月一日或之後開始的年度期間生效

<sup>3</sup> 於將予釐定的日期或之後開始的年度期間生效

<sup>4</sup> 於二零一七年一月一日或之後開始的年度期間生效

<sup>5</sup> 於二零一七年一月一日或二零一八年一月一日(按適用者)或之後開始的年度期間生效

## 綜合財務報表附註

### 2. 主要會計政策概要 (續)

#### 2.1 編製基準 (續)

##### 2.1.1 會計政策之變動及披露 (續)

(b) 已頒佈但尚未生效之新訂及經修訂之香港財務報告準則：(續)

香港財務報告準則第9號金融工具

香港財務報告準則第9號引入了有關金融資產、金融負債、一般對沖會計法的分類和計量新要求及金融資產的減值要求。

香港財務報告準則第9號之主要規定載述如下：

- 所有屬香港會計準則第39號金融工具：確認及計量範圍內之已確認金融資產其後均須按攤銷成本或公平值計量。具體而言，目的是收取合約現金流量之業務模式內持有之債務投資，及合約現金流量僅為償還本金及尚未償還本金利息之債務投資，一般於其後會計期間結算日按攤銷成本計量。於目的為同時收回合約現金流量及出售金融資產之業務模式中持有之債務工具，以及金融資產的合約條款令於特定日期產生之現金流量純粹為支付本金及尚未償還本金之利息的債務工具，按公平值計入其他全面收益計量。所有其他債務投資及權益投資均於其後會計期間結算日按公平值計量。此外，根據香港財務報告準則第9號，實體可作出不可撤回之選擇，以於其他全面收益呈列權益投資（並非持作買賣者）公平值之其後變動，只有股息收入一般於損益確認。
- 就指定為按公平值計入損益之金融負債之計量而言，香港財務報告準則第9號規定該金融負債之信貸風險變動以致該負債公平值變動之金額於其他全面收益內呈列，除非於其他全面收益中確認該負債信貸風險變動影響會導致或擴大損益上之會計錯配。金融負債之信貸風險變動引致之金融負債公平值變動其後不會重新分類至損益。根據香港會計準則第39號，指定為按公平值計入損益之金融負債之整筆公平值變動金額於損益呈列。

## 綜合財務報表附註

## 2. 主要會計政策概要 (續)

## 2.1 編製基準 (續)

## 2.1.1 會計政策之變動及披露 (續)

(b) 已頒佈但尚未生效之新訂及經修訂之香港財務報告準則：(續)

## 香港財務報告準則第9號金融工具 (續)

- 關於金融資產減值，香港財務報告準則第9號規定按預期信貸虧損模式計算，而非根據香港會計準則第39號按已發生的信貸虧損模式計算。預期信貸虧損模式規定實體於各報告日期將預期信貸虧損及該等預期信貸虧損之變動入賬，以反映信貸風險自初始確認以來之變動。換言之，毋須再待發生信貸事件方確認信貸虧損。
- 新一般對沖會計法規定保留三類對沖會計法。然而，可作對沖會計之交易類別引入更大靈活性，尤其是擴闊合資格作為對沖工具之工具類別及可作對沖會計之非金融項目之風險部分之類別。此外，效用測試已獲重整及取代「經濟關係」原則，且毋須追溯評估對沖效用，亦已引入有關實體風險管理活動之加強披露規定。

本公司董事預計，應用香港財務報告準則第9號將不會對本集團之綜合財務報表有任何重大影響。

## 香港財務報告準則第15號來自客戶合約的收益

香港財務報告準則第15號已頒佈並建立了一個單一的綜合模型，供實體用作將自客戶合約所產生的收益入賬。當香港財務報告準則第15號生效時，將取代現時沿用的收益確認指引，包括香港會計準則第18號收益，香港會計準則第11號建築合同及相關的詮釋。

香港財務報告準則第15號的核心原則乃一個實體應確認收益以體現向客戶轉讓承諾貨品或服務的數額，並反映實體預期交換該等貨品或服務而應得的代價。具體來說，該準則引入了五步法來確認收益：

- 第一步：確定與一個客戶的合約
- 第二步：確定合約內的履約義務

## 綜合財務報表附註

### 2. 主要會計政策概要 (續)

#### 2.1 編製基準 (續)

##### 2.1.1 會計政策之變動及披露 (續)

(b) 已頒佈但尚未生效之新訂及經修訂之香港財務報告準則：(續)

香港財務報告準則第15號來自客戶合約的收益 (續)

- 第三步：釐定交易價格
- 第四步：將交易價格分攤至合約內的履約義務
- 第五步：當實體達成履約義務時確認收益

根據香港財務報告準則第15號，當一個實體達成履約義務時（即當貨品或服務按特定的履約義務轉移並由客戶「控制」時）確認收益。更為規範的指引已加入香港財務報告準則第15號內以處理特別的情況。此外，香港財務報告準則第15號亦要求較廣泛的披露。

於二零一六年，香港會計師公會發表香港財務報告準則第15號之澄清，內容有關對履約義務的識別、主事人與代理人代價以及牌照申請指引。

本公司董事仍在評估採納香港財務報告準則第15號之財務影響。

香港財務報告準則第16號租賃

香港財務報告準則第16號引進全面模式，以為出租人及承租人識別租賃安排及會計處理方法。香港財務報告準則第16號生效後，將取代現時沿用的租賃指引，包括香港會計準則第17號租賃及相關詮釋。

香港財務報告準則第16號以資產是否由客戶控制為基礎區分租賃和服務合同。承租人會計處理取消了經營租賃（表外業務）和融資租賃（表內業務）的區分，並由同一個模式取代，在該模式下，除短期租賃和低值資產的租賃外，承租人對所有租賃均需在資產負債表中確認使用權資產及相關的負債。

## 綜合財務報表附註

## 2. 主要會計政策概要 (續)

## 2.1 編製基準 (續)

## 2.1.1 會計政策之變動及披露 (續)

## (b) 已頒佈但尚未生效之新訂及經修訂之香港財務報告準則：(續)

## 香港財務報告準則第16號租賃 (續)

使用權資產初步按成本計量，其後按成本（若干例外情況除外）減累計折舊及減值虧損計量，並就任何重新計量的租賃負債作出調整。租賃負債初步按租賃付款（非當日支付）的現值計量。隨後，租賃負債就（其中包括）利息及租賃付款以及租賃修訂的影響作出調整。此外，由於香港會計準則第17號項下之經營租賃付款呈列為經營現金流量，故現金流量的分類亦將受到影響；而根據香港財務報告準則第16號模式的規定，租賃付款將分為本金及利息部分，並將分別呈列為融資及經營現金流量。

根據香港會計準則第17號，本集團已就本集團為承租人所作的融資租賃安排確認一項資產及一項相關融資租賃負債，並就租賃土地確認預付租賃款項。應用香港財務報告準則第16號或會導致該等資產分類出現潛在變動，惟視乎本集團是否將資產使用權單獨呈列或於同一項目呈列而定，若擁有相關資產，則將呈列相應相關資產。

相對承租人會計處理而言，香港財務報告準則第16號大致轉承香港會計準則第17號的出租人會計法規定，並繼續規定出租人將租賃分類為經營租賃或融資租賃。

此外，香港財務報告準則第16號要求更為廣泛的披露。

於二零一六年十二月三十一日，本集團擁有人民幣9,298,000元的不可撤銷經營租賃承擔。香港會計準則第17號並無要求就此等租賃之未來付款確認任何使用權資產或負債；相反，若干資料於附註33披露為經營租賃承擔。初步評估顯示該等安排將符合香港財務報告準則第16號項下租賃的定義，因此本集團將會就所有該等租賃確認使用權資產及相應負債，除非於應用香港財務報告準則第16號時該等租賃符合低價值或短期租賃則除外。確認使用權資產及相關租賃負債的新規定預期將對於本集團綜合財務報表中確認的金額造成重大影響，本公司董事目前正在評估其潛在影響。於董事完成審閱前，提供財務影響的合理估計並不切實可行。

## 綜合財務報表附註

### 2. 主要會計政策概要 (續)

#### 2.2 附屬公司

##### 2.2.1 合併基準

附屬公司指本集團對其擁有控制權之實體(包括結構性實體)。本集團對某實體擁有控制權,是指本集團透過參與該實體之業務而對該實體之可變回報承擔風險或享有權利,及能夠運用其對該實體之權力影響該等回報。附屬公司自其控制權轉移予本集團之日起綜合入賬,並於控制權終止之日停止綜合入賬。

##### 業務合併

本集團採用收購法為業務合併列賬。收購一間附屬公司的轉讓代價為所轉讓資產、對被收購方前擁有人所承擔的負債及本集團所發行股權的公平值。所轉讓代價包括或然代價安排產生的任何資產或負債的公平值。於業務合併時所收購的可識別資產及所承擔的負債及或然負債,初步按收購日期的公平值計量。本集團按逐項收購基準,以公平值或按非控股權益所佔被收購方可識別資產淨值已確認數額的比例,確認於被收購方之任何非控股權益。

收購相關成本於產生時列為開支。

倘分階段進行業務合併,收購方先前持有之被收購方股權於收購日期的賬面值按收購日期的公平值重新計量;因重新計量而產生的任何盈虧於損益確認。

本集團所轉讓之任何或然代價將按收購日期的公平值確認。被視為一項資產或負債之或然代價公平值其後之變動,按照香港會計準則第39號規定,於損益確認或確認為其他全面收益變動。分類為權益之或然代價毋須重新計量,而其後結算於權益入賬。

所轉讓代價、於被收購方之任何非控股權益金額及任何先前於被收購方之股權於收購日期之公平值超過所收購可識別資產淨值之公平值之差額入賬列作商譽。倘在議價購入的情況下,所轉讓代價、已確認非控股權益及之前所持權益總額低於所收購附屬公司資產淨值之公平值,則該差額會直接於綜合損益及其他全面收益表內確認。

集團內公司間交易、集團公司間因交易產生之結餘及未變現收益均予以抵銷。未變現虧損亦會抵銷。附屬公司之呈報金額已作必要調整,以符合本集團之會計政策。



## 綜合財務報表附註

## 2. 主要會計政策概要 (續)

### 2.2 附屬公司 (續)

#### 2.2.2 獨立財務報表

附屬公司投資按成本扣除減值列賬。成本亦包括投資的直接歸屬成本。附屬公司的業績由本公司按股息及應收款項入賬。

倘於附屬公司之投資產生之股息超過附屬公司於宣派股息期間之全面收益總額或倘該項投資於獨立財務報表內之賬面值超過被投資方資產淨值(包括商譽)於綜合財務報表內之賬面值,則於收取該等投資之股息時須對該等投資進行減值測試。

### 2.3 聯營公司

聯營公司乃指本集團對其有重大影響力但非控制權之實體,一般持有其20%至50%投票權之股權。於聯營公司之投資以權益會計法入賬。根據權益會計法,有關投資初步按成本確認,並會增減賬面值以確認投資者在收購日期後佔被投資方損益之比例。本集團於聯營公司之投資包括購入時確立之商譽。

倘對聯營公司之擁有權權益減少但仍保留重大影響力,則只有先前已於其他全面收益內確認之按比例分佔金額,才會於適當情況下重新分類為損益。

本集團應佔收購後之溢利或虧損於綜合損益及其他全面收益表內確認,及其應佔收購後之其他全面收益變動於其他全面收益內確認,並對投資賬面值作出相應調整。倘本集團應佔一間聯營公司之虧損等同或超過其於該聯營公司之權益(包括任何其他無抵押應收款項),本集團不會確認進一步虧損,除非其有法定或推定責任或已替該聯營公司付款。

本集團於各報告日期釐定是否有任何客觀證據顯示於聯營公司之投資出現減值。倘出現該情況,本集團會按聯營公司之可收回金額與其賬面值之差額計算減值金額,並確認該金額為於聯營公司之投資的賬面值之一部分。

## 綜合財務報表附註

### 2. 主要會計政策概要 (續)

#### 2.3 聯營公司 (續)

本集團與其聯營公司之間的上游和下游交易所產生之溢利及虧損於本集團財務報表內確認，惟僅以非相關投資者所持聯營公司的權益為限。除非有關交易有證據顯示所轉讓資產已減值，否則未變現虧損將予以抵銷。聯營公司之會計政策已於必要時作改動，以確保與本集團所採用之政策一致。

於聯營公司之股權攤薄盈虧於綜合損益及其他全面收益表內確認。

#### 2.4 合營安排

於合營安排的投資視乎各投資者的合約權益及責任分類為共同經營或合營企業。本集團已評估其共同安排的性質，並將其釐定為合營企業。合營企業採用權益法入賬。

根據權益會計法，於合營企業的權益初步按成本確認，並隨後作出調整以確認本集團應佔收購後溢利或虧損及其他全面收益變動。倘本集團應佔合營企業虧損等於或超過其於該等合營企業的權益（包括實質上構成本集團於該等合營企業投資淨值一部分的任何長期權益），本集團不會確認進一步虧損，除非本集團代表該等合營企業承擔責任或支付款項。

本集團與其合營企業交易的未變現收益會抵銷，惟以本集團所持合營企業權益為限。除非有關交易有證據顯示所轉讓資產已減值，否則未變現虧損亦將予以抵銷。合營企業之會計政策已於必要時作改動，以確保與本集團所採用之政策一致。

香港會計準則第39號獲應用以釐定是否需要確認有關本集團於合營企業之投資的任何減值虧損。於有需要時，投資之全部賬面值（包括商譽）將會根據香港會計準則第36號資產減值作為單一資產進行減值測試，方法為比較其可收回金額（使用價值及公平值減出售成本之較高者）與其賬面值。被確認之任何減值虧損均構成投資賬面值之一部分。該減值虧損之任何撥回根據香港會計準則第36號確認，惟以隨後可收回投資金額增加為限。

#### 2.5 分部報告

經營分部的呈報方式與向主要經營決策者提供的內部報告所採用者一致。主要經營決策者負責分配資源及評核經營分部表現，為作出策略決定的執行董事。

## 綜合財務報表附註

**2. 主要會計政策概要 (續)****2.6 外幣換算****(a) 功能及呈報貨幣**

本集團旗下各實體之財務報表所包括之項目，乃按該實體經營所在主要經濟環境之貨幣（「功能貨幣」）計量。該等綜合財務報表以人民幣呈報，人民幣為本公司功能貨幣及本集團呈報貨幣。

**(b) 交易及結餘**

外幣交易採用交易日期或項目重新計量估值日期之現行匯率換算為功能貨幣。結算該等交易產生之匯兌盈虧以及將外幣計值之貨幣資產及負債按年終匯率換算產生的匯兌盈虧在綜合損益及其他全面收益表內確認。

貨幣項目產生的匯兌差額於產生期間內於損益中確認。

**(c) 集團公司**

功能貨幣有別於呈報貨幣的所有集團實體（全部均非採用嚴重通脹經濟體系的貨幣）的業績及財務狀況按下列方法換算為呈報貨幣：

- (i) 各綜合財務狀況表所呈列之資產及負債均按照各報告期間結束時之匯率換算；
- (ii) 各綜合損益及其他全面收益表內的收入及開支按平均匯率換算（除非該平均匯率並非交易日當時現行匯率累計影響的合理約數，在該情況下收支按交易日期的匯率換算）；及
- (iii) 所產生的所有匯兌差額於其他全面收益內確認。

收購境外實體產生之商譽及公平值調整乃視作境外實體之資產及負債，並按各報告期間結束時之匯率換算。貨幣換算差額於其他全面收益內確認。

## 綜合財務報表附註

### 2. 主要會計政策概要 (續)

#### 2.6 外幣換算 (續)

##### (d) 出售境外業務及部分出售

於出售境外業務 (即本集團於境外業務之全部權益的出售或導致失去對包含境外業務之附屬公司控制權的出售、導致失去對包含境外業務之合營企業共同控制權的出售, 或導致失去對包含境外業務之聯營公司重大影響力的出售) 時, 在權益內與該項業務相關並歸屬於本公司權益持有人之所有累計匯兌差額均重新分類至損益。

倘部分出售不會導致本集團失去對包含境外業務之附屬公司控制權, 則按比例分佔之累計匯兌差額重新歸類為非控股權益及不會於損益確認。就所有其他部分出售 (即本集團於聯營公司或合營企業之所有權益有所下降, 惟不會導致本集團失去重大影響力或共同控制權) 而言, 按比例分佔之累計匯兌差額重新分類至損益。

#### 2.7 預付租賃款項

為土地使用權支付之即時預付款項最初乃於綜合財務狀況表確認為租賃付款及以直線法於土地使用權證期限 (50年) 內於綜合損益及其他全面收益表列支。

#### 2.8 物業、廠房及設備

物業、廠房及設備 (在建工程除外) 按歷史成本減其後累計折舊及減值虧損列賬。歷史成本包括收購該等項目直接應佔之開支。

只有在與項目有關之未來經濟利益很可能流入本集團及項目成本能可靠計量時, 其後成本才會計入資產賬面值或確認為一項獨立資產 (如適當)。已更換部分之賬面值取消確認。所有其他維修及維護則於產生之財政期間內於綜合損益及其他全面收益表內扣除。

物業、廠房及設備項目 (在建工程除外) 乃以直線法按以下年率折舊:

- 樓宇	20年
- 機械及設備	10年
- 辦公及電腦設備	3至5年
- 汽車	4年

## 綜合財務報表附註

**2. 主要會計政策概要 (續)****2.8 物業、廠房及設備 (續)**

資產之剩餘價值及可使用年期於各報告期末進行檢討，並於適當時作出調整。

倘資產賬面值高於其估計可收回金額時，該項資產的賬面值將即時撇減至其可收回金額。

出售盈虧透過比較所得款項與賬面值釐定，並於綜合損益及其他全面收益表內確認。

在建工程指正在建造以供生產或自用之物業。在建工程以成本減任何已確認減值虧損列賬。在建工程於完成後及可供用於擬定用途時分類為物業、廠房及設備之適當類別。

**2.9 無形資產**

購入電腦軟件特許權按購入及將特定軟件達致使用所產生的成本基準而撥充資本。該等成本於其估計3至5年可使用年限攤銷。

**2.10 非金融資產減值**

無確定使用年期(例如尚未可供使用之商譽)之資產無須攤銷，但每年須進行減值測試。須進行攤銷的資產於出現事件或情況改變顯示可能無法收回賬面值時進行減值檢討。減值虧損按資產之賬面值超出其可收回金額之差額確認。可收回金額以資產公平值減銷售成本與使用價值兩者之較高者為準。就評估減值而言，資產按可獨立識別現金流量之最低水平(現金產生單位)分類。出現減值之非金融資產(除商譽外)於各報告日期檢討是否可能撥回減值。

**2.11 金融工具**

金融資產及金融負債於集團實體成為該工具合約條文的訂約方時，於綜合財務狀況表確認。

金融資產及金融負債初步按公平值計量。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)直接應佔的交易成本，於初步確認時加入金融資產或金融負債的公平值，或從金融資產或金融負債的公平值扣除(視情況而定)。收購按公平值計入損益的金融資產或金融負債直接應佔的交易成本即時於損益確認。

## 綜合財務報表附註

### 2. 主要會計政策概要 (續)

#### 2.11 金融工具 (續)

倘本集團僅於自資產獲得現金流量之合約權利屆滿或倘轉讓金融資產及該資產擁有權之絕大部分風險及回報至其他實體時，會終止確認該項金融資產。倘本集團既無轉讓亦無保留所轉讓資產擁有權之絕大部分風險及回報並繼續控制該資產，則本集團會繼續確認於該資產之保留權益及確認相關負債。倘本集團保留所轉讓金融資產擁有權之絕大部分風險及回報，則本集團會繼續確認該項金融資產，亦會就已收所得款項確認附屬借貸。

於全面終止確認金融資產時，資產的賬面值與已收及應收代價以及於其他全面收入確認並於權益累積的累計盈虧總和的差額，乃於損益確認。

當有關合約所訂明的責任解除、取消或屆滿時，將終止確認金融負債。終止確認的金融負債賬面值與已付或應付代價的差額於損益確認。

#### 2.12 金融資產

##### 2.12.1 分類

本集團將其金融資產分為貸款及應收款項及可供出售金融資產。分類視乎收購金融資產之性質及目的而定。管理層於首次確認金融資產時決定其分類。

##### (a) 按公平值計入損益的金融資產 (「按公平值計入損益的金融資產」)

本集團按公平值計入損益的金融資產包括首次確認時指定按公平值計入損益的金融資產。

倘發生以下情況，金融資產可於首次確認時指定為按公平值計入損益：

- 有關指定可避免或大幅減少計算或確認不一致；或
- 金融資產屬一組金融資產或金融負債之部分或屬該兩組一部分，並根據本集團已定風險管理或投資策略管理及按公平值評估表現，而有關分組的資料亦按該基準由內部提供；或
- 金融資產屬於包含一個或以上嵌入衍生工具的合約一部分，而國際會計準則第39號允許整項合併合約（資產或負債）指定為按公平值計入損益。

## 綜合財務報表附註

**2. 主要會計政策概要 (續)****2.12 金融資產 (續)****2.12.1 分類 (續)****(a) 按公平值計入損益的金融資產 (「按公平值計入損益的金融資產」) (續)**

按公平值計入損益的金融資產以公平值計量，重新計量產生的公平值增減直接於所涉期間的損益確認。在損益確認的盈虧淨額包括金融資產賺取的任何股息或利息。

**(b) 貸款及應收款項**

貸款及應收款項為有固定或可釐定付款，且在活躍市場並無報價的非衍生金融資產。

此等應收款項計入流動資產內，惟不包括到期日為報告期末後12個月以後者。該等款項概列作非流動資產。本集團的應收款項包括列於綜合財務狀況表的「應收賬款、按金及預付款項」、「應收最終控股公司款項」、「應收同系附屬公司及最終控股公司的聯營公司款項」、「應收合營企業款項」、「應收聯營公司及一間聯營公司的附屬公司款項」、「限制性銀行存款」及「現金及現金等值物」。

**(c) 可供出售金融資產**

可供出售金融資產為被指定為此類別或並無分類歸入任何其他類別的非衍生工具。除非有關投資於報告期末起計12個月內到期或管理層擬於該期間出售有關投資，否則該等資產計入非流動資產。

**2.12.2 確認及計量**

正常買賣的金融資產在交易日（即本集團承諾買賣該資產的日期）確認。於所有並非按公平值透過損益列賬的金融資產，投資初步按公平值加交易成本確認。當從投資收取現金流量的權利已到期或已轉讓，且本集團已將擁有權的絕大部分風險和回報轉讓時，即取消確認金融資產。可供出售金融資產其後按公平值列賬，惟其公平值不能可靠計量者除外。非上市股權金融資產按成本減減值列賬，原因為合理公平值估計的區間過大以致公平值無法可靠計量。貸款及應收款項其後使用實際利率法按攤銷成本列賬。

## 綜合財務報表附註

### 2. 主要會計政策概要 (續)

#### 2.12 金融資產 (續)

##### 2.12.2 確認及計量 (續)

###### 實際利率法

實際利率法是一種計算金融資產的攤銷成本以及將利息收入分配予有關期間的方法。實際利率是於首次確認時將估計未來現金收入(包括所有構成實際利率整體部分在時點支付或收到的費用、交易費用及其他溢價或折價)透過金融資產的預期年期或(倘適用)更短期間準確折現至賬面淨值的利率。債務工具之收入按實際利率基準確認。

#### 2.13 金融負債及權益工具

由集團實體所發行之金融負債及權益工具乃根據已訂立之合約安排之實質及金融負債及權益工具之定義分類為金融負債或權益。

權益工具乃證明本集團資產於扣除其所有負債後之剩餘權益之任何合約。

由集團實體所發行之權益工具記錄為所收取之所得款項(扣除直接發行成本)。

###### 實際利率法

實際利率法是一種計算金融負債的攤銷成本以及將利息開支分配至有關期間的方法。實際利率是於首次確認時將估計未來現金付款(包括所有構成實際利率整體部分在時點支付或收到的費用、交易費用及其他溢價或折價)透過金融負債的預期年期或(倘適用)更短期間準確折現至賬面淨值的利率。

利息開支按實際利率基準確認。

###### 金融負債

金融負債(包括應付賬款、其他應付款項及應計費用、應付最終控股公司款項、應付直接控股公司款項、應付同系附屬公司及最終控股公司的聯營公司款項、應付一間聯營公司及一間聯營公司的附屬公司款項、應付合營企業款項及銀行借貸)其後使用實際利率法按攤銷成本計量。



## 綜合財務報表附註

**2. 主要會計政策概要 (續)****2.13 金融負債及權益工具 (續)****按公平值計入損益的金融負債**

當金融負債持作交易或首次確認時指定按公平值計入損益時，金融負債分類為按公平值計入損益。

按公平值計入損益的金融負債以公平值計量，重新計量產生的任何盈虧於損益確認。盈虧淨額於損益內確認及計入「其他盈虧」排列項並包括金融負債的任何已付利息。

**2.14 金融資產減值****(a) 按攤銷成本列賬的資產**

本集團於各報告期末評估是否存在客觀證據顯示一項金融資產或一組金融資產出現減值。

只有存在客觀證據顯示於首次確認資產後發生一宗或多宗事件導致出現減值（「虧損事件」），而該宗或該等虧損事件對該項或該組金融資產的估計未來現金流量構成的影響可靠估計，則該項金融資產或該組金融資產會出現減值及產生減值虧損。

就貸款及應收款項而言，虧損金額乃根據資產賬面值與按金融資產原實際利率折現的估計未來現金流量（不包括尚未產生的未來信用虧損）現值兩者的差額計量。資產賬面值將予削減，而虧損金額則在綜合損益及其他全面收益表確認。如貸款存在浮動利率，則計量任何減值虧損的貼現率乃根據合約釐定的現行實際利率。在實際應用中，本集團可利用可觀察市場價格按工具的公平值計量減值。

倘減值虧損數額於往後期間減少，而此項減少可客觀地與確認減值後發生的事件（例如債務人的信用評級有所改善）有關連，則先前已確認的減值虧損撥回在綜合損益及其他全面收益表確認。

## 綜合財務報表附註

### 2. 主要會計政策概要 (續)

#### 2.14 金融資產減值 (續)

##### (b) 分類為可供出售之資產

本集團於各報告期末評核是否有客觀證據證明一項或一組金融資產出現減值。就債務證券而言，本集團使用上文(a)所述的標準。對於分類為可供出售的權益投資，證券的公平值明顯或持續地跌至低於其成本亦為資產減值的證據。倘可供出售金融資產存在任何有關減值證據，累積虧損（按其收購成本與當前公平值之間的差額減去金融資產任何此前在損益中確認的減值虧損計量）會從權益轉出，並在損益內確認。在損益內確認的權益工具減值虧損並不會透過損益撥回。

#### 2.15 存貨

存貨按成本及可變現淨值兩者之較低者列賬。成本以加權平均法計算。製成品及在製品之成本包括原材料、直接勞工、其他直接成本及相關生產開支（根據正常運作能力），惟不包括銀行借貸成本。可變現淨值乃按日常業務過程中之估計售價減去適用變動銷售開支計算。

#### 2.16 貿易應收賬款及其他應收款項

貿易應收賬款乃就日常業務過程中出售商品及／或履行服務而應收客戶的款項。倘貿易應收賬款及其他應收款項預期於一年或一年以內（或如屬較長時間，則以一般營運業務週期為準）收回，則分類為流動資產，否則呈列為非流動資產。

貿易應收賬款及其他應收款項初步按公平值確認，其後使用實際利率法按攤銷成本減去減值撥備計算。

#### 2.17 現金及現金等值物

於綜合現金流量表內，現金及現金等值物包括銀行及手頭現金及原定到期日為三個月或三個月以內的短期銀行存款。

#### 2.18 股本

普通股分類為權益。

直接歸屬於發行新股份的新增成本在權益中列為所得款項的減項（扣除稅項）。

## 綜合財務報表附註

**2. 主要會計政策概要 (續)****2.19 貿易應付賬款及其他應付款項**

貿易應付賬款乃就日常業務過程中購買供應商提供的產品或服務而應支付款項的責任。倘貿易應付賬款及其他應付款項的支付日期在一年或一年以內(或如屬較長時間,則以一般營運業務週期為準),其被分類為流動負債;否則呈列為非流動負債。

貿易應付賬款及其他應付款項初步按公平值確認,及隨後使用實際利率法按攤銷成本計量。

**2.20 銀行借貸**

銀行借貸初步按公平值減產生之交易費用確認,其後按攤銷成本計量。所得款項(經扣除交易費用)與贖回價值之間的任何差額使用實際利率法於銀行借貸期間內在綜合損益及其他全面收益表確認。

在融資很有可能部分或全部提取的情況下,就設立貸款融資支付的費用乃確認為貸款交易費用。在此情況下,該費用將遞延至提取融資發生時。在並無跡象顯示該融資很有可能部分或全部提取的情況下,該費用撥充資本作為流動資金服務的預付款項,並於其相關融資期間內予以攤銷。

除非本集團有權無條件將債務結算日期延遲至報告期末後至少12個月,否則銀行借貸將分類為流動負債。

**2.21 銀行借貸成本**

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預定用途或銷售的資產)的一般及特定銀行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預定用途或銷售為止。

所有其他銀行借貸成本於產生期間內在損益確認。

**2.22 稅項**

所得稅開支指現時應付稅項及遞延稅項總額。

現時應付稅項乃按年內應課稅溢利計算。應課稅溢利不包括其他年度的應課稅或應扣減收入或開支項目,亦不包括毋須課稅或不作扣稅的項目,故與綜合損益及其他全面收益表所列的「除稅前溢利」不同。本集團的即期稅項責任乃按照報告期末已頒佈或實質已頒佈的稅率計算。

## 綜合財務報表附註

### 2. 主要會計政策概要 (續)

#### 2.22 稅項 (續)

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暫時差額確認。遞延稅項負債一般就所有應課稅暫時差額確認。遞延稅項資產通常就所有可扣稅暫時差額確認，並以極有可能利用可扣稅暫時差額扣稅的應課稅溢利為限。倘暫時差額因商譽或初次確認一項（不包括於業務合併中確認者）不影響應課稅溢利及會計溢利的交易的資產及負債而產生，則不會確認有關資產及負債。

本集團會就與於附屬公司的投資有關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。可扣稅暫時差額產生的遞延稅項資產（與該等投資及權益有關者）可予確認，惟僅以極可能有足夠應課稅溢利可動用暫時差額的利益，且預期於可預見將來撥回者為限。

遞延稅項資產的賬面值在報告期末進行檢討，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。

遞延稅項資產及負債根據於報告期末已頒佈或實質已頒佈的稅率（及稅法），按預期適用於負債清償或資產變現期間的稅率計量。

遞延稅項負債及資產的計量反映在報告期末本集團預期將來能收回或清償其資產及負債賬面值的稅務影響。

即期及遞延稅項於損益確認，惟倘即期及遞延稅項關乎於其他全面收益或直接於權益確認的項目，則即期及遞延稅項亦分別於其他全面收益或直接於權益確認。

#### 2.23 僱員福利

##### 退休金責任

本集團於香港根據強制性公積金計劃（「強積金」）條例向定額供款退休計劃供款，該等計劃的資產一般由獨立受託人管理之基金持有。退休金計劃的資金一般來自僱員及本集團支付的款項。本集團向定額供款退休計劃作出的供款會於產生時支銷。

## 綜合財務報表附註

**2. 主要會計政策概要 (續)****2.23 僱員福利 (續)****退休金責任 (續)**

本集團亦向中國市政府設立的僱員退休計劃供款。市政府承諾承擔本集團現時及日後所有退休僱員的退休福利責任。向此等計劃作出的供款會於產生時在綜合損益及其他全面收益表扣除。

**2.24 政府補貼**

當能夠合理保證本集團符合補貼的附帶條件，且會獲授政府補貼時，方會確認政府補貼。

政府補貼乃於本集團將擬用作補償的補貼相關成本確認為開支的期間按系統化基準於損益中確認。具體而言，授出政府補貼的主要條件為本集團應購買、興建或以其他方式收購物業及設備並於綜合財務狀況表確認為遞延收入，然後在有關資產的可用年期內有系統及合理地轉撥至損益。

政府補貼是作為支出或已發生的虧損補償，或是以給予本集團即時的財務支援為目的而發放，無未來相關成本，在應收期間內於損益中確認。

**2.25 撥備**

如本集團因過往事件須承擔現時法定或推定責任，而履行該責任可能須動用資源及該責任所涉及的金額能可靠地估計時，則須確認撥備。毋須就未來經營虧損確認撥備。

如出現多項類似責任，則履行該等責任是否可能須動用資源乃經考慮該等責任的整體類別後釐定。即使同類別責任中任何一項可能須動用資源的機會不大，但仍會確認撥備。

撥備利用反映目前市場對貨幣時間價值的評估及責任的特定風險的除稅前利率，按預計須用作履行責任的支出的現值計量。由於時間流逝導致的撥備增加，會確認為利息開支。

## 綜合財務報表附註

### 2. 主要會計政策概要 (續)

#### 2.26 收益確認及其他收入

收益包括本集團在日常業務過程中出售貨品及服務的已收或應收代價的公平值。收益在扣除增值稅、退貨、回佣及折扣以及對銷本集團內部銷售後列賬。

當收益的金額能夠可靠計量，未來經濟利益有可能流入有關實體，而本集團各相關業務符合下述特定條件時，本集團將確認收益。本集團會根據其過往業績並考慮客戶類別、交易種類和各項安排的特質作出估計。

- (a) 工具機及叉車銷售於貨品交付及所有權轉移時確認入賬。
- (b) 為合約客戶建造停車設備之收益依據合約完成的百分比確認入賬，惟直至完成合約前的收益、產生的成本及估計成本必須能可靠地計量。完成合約的百分比藉著參照至今產生的成本對比根據合約所導致的總成本來估計。可預見虧損在管理層預計會出現時便即時作出撥備。
- (c) 利息收入使用實際利率法確認。當應收款項出現減值，本集團將其賬面值減至其可收回數額（即估計未來現金流量按工具的原本實際利率折現），並繼續將折現的金額作為利息收入入賬。減值應收款項的利息收入使用原本實際利率確認。
- (d) 維修收入於提供服務時確認。
- (e) 租賃物業所得的租金收入於租賃期內按直線法於綜合損益及其他全面收益表確認。

#### 2.27 停車設備合約

倘若停車設備建造合約的結果能可靠地估算，則於報告日期參照合約活動之完成階段確認收益及成本，此乃按工程進行至今所產生的合約成本佔估計總合約成本的比例計量。合約工程、申索及獎勵款項的變動會按與客戶所協定者計算在內。

倘不能可靠地估計停車設備建造合約的結果，則合約收益會按所產生而將有可能收回的合約成本確認。合約成本會於產生的期間確認為開支。

## 綜合財務報表附註

**2. 主要會計政策概要 (續)****2.27 停車設備合約 (續)**

倘總合約成本有可能超出總合約收益，則預期之虧損即時確認為開支。

倘由產生時起計至今所產生的合約成本加已確認溢利及減去已確認虧損後，超逾按進度開發賬單的數額，則盈餘會列為應收客戶合約工程款項。倘按進度開發賬單的數額超逾至今所產生的合約成本加已確認溢利減已確認虧損，則盈餘會列為應付客戶合約工程款項。有關工程進行前已收取的款項計入綜合財務狀況表之負債項下，並入賬列為已收墊款。就已進行工程已開發賬單而客戶尚未支付的款項計入綜合財務狀況表項下之應收賬款、按金及預付款項。

**2.28 經營租賃**

資產所有權的大部分風險及回報由出租人保留的租賃，均歸類為經營租賃。根據經營租賃支付的款項（扣除出租人給予的任何獎勵）於租賃期內以直線法從綜合損益及其他全面收益表中扣除。

**2.29 股息分派**

分派予本公司股東的股息於股息經本公司股東或董事（如適用）批准的期間內，確認為負債。

**3. 財務風險管理****3.1 財務風險因素**

本集團業務涉及多項財務風險：外匯風險、利率風險、信貸風險及流動資金風險。本集團之整體風險管理計劃特別注意金融市場無法預計之特點，並尋求盡量降低對本集團財務表現之潛在不利影響。

**(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。此外匯風險因未來商業交易或已確認資產及負債以實體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，而其並無對其外匯風險進行對沖。

於二零一六年十二月三十一日，倘人民幣兌港元升值／貶值5%（二零一五年：5%），而所有其他變量保持不變，本集團年內溢利將增加／減少約人民幣304,000元（二零一五年：增加／減少約人民幣1,863,000元）。

## 綜合財務報表附註

### 3. 財務風險管理 (續)

#### 3.1 財務風險因素 (續)

##### (a) 外匯風險 (續)

於二零一六年十二月三十一日，倘人民幣兌美元升值／貶值5%（二零一五年：5%），而所有其他變量保持不變，本集團年內溢利將增加／減少約人民幣5,574,000元（二零一五年：增加／減少約人民幣6,532,000元）。

於二零一六年十二月三十一日，倘人民幣兌歐元升值／貶值5%（二零一五年：5%），而所有其他變量保持不變，本集團年內溢利將增加／減少約人民幣6,684,000元（二零一五年：增加／減少約人民幣6,545,000元）。

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。

##### (b) 利率風險

由於本集團除銀行存款及若干銀行貸款外，並無重大的計息資產及負債，故本集團的收入及經營現金流量大致上不受市場利率變化所影響。

於二零一六年十二月三十一日，倘利率上升／下跌50個基點，而所有其他變量保持不變，本集團年內除稅後溢利將減少／增加人民幣975,000元（二零一五年：人民幣1,520,000元），主要由於浮息銀行借貸之利息開支增加／減少所致。

##### (c) 信貸風險

於二零一六年十二月三十一日，本集團面臨的最高信貸風險產生於綜合財務狀況表內呈列之應收賬款、按金、應收最終控股公司、同系附屬公司及一間最終控股公司之聯營公司、合營企業、聯營公司及一間聯營公司之附屬公司的款項、限制性銀行存款以及現金及現金等值物及附註32所披露之有關本集團發行之財務擔保之或然負債。

為盡量減低信貸風險，本集團管理層已委託一組人員專責釐定信貸限額、信貸批核及實施監控程序，確保採取跟進行動以收回逾期債項。此外，於各報告日期，本集團檢討各個別應收貿易客戶的可收回應收金額，以就不可收回金額作出減值虧損撥備。

現金及現金等值物的信貸風險被視為不屬重大，皆因對手方均為國際信貸評級機構給予高度信貸評級的銀行。



## 綜合財務報表附註

## 3. 財務風險管理(續)

## 3.1 財務風險因素(續)

## (d) 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。

	加權平均利率 %	按要求償還或			未貼現 現金流量 總額 人民幣千元	賬面總值 人民幣千元
		少於一年 人民幣千元	一年至五年 人民幣千元	五年以上 人民幣千元		
<b>於二零一六年十二月三十一日</b>						
應付賬款及其他應付款項	不適用	254,387	-	-	254,387	254,387
銀行借貸						
— 固定利率	2.99%	130,093	-	-	130,093	126,316
— 浮動利息	2.36%	229,753	-	-	229,753	224,456
應付最終控股公司款項	不適用	2,388	-	-	2,388	2,388
應付直接控股公司款項	不適用	619	-	-	619	619
應付同系附屬公司及 最終控股公司的聯營公司款項	不適用	5,503	-	-	5,503	5,503
應付一間聯營公司及 一間聯營公司的附屬公司款項	不適用	7,981	-	-	7,981	7,981
應付合營企業款項	4.35%	200	-	-	200	192
		<b>630,924</b>	<b>-</b>	<b>-</b>	<b>630,924</b>	<b>621,842</b>
<b>於二零一五年十二月三十一日</b>						
應付賬款及其他應付款項	不適用	218,645	-	-	218,645	218,645
銀行借貸						
— 固定利率	3.60%	46,279	-	-	46,279	44,671
— 浮動利息	2.23%	372,123	-	-	372,123	364,006
應付最終控股公司款項	不適用	160	-	-	160	160
應付直接控股公司款項	不適用	1,856	-	-	1,856	1,856
應付同系附屬公司及 最終控股公司的聯營公司款項	不適用	21,664	-	-	21,664	21,664
應付一間聯營公司及 一間聯營公司的附屬公司款項	不適用	10,389	-	-	10,389	10,389
應付合營企業款項	4.71%	332	-	-	332	317
		<b>671,448</b>	<b>-</b>	<b>-</b>	<b>671,448</b>	<b>661,708</b>

## 綜合財務報表附註

### 3. 財務風險管理 (續)

#### 3.1 財務風險因素 (續)

##### (d) 流動資金風險 (續)

此外，倘擔保被落實，則本集團可能須自各報告日期起計一年內結清本集團已作出的財務擔保（詳見附註32）。

#### 3.2 資本風險管理

本集團管理其資本以確保本集團內實體均能夠以持續經營基準繼續營運，並透過優化債務及權益平衡實現股東回報最大化。本集團的整體策略與過往年度維持不變。

本集團的資本結構包括債務淨額（包括銀行借貸（扣除現金及現金等值物））及本公司權益持有人應佔權益（包括股本、股份溢價及儲備）。

本公司董事定期檢討資本結構。作為此審閱之一環，本公司董事評估不同部門經考慮未來擴展計劃及資金來源後而編製的年度預算。本公司董事考慮資本成本及與各類別資本相關之風險。本公司董事亦透過支付股息、發行新股份及新增債務或贖回現有債務以平衡其整體資本結構。

	二零一六年 人民幣千元	二零一五年 人民幣千元
銀行借貸總額	350,772	408,677
減：現金及現金等值物	(177,946)	(101,583)
借貸淨額	172,826	307,094
總權益	804,068	744,439
總資本	976,894	1,051,533
資本負債比率	18%	29%

二零一六年資本負債比率下降主要由於銀行借貸減少以及現金及現金等值物增加。

## 綜合財務報表附註

## 4. 關鍵會計估算及判斷

估算及判斷會被持續評估，並根據過往經驗及其他因素進行評價，包括在有關情況下認為對未來事件屬合理的預測。

### 4.1 關鍵會計估算及假設

本集團就未來作出估算及假設，所得的會計估算可能會與其實際結果不同。很有可能導致下個財政年度的資產及負債的賬面值作出重大調整的估算及假設討論如下。

#### (a) 建造停車設備的收益

在能夠可靠地評估停車設備建造合約的結果時，本集團會依據完成百分比的方法，透過參照工程進行至今所產生的合約成本對比估計合約總成本作計算，將相關收益確認入賬。根據各合約將予產生的估計總成本於整個合約期間定期檢討。依據完成衡量基準確認此收益。此乃涉及估計過程，並面臨預測未來事件附帶的風險及不明朗因素。吾等的估計受多項內部及外部因素影響，包括所建造不同停車設備的不同成本組成部分；以及本集團承造建設工程員工的效率。已確認收益及溢利於各合約一路進展至完工時須予修訂。溢利估算修訂在修訂確定期間內於綜合損益及其他全面收益表內扣除。因此，本集團估算的任何變動將對本集團的未來經營業績構成影響。

#### (b) 貿易應收賬款估計減值

本集團根據對應收賬款可收回性之估算對貿易應收賬款減值作出撥備。於出現事件或情況改變顯示可能無法收回結餘時，撥備應用於應收賬款。確認應收賬款減值時須使用估算。倘預期不同於原有估算，有關差額將會影響有關估算變動所在年度之應收賬款之賬面值及減值虧損撥備。

於二零一六年十二月三十一日，本公司確認貿易應收賬款減值撥備約人民幣33,792,000元（二零一五年：人民幣36,512,000元）。

#### (c) 物業、廠房及設備的估計可使用年期及減值

本集團釐定其物業、廠房及設備的估計可使用年期。該項估計乃根據相似性質及功能的物業、廠房及設備的實際可使用年期的歷史經驗作出。倘可使用年期較之前的估計為短，則管理層會提高折舊支出，及將技術過時或非策略資產撇銷或撇減。

## 綜合財務報表附註

### 4. 關鍵會計估算及判斷 (續)

#### 4.1 關鍵會計估算及假設 (續)

##### (c) 物業、廠房及設備的估計可使用年期及減值 (續)

倘有事件或情況變動顯示機器及設備之賬面值高於其可收回金額，則就該等資產之減值進行檢討。可收回金額乃參考機器及設備之公平值減銷售成本或使用價值兩者中較高者而釐定。減值虧損按資產賬面值與可收回金額之差額計量。倘可收回金額少於預期，則可能產生重大減值虧損。

##### (d) 存貨減值撥備

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。評估可變現淨值及作出適當撥備方面，管理層利用其判斷確定滯銷或陳舊存貨，並考慮存貨的實質條件、賬齡、市場條件及類似項目的市場價格。

##### (e) 所得稅

本集團大部分附屬公司須繳納中國之所得稅。釐定所得稅撥備時需要作出重大判斷。在日常業務過程中存在一些不能確定其最終稅項釐定的交易及計算。倘若該等事項之最終稅項結果與最初記錄之金額有差異，則有關差異將會影響作出有關釐定之財務期間的即期稅項及遞延稅項撥備。

##### (f) 保證撥備

本集團通常為其工具機及叉車提供一年保證及為其停車場設施提供兩年保證。管理層根據過往之保證索償資料，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證索償之相關撥備金額。本集團會持續檢討估計基準，並在適當情況下予以修訂。

##### (g) 於已收購之聯營公司之投資中已確認之商譽減值

釐定商譽是否減值需要估計商譽獲分配之現金產生單位之使用價值。使用價值計算須本集團估計預期有關現金產生單位所產生之未來現金流量及合適之貼現率以計算現值。倘實際未來現金流量少於預期，則會產生重大減值虧損。於截至二零一六年十二月三十一日止年度，本集團並無確認有關於聯營公司投資中確認之商譽之減值虧損。

## 綜合財務報表附註

## 4. 關鍵會計估算及判斷 (續)

## 4.1 關鍵會計估算及假設 (續)

## (h) 財務擔保合約產生之或然負債

本集團已就借貸向一間聯營公司提供財務擔保，有關詳情披露於附註32。管理層估計，聯營公司之違約風險較小，因此該等財務擔保產生之或然負債之風險屬較小且不重大，因此，於本年度並無確認任何或然負債。管理層將持續檢討有關擔保負債之風險及於適當時修訂其估值。

## 5. 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策略決定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應呈報分類：(1)工具機；(2)停車設備；及(3)叉車。

執行董事根據各項毛利評估經營分類的表現。

本集團並無分配分銷及銷售費用、行政費用、其他營運費用或資產至其分類，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，本集團並無報告各呈報分類的溢利及總資產計量。

	工具機 人民幣千元	停車設備 人民幣千元	叉車 人民幣千元	集團總計 人民幣千元
截至二零一六年十二月三十一日止年度				
收益（均來自外部銷售）	760,047	236,048	86,241	1,082,336
收益成本	(533,638)	(175,632)	(77,915)	(787,185)
分類溢利	226,409	60,416	8,326	295,151

## 綜合財務報表附註

## 5. 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	集團總計 人民幣千元
<b>截至二零一五年十二月三十一日止年度</b>				
收益(均來自外部銷售)	671,863	229,610	88,766	990,239
收益成本	(468,722)	(172,511)	(81,081)	(722,314)
分類溢利	203,141	57,099	7,685	267,925

本集團大部分業務及資產位於中國，及本集團主要向中國市場出售產品。各年度概無客戶貢獻收益總額10%以上。

## 6. 其他收入

	二零一六年 人民幣千元	二零一五年 人民幣千元
銷售廢料	8,890	3,865
與收入相關的政府補貼及補助*	18,397	5,487
維修收入	8,509	8,201
租金收入	708	3,412
利息收入	8,201	14,193
其他	938	4,639
	<b>45,643</b>	<b>39,797</b>

\* 政府補貼及補助主要指返還有關銷售工具機及停車設備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)。本集團已於其達成補貼通告或相關法律及法規指定之所有條件時，於綜合損益及其他全面收益表內確認政府補貼及補貼。

## 綜合財務報表附註

## 7. 除所得稅前溢利

除所得稅前溢利已扣除下列各項：

	二零一六年 人民幣千元	二零一五年 人民幣千元
董事及高級行政人員酬金	2,185	2,128
其他員工成本	133,352	135,950
其他員工退休福利計劃供款	4,614	4,915
員工成本總額	140,151	142,993
核數師酬金	1,972	1,408
確認為開支的存貨成本	692,131	627,647
物業、廠房及設備折舊	25,342	26,081
無形資產攤銷	1,233	983
呆賬撥備	(2,720)	2,016
存貨撥備	1,550	7,791
保證撥備	5,044	5,121
產生租金收入的直接經營開支	1,220	1,947
出售物業、廠房及設備的虧損	341	201
淨匯兌虧損	10,800	19,196
確認為開支的研發成本*	23,399	17,253

\* 上述披露金額並不包括於確認為開支的研發成本中扣除的物業、廠房及設備折舊、無形資產攤銷以及員工成本分別為人民幣1,001,000元、人民幣428,000元及人民幣11,918,000元（二零一五年：人民幣1,183,000元、人民幣224,000元及人民幣13,722,000元）。該等開支計入本附註內彼等之對應標題內。

## 綜合財務報表附註

## 8. 董事及行政總裁之酬金

## (a) 董事及行政總裁之酬金

各名董事及行政總裁之酬金載列如下：

## 執行董事

	朱志洋 <sup>#</sup> 人民幣千元	陳向榮 <sup>*</sup> 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
截至二零一六年 十二月三十一日止年度						
薪金	180	180	144	144	144	792
按工作表現獲派的花紅	518	518	-	-	-	1,036
總額	698	698	144	144	144	1,828
截至二零一五年 十二月三十一日止年度						
薪金	180	180	144	144	144	792
按工作表現獲派的花紅	500	500	-	-	-	1,000
總額	680	680	144	144	144	1,792

<sup>#</sup> 主席

<sup>\*</sup> 行政總裁

## 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	總計 人民幣千元
截至二零一六年 十二月三十一日止年度				
袍金	179	89	89	357
總額	179	89	89	357
截至二零一五年 十二月三十一日止年度				
袍金	168	84	84	336
總額	168	84	84	336



## 綜合財務報表附註

## 8. 董事及行政總裁之酬金 (續)

## (a) 董事及行政總裁之酬金 (續)

上表所示之執行董事及行政總裁之薪酬乃主要源於彼等作為董事及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薪酬乃主要源於彼等作為董事所提供之服務。

董事及行政總裁之酬金乃根據彼等之時間承擔、職務、表現、經驗及本集團之整體表現等事宜而釐定。

年內概無董事或行政總裁放棄或已同意放棄任何酬金的安排。

## (b) 五名最高薪人士

本集團五名最高薪酬人士當中，兩名(二零一五年：兩名)為本公司董事。剩餘三名(二零一五年：三名)人士的酬金如下：

	二零一六年 人民幣千元	二零一五年 人民幣千元
基本薪金及補貼	1,841	2,158
花紅	883	745
退休成本一定額供款計劃	133	77
	<b>2,857</b>	<b>2,980</b>

五名最高薪人士酬金介乎下列範圍：

	二零一六年	二零一五年
酬金範圍(港元)		
少於1,000,000港元	3	3
1,000,001港元至1,500,000港元	2	2

截至二零一五年及二零一六年十二月三十一日止年度，本公司董事及本集團五名最高薪人士概無(i)收取本集團提供的任何酬金作為加入本集團或加入本集團時的賞金；(ii)就失去本集團任何成員公司的董事或管理層職務而收取任何補償；或(iii)放棄或已同意放棄任何酬金。

## 綜合財務報表附註

## 9. 財務費用

	二零一六年 人民幣千元	二零一五年 人民幣千元
利息開支：		
— 銀行借貸	9,897	8,734

## 10. 所得稅開支

	二零一六年 人民幣千元	二零一五年 人民幣千元
即期稅項		
— 本年度	35,037	16,301
— 過往年度撥備不足(超額撥備)	610	(6,280)
中國預扣稅	35,647	10,021
遞延所得稅抵免	6,645	—
	(15,391)	(166)
	26,901	9,855

於兩個年度內，由於本集團並無於開曼群島產生任何應課稅溢利，因此並無就開曼群島利得稅作出撥備。

於兩個年度內，由於本集團並無於香港產生任何應課稅溢利，因此並無就香港利得稅作出撥備。

企業所得稅(「企業所得稅」)乃就中國的企業按25%計提撥備，惟杭州友佳精密機械有限公司(「杭州友佳」)除外。於二零一四年，杭州友佳獲相關政府當局批准延續其高新技術企業稱號，有權於二零一四年起計的三年期間享有15%的優惠稅率。因此，杭州友佳於二零一六年的適用稅率為15%(二零一五年：15%)。

## 綜合財務報表附註

## 10. 所得稅開支(續)

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項安排，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。本集團確認的中國預扣稅指就杭州友佳於截至二零一六年十二月三十一日止年度所宣派及派付的股息徵收5%預扣稅。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保留盈利繳納額外預扣稅。

本集團除所得稅前溢利之稅項與使用本集團主要運營實體之稅率所得出之理論金額的差額如下：

	二零一六年 人民幣千元	二零一五年 人民幣千元
除所得稅前溢利	87,650	55,952
加：分佔合營企業及聯營公司之虧損淨額	6,385	1,286
	94,035	57,238
按適用於本集團主要營運實體的稅率(15%)計算的稅項	14,105	8,586
以下之稅項影響：		
不可扣稅開支	3,607	2,518
動用先前未確認稅項虧損	-	(234)
並無確認遞延所得稅資產之稅項虧損	3,397	6,501
未確認暫時性差額	852	669
獲稅務豁免收入	-	(99)
一間中國附屬公司所宣派及派付股息之預扣稅	6,645	-
附屬公司之不同稅率	-	(94)
授予中國附屬公司之稅率減免	(2,315)	(1,712)
過往年度撥備不足(超額)	610	(6,280)
稅項支出	26,901	9,855

## 綜合財務報表附註

### 11. 每股盈利

每股基本及攤薄盈利是按本公司權益持有人應佔溢利人民幣60,749,000元（二零一五年：人民幣46,097,000元）除以已發行普通股數目403,200,000股（二零一五年：403,200,000股）計算。

	二零一六年	二零一五年
每股基本及攤薄盈利（每股人民幣元）	0.15	0.11

於兩個年度內，並無具潛在攤薄效應的已發行股份。

### 12. 股息

	二零一六年 人民幣千元	二零一五年 人民幣千元
年內確認為分派之本公司普通股股東之股息： 二零一五年末期股息－每股普通股人民幣0.03元 （二零一五年：二零一四年末期股息人民幣0.06元）	12,096	24,192

於二零一七年三月三十日舉行之董事會會議上，本公司董事決議不派付截至二零一六年十二月三十一日止年度之末期股息（二零一五年：每股普通股人民幣0.03元）。

### 13. 預付租賃款項

	二零一六年 人民幣千元	二零一五年 人民幣千元
賬面值		
年初	36,598	37,538
添置	88,200	–
撥至損益	(943)	(940)
年終	123,855	36,598
減：於一年內將予攤銷之金額	(2,707)	(940)
非流動部分	121,148	35,658

## 綜合財務報表附註

## 13. 預付租賃款項(續)

誠如附註28所披露，於二零一六年十二月三十一日，本集團以賬面值約人民幣3,443,000元（二零一五年：人民幣5,131,000元）之預付租賃款項抵押作本集團獲授之一般銀行信貸額度。

於二零一六年十二月三十一日，本集團仍在申請新收購總賬面值為人民幣88,200,000元（二零一五年：無）土地之土地使用權證。

## 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
<b>成本</b>						
於二零一五年一月一日	202,162	160,193	30,078	21,566	11,044	425,043
添置	580	494	1,446	442	2,856	5,818
轉撥	-	10,225	-	-	(10,225)	-
出售	-	(817)	(279)	(942)	-	(2,038)
於二零一五年十二月三十一日	202,742	170,095	31,245	21,066	3,675	428,823
添置	645	1,326	769	1,044	957	4,741
轉撥	720	597	-	-	(1,317)	-
出售	-	(2,316)	(592)	(679)	(99)	(3,686)
於二零一六年十二月三十一日	204,107	169,702	31,422	21,431	3,216	429,878
<b>折舊及減值</b>						
於二零一五年一月一日	58,179	93,101	20,951	15,945	-	188,176
年度撥備	9,308	11,832	2,127	2,814	-	26,081
出售	-	(713)	(257)	(847)	-	(1,817)
於二零一五年十二月三十一日	67,487	104,220	22,821	17,912	-	212,440
年度撥備	9,325	12,382	1,799	1,836	-	25,342
出售	-	(2,064)	(561)	(611)	-	(3,236)
於二零一六年十二月三十一日	76,812	114,538	24,059	19,137	-	234,546
<b>賬面值</b>						
於二零一六年十二月三十一日	127,295	55,164	7,363	2,294	3,216	195,332
於二零一五年十二月三十一日	135,255	65,875	8,424	3,154	3,675	216,383

誠如附註28所披露，本集團已抵押其於二零一六年十二月三十一日賬面值約人民幣9,153,000元（二零一五年：人民幣10,131,000元）的樓宇，以擔保本集團獲授之一般銀行融資。

## 綜合財務報表附註

## 15. 無形資產

	軟件 人民幣千元
<b>成本</b>	
於二零一五年一月一日	10,531
添置	2,538
於二零一五年十二月三十一日	13,069
添置	1,413
於二零一六年十二月三十一日	14,482
<b>攤銷</b>	
於二零一五年一月一日	8,835
年度支出	983
於二零一五年十二月三十一日	9,818
年度支出	1,233
於二零一六年十二月三十一日	11,051
<b>賬面值</b>	
於二零一六年十二月三十一日	3,431
於二零一五年十二月三十一日	3,251

## 綜合財務報表附註

## 16. 附屬公司詳情

於二零一六年及二零一五年十二月三十一日，本集團的主要附屬公司如下：

名稱	註冊成立/ 經營地點	主要業務	已發行及繳足股本/ 註冊資本	持有權益	
				二零一六年	二零一五年
<b>直接持有附屬公司</b>					
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	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%
<b>間接持有附屬公司</b>					
忠盛實業有限公司	香港	暫無營業	普通股1港元	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	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	香港	投資控股	普通股1,000港元	100%	100%
杭州友佳精密機械有限公司	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 11,000,000美元	100%	100%

## 綜合財務報表附註

## 16. 附屬公司詳情 (續)

名稱	註冊成立/ 經營地點	主要業務	已發行及繳足股本/ 註冊資本	持有權益	
				二零一六年	二零一五年
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 3,000,000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	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	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%	-

\* 於二零一六年成立。



## 綜合財務報表附註

## 17. 於合營企業的投資

	二零一六年 人民幣千元	二零一五年 人民幣千元
於合營企業非上市投資的成本	27,666	27,666
分佔收購後虧損及其他全面收益	(11,172)	(10,696)
	<b>16,494</b>	16,970

於二零一六年及二零一五年十二月三十一日，本公司於下列合營企業擁有直接權益：

名稱	註冊成立日期	應佔股本權益		註冊資本	主要業務／註冊成立及經營地點
		二零一六年	二零一五年		
Anest Iwata Feeler Corporation (「AIF」)	二零零九年十一月二十三日	35%	35%	9,000,000美元	製造及銷售氣壓機和零件，中國
Hangzhou Nippon Cable Feeler Corporation (「Nippon Cable Feeler」)	二零一零年十月二十日	50%	50%	100,000美元	批發及出口停車設備，中國
Hangzhou Feeler Mectron Machinery Co., Ltd (「Feeler Mectron」)	二零一一年四月十四日	45%	45%	1,110,000美元	製造及銷售工具機及有關產品，中國
Hangzhou Union Friend Machinery Co., Ltd. (「UFM」)	二零一三年三月十五日	55%	55%	1,000,000美元	製造及銷售工具機及有關產品，中國

附註：

根據上述四間實體各自之組織章程細則，上述實體之每股股份賦予一票，相關業務及可變回報之決議案須經股東三分之二以上票數通過。因此，股東合約性同意共享於上述四間實體各實體之控制權。因此彼等均為本集團之合營企業。

## 綜合財務報表附註

## 17. 於合營企業的投資(續)

## 財務狀況表摘要

	AIF		Nippon Cable Feeler		Feeler Mectron		UFM		總計	
	二零一六年 人民幣千元	二零一五年 人民幣千元	二零一六年 人民幣千元	二零一五年 人民幣千元	二零一六年 人民幣千元	二零一五年 人民幣千元	二零一六年 人民幣千元	二零一五年 人民幣千元	二零一六年 人民幣千元	二零一五年 人民幣千元
<b>流動</b>										
現金	8,571	4,175	948	941	1,094	579	119	53	10,732	5,748
其他流動資產	21,028	16,588	2	2	4,428	5,987	568	1,350	26,026	23,927
<b>流動資產總值</b>	<b>29,599</b>	<b>20,763</b>	<b>950</b>	<b>943</b>	<b>5,522</b>	<b>6,566</b>	<b>687</b>	<b>1,403</b>	<b>36,758</b>	<b>29,675</b>
短期銀行借貸	(6,925)	(6,443)	-	-	-	-	-	-	(6,925)	(6,443)
其他金融負債(包括應付貿易款項)	(10,787)	(6,482)	(11)	(7)	(1,876)	(2,143)	(502)	(97)	(13,176)	(8,729)
<b>流動負債總額</b>	<b>(17,712)</b>	<b>(12,925)</b>	<b>(11)</b>	<b>(7)</b>	<b>(1,876)</b>	<b>(2,143)</b>	<b>(502)</b>	<b>(97)</b>	<b>(20,101)</b>	<b>(15,172)</b>
<b>非流動</b>										
資產	31,874	34,431	-	-	322	417	2,270	1,972	34,466	36,820
負債	(6,937)	(6,494)	-	-	-	-	-	-	(6,937)	(6,494)
<b>資產淨值</b>	<b>36,824</b>	<b>35,775</b>	<b>939</b>	<b>936</b>	<b>3,968</b>	<b>4,840</b>	<b>2,455</b>	<b>3,278</b>	<b>44,186</b>	<b>44,829</b>

## 損益及其他全面收益表摘要

	AIF		Nippon Cable Feeler		Feeler Mectron		UFM		總計	
	二零一六年 人民幣千元	二零一五年 人民幣千元	二零一六年 人民幣千元	二零一五年 人民幣千元	二零一六年 人民幣千元	二零一五年 人民幣千元	二零一六年 人民幣千元	二零一五年 人民幣千元	二零一六年 人民幣千元	二零一五年 人民幣千元
收益	58,417	39,716	75	155	5,479	3,453	907	579	64,878	43,903
收益成本	(53,231)	(38,933)	-	-	(5,619)	(2,829)	(1,302)	(747)	(60,152)	(42,509)
其他開支	(4,137)	(3,263)	(72)	(68)	(732)	(959)	(428)	(572)	(5,369)	(4,862)
<b>除稅前溢利(虧損)</b>	<b>1,049</b>	<b>(2,480)</b>	<b>3</b>	<b>87</b>	<b>(872)</b>	<b>(335)</b>	<b>(823)</b>	<b>(740)</b>	<b>(643)</b>	<b>(3,468)</b>
所得稅開支	-	-	-	(9)	-	-	-	-	-	(9)
<b>年內溢利(虧損)</b>	<b>1,049</b>	<b>(2,480)</b>	<b>3</b>	<b>78</b>	<b>(872)</b>	<b>(335)</b>	<b>(823)</b>	<b>(740)</b>	<b>(643)</b>	<b>(3,477)</b>
分佔合營企業溢利(虧損)	367	(868)	2	39	(392)	(151)	(453)	(407)	(476)	(1,387)

## 綜合財務報表附註

## 17. 於合營企業的投資 (續)

下表列載所呈列財務資料摘要與其於合營企業投資的賬面值之對賬。

	AIF		Nippon Cable Feeler		Feeler Mectron		UFM		總計	
	二零一六年 人民幣千元	二零一五年 人民幣千元	二零一六年 人民幣千元	二零一五年 人民幣千元	二零一六年 人民幣千元	二零一五年 人民幣千元	二零一六年 人民幣千元	二零一五年 人民幣千元	二零一六年 人民幣千元	二零一五年 人民幣千元
於一月一日的期初資產淨值	35,775	38,255	936	858	4,840	5,175	3,278	4,018	44,829	48,306
年內溢利(虧損)	1,049	(2,480)	3	78	(872)	(335)	(823)	(740)	(643)	(3,477)
於十二月三十一日的期末資產淨值	36,824	35,775	939	936	3,968	4,840	2,455	3,278	44,186	44,829
股本權益	35%	35%	50%	50%	45%	45%	55%	55%	-	-
於十二月三十一日的賬面值	12,888	12,521	470	468	1,786	2,178	1,350	1,803	16,494	16,970

## 18. 於聯營公司的投資

	二零一六年 人民幣千元	二零一五年 人民幣千元
於聯營公司非上市投資的成本	415,701	346,072
分佔收購後虧損及其他全面虧損	(36,805)	(35,270)
換算海外業務產生之匯兌差額	6,759	157
	385,655	310,959

## 綜合財務報表附註

### 18. 於聯營公司的投資 (續)

於二零一六年及二零一五年十二月三十一日，本集團於下列聯營公司擁有權益：

名稱	註冊成立日期	應佔股本權益		註冊資本	主要業務／註冊成立地點及業務
		二零一六年	二零一五年		
FFG Europe S.p.A. (「FFG Europe」)	二零一三年一月一日	<b>30.16%</b>	30.16%	11,205,000歐元	製造及銷售工具機及有關產品，意大利
FFG Werke GmbH (「FFG Werke」)	二零一三年十月十七日	<b>39.00%</b>	39.00%	500,000歐元	製造及分銷工具機、零件及配件；提供有關工具機及相關產品之培訓及保養服務，德國
FFG European and American Holdings GmbH (「FFG EA」)	二零一五年九月十四日	<b>81.37%</b>	81.37%	25,000歐元	投資控股公司，德國

#### FFG Europe

FFG Europe由天盛香港實業有限公司(「天盛」)(本公司之附屬公司)、金友國際有限公司(「金友」)(本公司最終控股公司之全資附屬公司，且並不構成本集團之一部分)、和騰有限公司(「和騰」)(乃一名獨立第三方，其15.58%已發行股本由本公司最終控股公司持有)及Alma S.r.l(一名獨立第三方)分別擁有約30.16%、22.08%、21.70%及26.06%股權。

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。因此，本集團對FFG Europe具有重大影響。故本集團已於財務報表中將該投資入賬列為聯營公司。

## 綜合財務報表附註

## 18. 於聯營公司的投資 (續)

## FFG Werke

FFG Werke曾分別由和騰、金友、天盛及金輝富有限公司(「金輝富」)(一名獨立第三方)擁有約42.00%、10.00%、39.00%及9.00%股權。

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。因此，本集團對FFG Werke具有重大影響。故本集團已於財務報表中將該投資入賬列為聯營公司。

## FFG EA

FFG EA分別由天盛、Leadwell CNC Machines Mfg. Corp. (一名獨立第三方)及本公司最終控股公司擁有約81.37%、12.12%及6.51%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。因此，本公司最終控股公司及通過其對本公司之控制於該股東委員會擁有兩份投票權，因而能夠控制FFG EA。其後本集團能夠對FFG EA施加重大影響。因此，本集團已於財務報表中將該投資入賬列為聯營公司。

FFG EA之主要投資為於FFG European Holding GmbH(「FFG European」，一間於德國註冊成立之投資公司)之55.3%股權，而FFG European實際擁有MAG Global Holding GmbH及其附屬公司(「MAG集團」)之100%股權。FFG European剩餘之44.70%股權分別由Mega Grant Limited(「MegaGrant」，一名獨立第三方)、Full Alliance Investment Limited(「Full Alliance」，一名獨立第三方)及金輝富擁有18.7%、17%及9%。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。

本集團須對FFG EA之注資為49,500,000歐元。本集團已於二零一五年六月及十一月支付40,000,000歐元，並於二零一六年十一月進一步支付餘下9,500,000歐元。

## 綜合財務報表附註

## 18. 於聯營公司的投資(續)

根據國際財務報告準則編製的財務狀況表摘要

	FFG Europe		FFG Werke		FFG EA		總計	
	二零一六年 人民幣千元	二零一五年 人民幣千元	二零一六年 人民幣千元	二零一五年 人民幣千元 (附註a)	二零一六年 人民幣千元	二零一五年 人民幣千元	二零一六年 人民幣千元	二零一五年 人民幣千元
現金	18,332	32,008	29,059	82,354	248,270	266,368	295,661	380,730
其他流動資產	529,590	454,496	777,962	534,332	2,248,237	2,000,946	3,555,789	2,989,774
流動資產總值	547,922	486,504	807,021	616,686	2,496,507	2,267,314	3,851,450	3,370,504
短期銀行借貸	(109,412)	(129,656)	(546,885)	(284,624)	(406,514)	(71,115)	(1,062,811)	(485,395)
其他金融負債	(446,204)	(412,243)	(431,524)	(233,758)	(1,504,346)	(2,192,041)	(2,382,074)	(2,838,042)
流動負債總額	(555,616)	(541,899)	(978,409)	(518,382)	(1,910,860)	(2,263,156)	(3,444,885)	(3,323,437)
非流動 資產	165,769	139,805	408,779	290,409	1,718,428	1,445,789	2,292,976	1,876,003
負債	(144,229)	(72,134)	(201,427)	(334,502)	(1,506,063)	(833,104)	(1,851,719)	(1,239,740)
資產淨值	13,846	12,276	35,964	54,211	798,012	616,843	847,822	683,330
減：非控股權益	-	-	-	-	356,835	343,754	356,835	343,754
聯營公司擁有人應佔之資產淨值	13,846	12,276	35,964	54,211	441,177	273,089	490,987	339,576

根據國際財務報告準則編製的損益及其他全面收益表摘要

	FFG Europe		FFG Werke		FFG EA		總計	
	二零一六年 人民幣千元	二零一五年 人民幣千元	二零一六年 人民幣千元	二零一五年 人民幣千元 (附註a)	二零一六年 人民幣千元	二零一五年 人民幣千元 (附註d)	二零一六年 人民幣千元	二零一五年 人民幣千元
收益	578,688	497,254	786,193	366,966	3,679,596	-	5,044,477	864,220
收益成本	(309,584)	(263,817)	(718,941)	(245,253)	(3,073,240)	-	(4,101,765)	(509,070)
其他開支	(262,279)	(239,936)	(78,837)	(101,490)	(578,124)	(5,588)	(919,240)	(347,014)
除稅前溢利(虧損)	6,825	(6,499)	(11,585)	20,223	28,232	(5,588)	23,472	8,136
所得稅(扣除)抵免	(3,940)	324	(1,699)	(3,535)	(26,289)	-	(31,928)	(3,211)
年內溢利(虧損)	2,885	(6,175)	(13,284)	16,688	1,943	(5,588)	(8,456)	4,925
減：非控股權益	-	-	-	-	802	-	802	-
聯營公司擁有人應佔年內溢利(虧損)	2,885	(6,175)	(13,284)	16,688	1,141	(5,588)	(9,258)	4,925

## 綜合財務報表附註

## 18. 於聯營公司的投資 (續)

	FFG Europe		FFG Werke		FFG EA		總計	
	二零一六年 人民幣千元	二零一五年 人民幣千元	二零一六年 人民幣千元	二零一五年 人民幣千元 (附註a)	二零一六年 人民幣千元	二零一五年 人民幣千元 (附註d)	二零一六年 人民幣千元	二零一五年 人民幣千元
減：公平值調整攤銷	-	-	6,479	-	-	-	6,479	-
聯營公司擁有人應佔經調整 年內溢利(虧損)	2,885	(6,175)	(19,763)	16,688	1,141	(5,588)	(15,737)	4,925
聯營公司擁有人應佔年內 其他全面收入(虧損)	-	-	(6,547)	-	8,511	(5,307)	1,964	(5,307)
分佔聯營公司溢利(虧損)	870	(1,862)	(7,707)	6,508	928	(4,545)	(5,909)	101
分佔聯營公司其他全面收入(虧損)	-	-	(2,553)	-	6,927	(4,318)	4,374	(4,318)

下文載列所呈列財務資料摘要與其於聯營公司的投資賬面值的對賬。

## 根據國際財務報告準則編製的財務資料摘要

	FFG Europe		FFG Werke		FFG EA		總計	
	二零一六年 人民幣千元	二零一五年 人民幣千元 (附註c)	二零一六年 人民幣千元	二零一五年 人民幣千元 (附註a)	二零一六年 人民幣千元 (附註c)	二零一五年 人民幣千元 (附註c)	二零一六年 人民幣千元	二零一五年 人民幣千元
期初資產淨值	12,276	4,003	54,211	-	273,089	-	339,576	4,003
注入資本及自可供出售金融資產轉撥 匯兌差額	-	13,926	-	37,575	152,201	283,984	152,201	335,485
年內其他全面(虧損)收入	(1,315)	522	1,584	(52)	6,235	-	6,504	470
聯營公司擁有人應佔年內溢利(虧損)	-	-	(6,547)	-	8,511	(5,307)	1,964	(5,307)
聯營公司擁有人應佔年內溢利(虧損)	2,885	(6,175)	(13,284)	16,688	1,141	(5,588)	(9,258)	4,925
於十二月三十一日聯營公司擁有人 應佔之期末資產淨值	13,846	12,276	35,964	54,211	441,177	273,089	490,987	339,576
股本權益	30.16%	30.16%	39.00%	39.00%	81.37%	81.37%		
分佔資產淨值	4,176	3,703	14,025	21,142	358,986	222,211	377,187	247,056
商譽(附註a)	-	-	2,451	2,451	-	-	2,451	2,451
於收購時公平值調整的影響(附註a)	-	-	6,017	8,544	-	-	6,017	8,544
其他調整(附註b)	-	-	-	-	-	52,908	-	52,908
於十二月三十一日的賬面值	4,176	3,703	22,493	32,137	358,986	275,119	385,655	310,959

## 綜合財務報表附註

### 18. 於聯營公司的投資 (續)

附註：

- 本集團初始持有FFG Werke之13.5%股權，並使用成本法入賬列作可供出售投資。於二零一五年九月下旬，本集團進一步收購FFG Werke之25.5%股權，代價為2,340,000歐元。商譽人民幣2,451,000元及於收購時公平值調整的影響人民幣8,544,000元已就該進一步收購股權予以確認。公平值調整須於相關資產之估計可使用年內予以攤銷。此外，FFG Werke截至二零一五年十二月三十一日止年度的損益及其他全面收益表內呈列的損益指FFG Werke於收購後日期至二零一五年十二月三十一日所產生的業績。
- FFG EA的其他調整指其他股東未備基金注入資本的影響，並不構成本集團於二零一五年十二月三十一日於FFG EA投資成本的一部分。於截至二零一六年十二月三十一日止年度，FFG EA按比例自股東收取該等注入資本，因此於二零一六年十二月三十一日並無其他調整。
- 於二零一五年七月，本集團注入600,000歐元（相等於人民幣4,200,000元），作為FFG Europe的額外股本，其他股東亦按比例注資。於二零一五年及二零一六年，本集團分別向FFG EA注資40,024,000歐元（相當於人民幣283,984,000元）及9,500,000歐元（相當於人民幣69,629,000元）。
- FFG EA截至二零一五年十二月三十一日止年度的損益及其他全面收益表內呈列的損益指FFG EA於收購後日期至二零一五年十二月三十一日所產生的業績。

### 19. 按類別劃分的金融工具

綜合財務狀況表內的資產

	二零一六年 人民幣千元	二零一五年 人民幣千元
應收賬款及按金（不包括預付款項）	479,562	433,712
應收最終控股公司款項	2,110	-
應收同系附屬公司及最終控股公司的一間聯營公司款項	2,518	1,277
應收合營企業款項	922	717
應收聯營公司及一間聯營公司附屬公司款項	81,629	60,841
限制性銀行存款	33,163	172,613
現金及現金等值物	177,946	101,583
總計	777,850	770,743



## 綜合財務報表附註

## 19. 按類別劃分的金融工具 (續)

## 綜合財務狀況表內的負債

	二零一六年 人民幣千元	二零一五年 人民幣千元
應付賬款及其他應付款項	254,387	218,645
應付最終控股公司款項	2,388	160
應付直接控股公司款項	619	1,856
應付同系附屬公司及最終控股公司的聯營公司款項	5,503	21,664
應付一間聯營公司及一間聯營公司附屬公司款項	7,981	10,389
應付合營企業款項	192	317
銀行借貸	350,772	408,677
	<b>621,842</b>	<b>661,708</b>

## 20. 應收賬款、按金及預付款項

	二零一六年 人民幣千元	二零一五年 人民幣千元
貿易應收賬款及應收票據	484,785	444,978
減：貿易應收賬款減值撥備	(33,792)	(36,512)
貿易應收賬款及應收票據－淨額	450,993	408,466
預付款項	19,521	16,033
其他	28,569	25,246
應收賬款、按金及預付款項合計	<b>499,083</b>	<b>449,745</b>

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出售產品一年或兩年保證期的保留金。

## 綜合財務報表附註

## 20. 應收賬款、按金及預付款項 (續)

於二零一六年及二零一五年十二月三十一日，貿易應收賬款及應收票據總額根據到期日的賬齡分析如下：

	二零一六年 人民幣千元	二零一五年 人民幣千元
即期- 30天	367,010	341,202
31-60天	10,305	8,465
61-90天	7,184	9,079
91-180天	15,989	14,038
180天以上	84,297	72,194
貿易應收賬款及應收票據	484,785	444,978

本集團的貿易應收賬款包括總賬面值約為人民幣109,081,000元(二零一五年：人民幣82,578,000元)的應收賬款，該款項於二零一六年十二月三十一日已逾期，而本集團並無作出減值虧損撥備。本集團並無就該等結餘持有任何抵押品。經考慮該等個別貿易應收賬款的貿易關係、信用狀況及過往還款記錄後，本公司董事認為該等尚未償還結餘將可收回。

本集團已逾期但並未減值的貿易應收賬款總額的賬齡分析如下：

	二零一六年 人民幣千元	二零一五年 人民幣千元
0-30天	22,887	11,573
31-60天	10,305	7,486
61-90天	7,184	8,174
91-180天	15,989	12,338
180天以上	52,716	43,007
	109,081	82,578

## 綜合財務報表附註

## 20. 應收賬款、按金及預付款項(續)

截至二零一六年十二月三十一日，本集團為數人民幣33,792,000元(二零一五年：人民幣36,512,000元)的貿易應收賬款出現減值並作出撥備。個別出現減值的應收款項主要涉及突然陷入財務困境的客戶。該等應收款項按到期日的賬齡如下：

	二零一六年 人民幣千元	二零一五年 人民幣千元
0-30天	2,211	4,884
31-60天	-	748
61-90天	-	931
91-180天	-	1,411
180天以上	31,581	28,538
	<b>33,792</b>	36,512

本集團貿易應收賬款減值撥備的變動如下：

	二零一六年 人民幣千元	二零一五年 人民幣千元
於一月一日	36,512	36,544
應收款項減值撥備	5,068	2,016
減值虧損撥回	(7,788)	-
年內於證實無法收回時撤銷的應收款項	-	(2,048)
於十二月三十一日	<b>33,792</b>	36,512

## 綜合財務報表附註

### 20. 應收賬款、按金及預付款項 (續)

倘有客觀證據表明，由於一個或多個於初始確認貿易應收賬款後發生的事項，貿易應收賬款的估計未來現金流量受到影響，則貿易應收款項被視為減值。應收款項減值撥備的增加及解除已計入綜合損益及其他全面收益表的「行政開支」內。於撥備賬扣除的款項一般會於預期不能收回額外現金時撇銷。

應收賬款、按金及預付款項的賬面值以下列貨幣計值：

	二零一六年 人民幣千元	二零一五年 人民幣千元
人民幣	481,759	427,844
美元	1,777	9,909
歐元	14,716	11,147
其他貨幣	831	845
	<b>499,083</b>	449,745

### 21. 存貨

	二零一六年 人民幣千元	二零一五年 人民幣千元
原材料	71,845	79,263
在製品	74,415	61,901
製成品	83,605	134,399
	<b>229,865</b>	275,563
撥備	(27,037)	(25,487)
	<b>202,828</b>	250,076

## 綜合財務報表附註

## 22. 應收／(應付)客戶合約工程款項

	二零一六年 人民幣千元	二零一五年 人民幣千元
已產生合約成本加經確認溢利減經確認虧損	732,630	615,251
減：工程進度款項	(723,620)	(594,110)
	9,010	21,141
	二零一六年 人民幣千元	二零一五年 人民幣千元
應收合約客戶款項	40,692	36,717
應付合約客戶款項	(31,682)	(15,576)
應收(應付)客戶合約工程款項淨額	9,010	21,141

於二零一六年十二月三十一日，應收賬款中包括客戶就合約工程持有的保留款項人民幣10,089,000元(二零一五年：人民幣6,994,000元)。

## 23. 限制性銀行存款

	二零一六年 人民幣千元	二零一五年 人民幣千元
限制性銀行存款	33,163	172,613

該筆款項主要乃本集團就其所使用的貿易融資信貸發出的擔保而存放於銀行的存款。有關存款於一年內到期，並按固定年利率0.4%(二零一五年：0.4%)計息。

## 綜合財務報表附註

## 24. 現金及銀行結餘

	二零一六年 人民幣千元	二零一五年 人民幣千元
銀行及手頭現金	62,046	53,983
短期銀行存款	115,900	47,600
現金及現金等值物	177,946	101,583

(a) 銀行及手頭現金、短期銀行存款以下列貨幣計值：

	二零一六年 人民幣千元	二零一五年 人民幣千元
人民幣	138,132	73,379
美元	11,626	15,290
歐元	25,694	10,866
其他貨幣	2,494	2,048
	177,946	101,583

(b) 短期銀行存款之實際年利率介乎1.77%至3.00%（二零一五年：介乎2.70%至4.00%）。

## 25. 股本

	股份數目 千股	股本 人民幣千元
<u>每股面值0.01港元的普通股</u>		
法定：		
於二零一五年一月一日、二零一五年十二月三十一日、 二零一六年一月一日及二零一六年十二月三十一日	1,000,000	10,211
已發行及繳足：		
於二零一五年一月一日、二零一五年十二月三十一日、 二零一六年一月一日及二零一六年十二月三十一日	403,200	4,022

## 綜合財務報表附註

## 26. 應付賬款、其他應付款項及應計費用

	二零一六年 人民幣千元	二零一五年 人民幣千元
貿易應付賬款	203,499	177,863
來自客戶的預付按金	194,990	184,316
其他應付款項	50,888	40,782
應計開支	41,360	44,352
應付賬款、其他應付款項及應計費用總額	490,737	447,313

本集團一般獲得30至60天的信貸期。於二零一六年及二零一五年十二月三十一日，貿易應付賬款的賬齡分析如下：

	二零一六年 人民幣千元	二零一五年 人民幣千元
即期－30天	134,078	119,353
31－60天	48,156	34,725
61－90天	5,219	3,979
91－180天	3,062	4,921
180天以上	12,984	14,885
	203,499	177,863

應付賬款、其他應付款項及應計費用以下列貨幣計值：

	二零一六年 人民幣千元	二零一五年 人民幣千元
人民幣	413,390	398,800
美元	8,177	6,620
歐元	66,599	38,191
港元	2,531	3,702
日圓	40	—
	490,737	447,313

## 綜合財務報表附註

## 27. 保證撥備

	二零一六年 人民幣千元	二零一五年 人民幣千元
於一月一日	5,791	6,329
年度撥備	5,044	5,121
動用撥備	(4,817)	(5,659)
於十二月三十一日	6,018	5,791

## 28. 銀行借貸

	二零一六年 人民幣千元	二零一五年 人民幣千元
即期		
— 有抵押	1,829	—
— 無抵押	348,943	408,677
銀行借貸總額	350,772	408,677

本集團借款的實際利率範圍如下：

	二零一六年	二零一五年
實際利率	每年1.40%至 4.79%	每年1.09%至 4.50%

本集團銀行借貸的償還情況如下：

	二零一六年 人民幣千元	二零一五年 人民幣千元
一年內	350,772	408,677

短期銀行借貸之賬面值與其公平值相若。



## 綜合財務報表附註

## 28. 銀行借貸(續)

本集團銀行借貸的賬面值以下列貨幣計值：

	二零一六年 人民幣千元	二零一五年 人民幣千元
港元	13,418	43,068
美元	141,511	176,221
歐元	141,615	164,198
人民幣	54,228	25,190
	<b>350,772</b>	<b>408,677</b>

附註：

- (a) 於二零一六年十二月三十一日，本集團已抵押其賬面值約人民幣3,443,000元(二零一五年：人民幣5,131,000元)之預付租賃款項及賬面值約人民幣9,153,000元(二零一五年：人民幣10,131,000元)之樓宇，作為其獲授一般銀行融資之擔保。於二零一六年十二月三十一日，本集團動用該等有抵押銀行融資人民幣1,829,000元(二零一五年：無)。
- (b) 於二零一六年十二月三十一日，本集團的銀行借貸人民幣209,205,000元(二零一五年：人民幣242,350,000元)乃由銀行出具的不可撤回備用信用證作擔保，而該銀行借貸並無獲動用(二零一五年：人民幣120,601,000元)。
- (c) 於二零一六年十二月三十一日，附屬公司相互作出擔保人民幣131,000,000元(二零一五年：人民幣176,000,000元)，為銀行借貸提供擔保，有關借貸已動用人民幣8,835,000元(二零一五年：人民幣3,969,000元)。
- (d) 於二零一六年十二月三十一日，本公司一名董事及本集團一名關聯方就本集團的銀行借貸人民幣69,370,000元(二零一五年：人民幣64,936,000元)提供個人擔保。

## 29. 遞延稅項

	二零一六年 人民幣千元	二零一五年 人民幣千元
遞延稅項資產	21,701	6,310

## 綜合財務報表附註

## 29. 遞延稅項(續)

年內，遞延稅項資產的變動如下：

	應收款項				遞延收益	總計
	呆賬撥備	存貨撥備	保證撥備	銷售佣金		
	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
於二零一五年一月一日	4,720	612	812	-	-	6,144
於損益內(扣除)計入	(268)	422	12	-	-	166
於二零一五年十二月三十一日	4,452	1,034	824	-	-	6,310
於損益內(扣除)計入	(582)	(281)	42	917	15,295	15,391
於二零一六年十二月三十一日	3,870	753	866	917	15,295	21,701

於二零一六年十二月三十一日，本集團擁有未使用稅項虧損約人民幣65,498,000元(二零一五年：人民幣65,792,000元)可供抵銷未來溢利。由於日後應課稅溢利不大可能用以抵銷未使用稅項虧損，故並未確認遞延稅項資產。未確認稅項虧損包括具到期日之虧損人民幣65,498,000元(二零一五年：人民幣59,606,000元)。

除上述未使用稅項虧損外，於二零一六年十二月三十一日，本集團擁有其他可扣減暫時差額人民幣151,830,000元(二零一五年：人民幣84,334,000元)可供抵銷未來溢利。於二零一六年十二月三十一日，可扣減暫時差額人民幣103,887,000元(二零一五年：人民幣42,067,000元)已於遞延稅項資產確認。由於日後應課稅溢利不大可能用以抵銷可扣減暫時差額，故並未確認人民幣47,943,000元(二零一五年：人民幣42,267,000元)。

## 綜合財務報表附註

## 29. 遞延稅項(續)

該等稅項虧損將於如下年度結轉及屆滿：

	二零一六年 人民幣千元	二零一五年 人民幣千元
於下列年度屆滿：		
二零一六年	-	16,755
二零一七年	13,043	13,043
二零一八年	6,472	6,472
二零一九年	5,528	5,528
二零二零年	17,808	17,808
二零二一年	22,647	-
	<b>65,498</b>	59,606

## 30. 遞延收益

	二零一六年 人民幣千元	二零一五年 人民幣千元
與資產相關之政府補貼	61,180	-

於二零一六年十一月，本公司其中一間全資擁有的附屬公司Fair Friend (Henan) Precision Machinery Co., Ltd.就其投資廠房及設備之具體目的獲得若干政府補貼及補貼人民幣61,180,000元。該等補貼及補貼將按相關資產的可使用年期於損益內確認。

## 綜合財務報表附註

## 31. 營運所得現金

	二零一六年 人民幣千元	二零一五年 人民幣千元
除所得稅前溢利：	87,650	55,952
調整：		
— 預付租賃款項攤銷	943	940
— 物業、廠房及設備折舊	25,342	26,081
— 無形資產攤銷	1,233	983
— 呆賬撥備	(2,720)	2,016
— 存貨撥備	1,550	7,791
— 分佔合營企業虧損	476	1,387
— 分佔聯營公司虧損(溢利)	5,909	(101)
— 視作出售可供出售金融資產之收益	—	(662)
— 出售物業、廠房及設備虧損	341	201
— 利息收入	(8,201)	(14,193)
— 利息開支	9,897	8,734
— 保證費用	5,044	5,121
營運資金變動：		
— 存貨	45,698	(610)
— 應收賬款、按金及預付款項	(46,618)	62,222
— 應收客戶合約工程款項	(3,975)	(4,223)
— 應收最終控股公司款項	(2,110)	532
— 應收合營企業，同系附屬公司及最終控股公司的聯營公司款項	(22,234)	(38,864)
— 應付賬款、其他應付款項及應計費用	57,239	36,652
— 應付客戶合約工程款項	16,106	(27,224)
— 應付最終控股公司款項	2,228	(1,556)
— 應付直接控股公司款項	(1,237)	(1,591)
— 應付合營企業款項	(125)	241
— 應付一間聯營公司及一間聯營公司的附屬公司款項	(2,408)	9,261
— 應付同系附屬公司及最終控股公司的聯營公司款項	(16,161)	5,420
— 保證撥備	(4,817)	(5,659)
營運所得現金	149,050	128,851

## 綜合財務報表附註

## 31. 營運所得現金 (續)

於現金流量表內，出售物業、廠房及設備所得款項包括：

本集團	二零一六年 人民幣千元	二零一五年 人民幣千元
賬面值：	450	221
出售物業、廠房及設備虧損	(341)	(201)
出售物業、廠房及設備所得款項	109	20

## 32. 或然負債

於二零一五年九月二十五日，本公司、FFG Werke與一家銀行（「該銀行」）訂立協議，據此，該銀行安排一筆本金額最高為50,000,000歐元（相當於人民幣365,340,000元）之融資，以供本公司及FFG Werke共同及個別地使用，因此本公司及FFG Werke各自須對另一方於融資項下產生之債務負責。於二零一六年十二月三十一日，本公司並未自上述融資函中提取任何貸款，而FFG Werke已提取貸款總額50,000,000歐元（相當於人民幣365,340,000元）（二零一五年：32,000,000歐元（相當於人民幣227,046,000元））。

於二零一四年七月九日，FFG Werke與天盛訂立擔保促成契據，據此，天盛同意就FFG Werke之業務經營所需而促成出具最大總額不超過10,600,000歐元（相當於人民幣77,452,000元）的銀行擔保。於二零一六年十二月三十一日，天盛已安排上述銀行擔保，總金額為8,500,000歐元（相當於人民幣62,108,000元）（二零一五年：4,605,000歐元（相當於人民幣32,675,000元））。

於二零一六年，本公司全資附屬公司杭州友佳精密機械有限公司出具總額為人民幣33,000,000元之備用信用證，以擔保一家銀行將向FFG Werke提供之相應金額之信貸額度。於二零一六年十二月三十一日，FFG Werke已提取合共4,000,000歐元（相當於人民幣29,227,000元）。

於二零一六年，本公司全資附屬公司杭州友佳精密機械有限公司出具總額為5,051,000歐元（約人民幣36,907,000元）之備用信用證，以擔保一家銀行將向FFG Europe提供之相應金額之信貸額度。於二零一六年十二月三十一日，FFG Europe已提取合共5,051,000歐元（相當於人民幣36,907,000元）。

管理層估計FFG Werke及FFG Europe之違約風險甚微，故該等財務擔保產生之擔保負債風險並不重大且於本年度並無確認任何擔保負債。

## 綜合財務報表附註

## 33. 承擔

## (a) 資本承擔

於報告期末已訂約但尚未產生的資本支出分析如下：

	二零一六年 人民幣千元	二零一五年 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：		
－ 樓宇建設	—	625
－ 向一間聯營公司之注資	—	67,404
	—	68,029

## (b) 經營租賃承擔

本集團作為承租人

	二零一六年 人民幣千元	二零一五年 人民幣千元
年內根據經營租賃已付最低租金	9,416	10,241

於報告日期，本集團須就根據不可撤銷之經營租賃而租賃之辦公室支付之未來最低租金如下：

	二零一六年 人民幣千元	二零一五年 人民幣千元
一年內	5,749	6,788
一年後及五年內	3,549	5,672
	9,298	12,460

## 綜合財務報表附註

## 34. 關連人士交易

除附註28及附註32所披露者外，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	二零一六年 人民幣千元	二零一五年 人民幣千元
友嘉實業股份有限公司 (「友嘉實業」)	最終控股公司	銷售貨品	206	1,484
		採購貨品	21,381	5,007
		購買服務	878	–
杭州友嘉高松機械有限公司 (「友嘉高松」)	最終控股公司的聯營公司	銷售貨品	–	943
		採購貨品	907	2,188
		租金收入	1	9
		提供服務	182	190
友佳實業(香港)有限公司 (「友佳實業香港」)	直接控股公司	採購貨品	25,660	35,393
杭州友維機電有限公司 (「友維」)	同系附屬公司	銷售貨品	1	3
		租金收入	501	641
		提供服務	598	754
		採購貨品	119	–

## 綜合財務報表附註

## 34. 關連人士交易 (續)

## (a) 交易 (續)

公司名稱	關係	交易性質	二零一六年 人民幣千元	二零一五年 人民幣千元
AIF (由溫吉堂先生控制)	合營公司	銷售貨品	15	8
		採購貨品	235	377
		租金收入	22	24
		購買服務	–	11
		提供服務	1,138	884
Hangzhou Best Friend Technology Co., Ltd. (「Best Friend」)	最終控股公司的聯營公司	銷售貨品	–	11
SANCO Machine & Tools Co., Ltd. (「SANCO」)	同系附屬公司	採購貨品	13,299	5,171
		購買服務	–	511
Jobs Automazione S.p.A. (「Jobs」)	本集團一間聯營公司之 附屬公司	採購貨品	30,552	22,830
FFG Werke	聯營公司	採購貨品	33,590	3,012
Feeler Mectron	合營公司	採購貨品	4,067	3,121
		提供服務	119	–
		利息收入	1	–



## 綜合財務報表附註

## 34. 關連人士交易 (續)

## (a) 交易 (續)

公司名稱	關係	交易性質	二零一六年 人民幣千元	二零一五年 人民幣千元
UFM	合營公司	銷售貨品	15	10
		採購貨品	757	381
		提供服務	36	38
		利息收入	22	—
Nippon Cable Feeler	合營公司	購買服務	75	—
		提供服務	21	—
		租金收入	6	—
金友	同系附屬公司	購買權益股份	—	15,460
SMS Holding Co., Inc.	本集團一間聯營公司之 附屬公司	銷售貨品	1,138	—
FFG DMC Co., Ltd.	最終控股公司之附屬公司	採購貨品	1,040	—

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。

## 綜合財務報表附註

## 34. 關連人士交易 (續)

## (b) 結餘

公司名稱	關係	結餘性質	二零一六年 人民幣千元	二零一五年 人民幣千元
友嘉實業	最終控股公司	貿易應付賬款 (附註(b))	(1,510)	(160)
		墊款(附註(b))	2,110	—
		其他應付賬款 (附註(b))	(878)	—
友佳實業香港	直接控股公司	貿易應付賬款 (附註(b))	(619)	(1,856)
友維(由陳明河先生控制)同系附屬公司		其他應收賬款 (附註(b))	114	222
		貿易應收賬款 (附註(a))	7	—
SANCO	同系附屬公司	貿易應付賬款 (附註(b))	(5,207)	(6,204)
		其他應收賬款 (附註(b))	—	1,009
		墊款(附註(b))	2,356	—

## 綜合財務報表附註

## 34. 關連人士交易 (續)

## (b) 結餘 (續)

公司名稱	關係	結餘性質	二零一六年 人民幣千元	二零一五年 人民幣千元
Best Friend	最終控股公司的 聯營公司	貿易應收賬款 (附註(a))	2	13
		預收(附註(b))	(1)	—
友嘉高松	最終控股公司的 聯營公司	其他應收賬款 (附註(b))	32	32
		貿易應付賬款 (附註(b))	(23)	—
		貿易應收賬款 (附註(a))	—	1
AIF (由溫吉堂先生控制) 合營公司		貿易應收賬款 (附註(a))	1	228
		其他應收賬款 (附註(b))	254	—
		貿易應付賬款 (附註(b))	—	(206)
		其他應付賬款 (附註(b))	—	(3)

## 綜合財務報表附註

## 34. 關連人士交易 (續)

## (b) 結餘 (續)

公司名稱	關係	結餘性質	二零一六年 人民幣千元	二零一五年 人民幣千元
Feeler Mectron	合營公司	貿易應收賬款 (附註(a))	58	48
		其他應收賬款 (附註(b))	13	78
		其他應付賬款 (附註(b))	(4)	–
UFM	合營公司	貿易應付賬款 (附註(b))	(188)	(108)
		其他應收賬款 (附註(b))	591	363
SIGMA Technology S.r.l	一間聯營公司之 附屬公司	墊款 (附註(b))	2,127	2,127
		貿易應付賬款 (附註(b))	(76)	(254)
Jobs	一間聯營公司之 附屬公司	其他應收賬款 (附註(b))	7,428	18,641
		貿易應付賬款 (附註(b))	(4,615)	(9,837)
		股東貸款 (附註(b))	22,595	5,469

## 綜合財務報表附註

## 34. 關連人士交易 (續)

## (b) 結餘 (續)

公司名稱	關係	結餘性質	二零一六年 人民幣千元	二零一五年 人民幣千元
FFG Werke	聯營公司	墊款 (附註(b))	43,025	28,020
		貿易應付賬款 (附註(b))	(3,290)	(298)
		股東貸款 (附註(b))	4,915	5,041
		其他應收賬款 (附註(b))	862	—
金友	同系附屬公司	其他應付賬款 (附註(b))	—	(15,460)
FFG Europe	聯營公司	其他應收賬款 (附註(b))	674	1,543
Nippon Cable Feeler	合營公司	其他應收賬款 (附註(b))	5	—
Equiptop Hitech Corp.	同系附屬公司	貿易應收賬款 (附註(a))	7	—
		貿易應付賬款 (附註(b))	(272)	—
SMS Holding Co.,Inc	一間聯營公司之 附屬公司	貿易應收賬款 (附註(a))	3	—

## 綜合財務報表附註

### 34. 關連人士交易 (續)

#### (b) 結餘 (續)

附註：

(a) 就與同系附屬公司、最終控股公司及其聯營公司以及聯營公司之附屬公司進行的銷售而言，本集團一般給予的信貸期為90天。結餘為無抵押及免息。截至二零一六年及二零一五年十二月三十一日，上列結餘的賬齡大部分為六至十二個月內。

(b) 結餘為無抵押、免息及須按要求償還。

#### (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：

	二零一六年 人民幣千元	二零一五年 人民幣千元
薪金	2,916	2,817
表現相關花紅	1,287	1,304
退休福利計劃供款	108	99
	<b>4,311</b>	4,220

### 35. 資產抵押

	二零一六年 人民幣千元	二零一五年 人民幣千元
預付租賃款項	3,443	5,131
物業、廠房及設備	9,153	10,131
已抵押銀行存款	33,163	172,613
	<b>45,759</b>	187,875

本集團已抵押其預付租賃款項及樓宇作本集團獲授之一般銀行信貸額度之擔保。

本集團之受限制銀行存款主要指本集團為就所使用的融資信貸出具擔保而存放於銀行的存款。

## 綜合財務報表附註

## 36. 本公司之財務狀況及權益變動資料

本公司於二零一六年十二月三十一日之財務狀況表如下：

	二零一六年 人民幣千元	二零一五年 人民幣千元
<b>非流動資產</b>		
物業、廠房及設備	-	2
於附屬公司的投資	52,837	52,837
於合營企業的投資	27,666	27,666
應收附屬公司款項	670,585	605,881
	<b>751,088</b>	686,386
<b>流動資產</b>		
應收賬款、按金及預付款項	11,223	14,022
應收聯營公司及一間聯營公司的附屬公司款項	35,304	28,592
現金及現金等值物	6,817	35,301
	<b>53,344</b>	77,915
<b>流動負債</b>		
其他應付款項及應計費用	7,653	11,641
應付一間聯營公司及一間聯營公司的附屬公司款項	1,400	8,853
銀行借貸	280,588	332,299
	<b>289,641</b>	352,793
<b>流動負債淨額</b>	<b>(236,297)</b>	(274,878)
<b>總資產減流動負債</b>	<b>514,791</b>	411,508
<b>資本及儲備</b>		
股本	4,022	4,022
股份溢價	82,281	82,281
其他儲備	7,973	7,973
保留盈利	420,515	317,232
<b>總權益</b>	<b>514,791</b>	411,508

## 綜合財務報表附註

## 36. 本公司之財務狀況及權益變動資料 (續)

本公司截至二零一六年十二月三十一日止年度之權益變動表如下：

	股本 人民幣千元	股份溢價 人民幣千元	其他儲備 人民幣千元	保留盈利 人民幣千元	總額 人民幣千元
於二零一五年一月一日	4,022	82,281	7,973	46,895	141,171
溢利及全面收益總額	-	-	-	294,529	294,529
確認為分派之股息	-	-	-	(24,192)	(24,192)
於二零一五年十二月三十一日	4,022	82,281	7,973	317,232	411,508
溢利及全面收益總額	-	-	-	115,379	115,379
確認為分派之股息	-	-	-	(12,096)	(12,096)
於二零一六年十二月三十一日	4,022	82,281	7,973	420,515	514,791

## 37. 報告日期後事項

本集團於報告日期後概無發生任何重大事項。



## 五年財務概要

### 經營業績

截至十二月三十一日止年度

	二零一二年 人民幣千元	二零一三年 人民幣千元	二零一四年 人民幣千元	二零一五年 人民幣千元	二零一六年 人民幣千元
收益	1,540,856	1,350,271	1,300,119	990,239	<b>1,082,336</b>
毛利	308,947	309,771	344,894	267,925	<b>295,151</b>
除所得稅前溢利	60,440	54,388	125,071	55,952	<b>87,650</b>
本公司權益持有人應佔溢利	42,022	36,868	101,313	46,097	<b>60,749</b>
每股盈利－基本（人民幣元）	0.10	0.09	0.25	0.11	<b>0.15</b>

### 資產與負債

於十二月三十一日

	二零一二年 人民幣千元	二零一三年 人民幣千元	二零一四年 人民幣千元	二零一五年 人民幣千元	二零一六年 人民幣千元
非流動資產	345,271	330,119	309,492	589,531	<b>743,761</b>
流動資產淨值	339,800	361,656	433,321	154,908	<b>121,487</b>
非流動負債	(23,180)	(18,775)	(16,118)	–	<b>(61,180)</b>
<b>資產淨值</b>	<b>661,891</b>	<b>673,000</b>	<b>726,695</b>	<b>744,439</b>	<b>804,068</b>
股本	4,022	4,022	4,022	4,022	<b>4,022</b>
儲備	657,869	668,978	722,673	740,417	<b>800,046</b>
<b>股東權益</b>	<b>661,891</b>	<b>673,000</b>	<b>726,695</b>	<b>744,439</b>	<b>804,068</b>

附 件 五

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# 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 **2016**

# Contents

Corporate Information	2
Financial Highlights	4
Chairman's Statement	6
Management Discussion and Analysis	10
Biographical Details of Directors and Senior Management	14
Report of the Directors	17
Corporate Governance Report	32
Environmental, Social and Governance Report	47
Independent Auditor's Report	55
Consolidated Statement of Profit or Loss and Other Comprehensive Income	61
Consolidated Statement of Financial Position	62
Consolidated Statement of Changes in Equity	64
Consolidated Statement of Cash Flows	65
Notes to the Consolidated Financial Statements	66
Five-Year Financial Summary	138

# Corporate Information

## BOARD OF DIRECTORS

### **Executive Directors**

CHU Chih-Yaung (*Chairman*)  
CHEN Hsiang-Jung (*Chief Executive Officer*)  
CHEN Min-Ho  
WEN Chi-Tang  
CHIU Rung-Hsien

### **Independent Non-Executive Directors**

KOO Fook Sun, Louis  
CHIANG Chun-Te  
YU Yu-Tang

## COMPANY SECRETARY

LO Tai On

## AUTHORISED REPRESENTATIVES

CHEN Hsiang-Jung  
CHIU Rung-Hsien

## LEGAL ADVISERS AS TO HONG KONG LAW

Woo Kwan Lee & Lo

## AUDIT COMMITTEE

KOO Fook Sun, Louis (*Chairman of the Committee*)  
CHIANG Chun-Te  
YU Yu-Tang

## REMUNERATION COMMITTEE

KOO Fook Sun, Louis (*Chairman of the Committee*)  
CHIANG Chun-Te  
CHEN Hsiang-Jung

## NOMINATION COMMITTEE

KOO Fook Sun, Louis (*Chairman of the Committee*)  
CHIANG Chun-Te  
CHEN Hsiang-Jung

## AUDITOR

Deloitte Touche Tohmatsu

## REGISTERED OFFICE

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

*Corporate Information***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**

Royal Bank of Canada Trust Company  
(Cayman) Limited  
4th Floor, Royal Bank House  
24 Shedden Road, George Town  
Grand Cayman KY1-1110  
Cayman Islands

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

Tricor Investor Services Limited  
Level 22, Hopewell Centre  
183 Queen's Road East  
Hong Kong

**PRINCIPAL BANKERS**

Bank of China  
Cathay United Bank  
Hang Seng Bank Limited  
Industrial and Commercial Bank of China  
KGI Bank  
Mega International Commercial Bank  
Yuanta Commercial Bank  
BNP Paribas  
Bank SinoPac  
Bangkok Bank

**STOCK CODE**

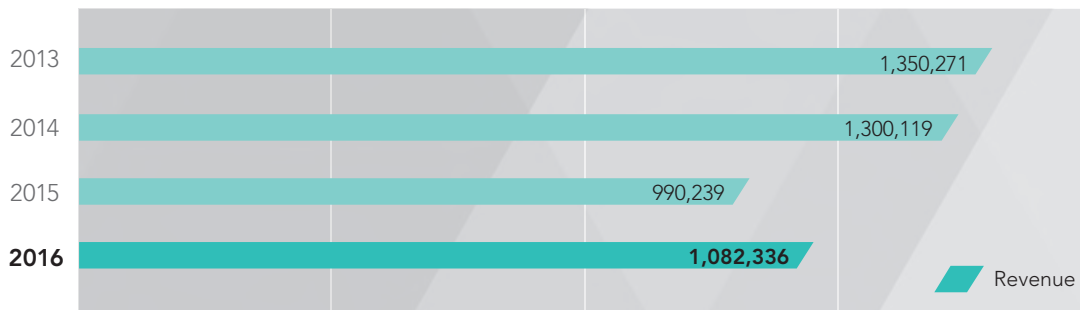
2398

**WEBSITE**

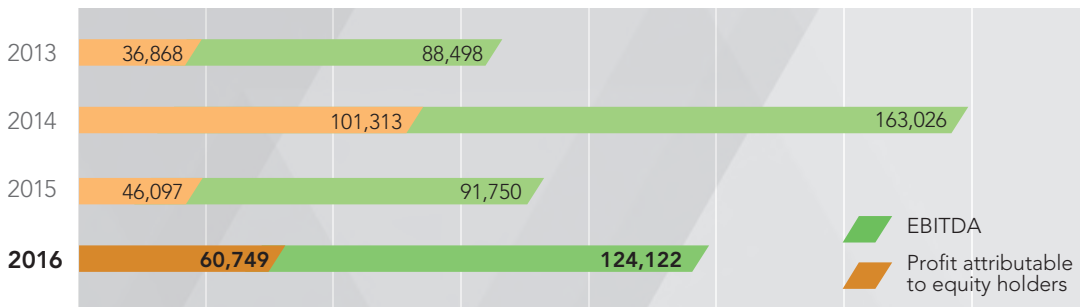
<http://www.goodfriend.hk>

# Financial Highlights

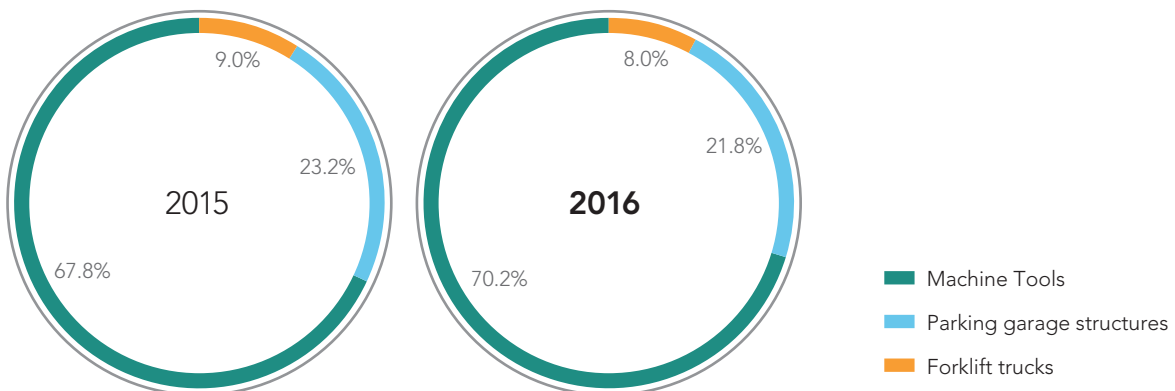
## REVENUE (RMB'000)



## PROFIT (RMB'000)



## BUSINESS SEGMENTS (In terms of revenue)



## Financial Highlights

## TWO-YEAR COMPARISON OF FINANCIAL FIGURES

For the year ended 31 December

	2016 RMB'000	2015 RMB'000	Change (%)
Revenue	1,082,336	990,239	9.3%
Gross profit	295,151	267,925	10.2%
EBITDA	124,122	91,750	35.3%
Profit attributable to equity holders	60,749	46,097	31.8%
Shareholders' equity	804,068	744,439	8.0%
Total assets	1,787,359	1,664,040	7.4%
Earnings per share – basic (RMB)	0.15	0.11	36.4%

## SUMMARY OF KEY FINANCIAL RATIOS

For the year ended 31 December

	2016	2015	Change (%)
Gross profit margin <sup>Note 1</sup>	27.3%	27.1%	0.7%
Net profit margin <sup>Note 2</sup>	5.6%	4.7%	19.1%
Inventory turnover days <sup>Note 3</sup>	94.0	126.4	-25.6%
Debtors' turnover days <sup>Note 4</sup>	152.1	150.6	1%
Creditors' turnover days <sup>Note 5</sup>	94.4	89.9	5%
Current ratio (Times) <sup>Note 6</sup>	1.1	1.2	-8.3%
Quick ratio (Times) <sup>Note 7</sup>	0.9	0.9	–
Gearing ratio (%) <sup>Note 8</sup>	19.6%	24.6%	-20.3%
EBITDA/Finance costs (Times) <sup>Note 9</sup>	12.5	10.5	19.0%
Return on equity (%) <sup>Note 10</sup>	7.6%	6.2%	22.6%

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

Note 2: Net profit margin is calculated as profit attributable to equity holders 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 sales 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: EBITDA/Finance costs is calculated as earnings before finance costs, taxation, depreciation and amortization divided by finance costs for the year. The numbers in the above table are expressed in the form of ratio and not as a percentage.

Note 10: Return on equity is calculated as profit attributable to equity holders divided by total shareholders' equity at the end of the corresponding year.



## Chairman's Statement



**Chu Chih-Yaung**  
Chairman

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 2016 (the "year").

### FINANCIAL PERFORMANCE

For the year ended 31 December 2016, the Group recorded revenue of approximately RMB1,082.34 million, representing an increase of approximately 9.3% compared to the previous year. Whilst profit attributable to equity holders for the year amounted to approximately RMB60.75 million, representing an increase of approximately 31.8% compared to RMB46.10 million in 2015.

### FINAL DIVIDEND

The Board proposes to preserve cash for development of the Group and does not recommend a final dividend for the year ended 31 December 2016 (2015: RMB0.03 per ordinary share).

## Chairman's Statement

### BUSINESS REVIEW

The growth rate of China's economy further slowed down in 2016. According to the economic data released by the National Bureau of Statistics of China, China's gross domestic product ("GDP") in 2016 grew by 6.5% when compared to 2015, and the economy is still in a period of deep adjustment. Despite that, sales orders of the mainstream product of the Group CNC machine tools were not affected by that. For the year ended 31 December 2016, sales volume and sales revenue of CNC machine tools amounted to 1,611 units and approximately RMB760.05 million respectively, both representing an increase when compared to 2015. Moreover, the gross profit margin of CNC machine tools business maintained at approximately 29.8% during the year. This was attributable to the stable raw material prices during the year.

During the year, the Group continued to offer high-end CNC machine tools products to the customers. Sales revenue of high-end CNC machine tools products (produced by German and Italian manufacturers) during the year amounted to approximately RMB 66.5 million, and accounted for approximately 8.7% of sales revenue of the Group's CNC machine tools business. These high-end products could optimise the product portfolio of the Group, and strengthen its core competitiveness.

### PROSPECTS

China's economy continued to sail on against the wind. 2017 marks the second year of China's "13th Five-Year" Planning. China remains as the growth engine to the world economy, China is the largest machine tools consuming country. It is anticipated that the demand of machine tools from the industries of high-speed railway, transit rails, aerospace, and energy in China, especially demand of those high-end CNC machine tools, would still be great. This in turn will benefit the Group's CNC machine tools business. The Group will continue to explore and sell those high-end CNC machine tools products (production of such primarily from Italy and Germany) to the customers. The management believes that with its extensive sales network and comprehensive after-sales service, solid business foundation as well as outstanding product quality, the Group is capable of meeting customers' different needs and continue to strengthen its market position.

Looking ahead, with the current complex economic environment, the Group will continue to strengthen its business foundation under a consistent cautious manner under tough market environment, in order to weather against the volatility and uncertainty of the market condition ahead. On the other hand, the management will continue to explore and capture various opportunities for development and strategic cooperation so as to increase the competitive edge of the Group. The Group is committed to becoming an international CNC machine tools manufacturer. The management is optimistic on the long-term development prospects of the Group.

## Chairman's Statement



## Chairman's Statement

The management will also strive to control operating costs for achieving better operating results, in order to bring favorable returns to the shareholders of the Company.

### 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.

**Chu Chih-Yaung**

*Chairman*

Hong Kong, 30 March 2017

# Management Discussion and Analysis

## FINANCIAL REVIEW

### Revenue

For the year ended 31 December 2016, the Group recorded revenue of approximately RMB1,082.34 million, representing an increase of approximately 9.3% as compared to 2015. During the year, sales volume of CNC machine tools, parking garage structures and forklift trucks amounted to 1,611 units, 17,529 units and 1,433 units respectively (2015 comparative figures: 1,587 units, 15,368 units and 1,492 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 RMB760.05 million, representing an increase of approximately 13.1% as compared to 2015. Revenue of CNC machine tools accounted for approximately 70.2% of the Group's total revenue. On the other hand, sales revenue of the Group's parking garage structures business amounted to approximately RMB236.05 million during the year, representing an increase of approximately 2.8% as compared to 2015 and accounted for approximately 21.8% of the total revenue. Moreover, sales revenue of the Group's forklift trucks business during the year decreased by approximately 2.8%, as compared to 2015, to approximately RMB86.24 million and approximately 8.0% of the Group's total revenue.

### Gross profit and margin

For the year ended 31 December 2016, gross profit of the Group amounted to approximately RMB295.15 million. Overall gross profit margin was approximately 27.3%, compared to 27.1% for 2015. The gross profit margin of CNC machine tools (the Group's major product) during the year remained at approximately 29.8%. As a result, the overall gross profit margin for the year remained fairly stable as compared to 2015.

### Distribution and selling expenses

Distribution and selling expenses, amounted to approximately RMB122.40 million for the year ended 31 December 2016, remained fairly stable as compared to last year. During the year, distribution and selling expenses as a percentage of the Group's revenue amounted to approximately 11.3%, compared to approximately 12.4% for 2015.

### Administrative expenses

Administrative expenses for the year ended 31 December 2016 decreased by approximately 2.8% as compared to 2015. This was mainly attributable to the stringent control of the corresponding expenses by the management.

## Management Discussion and Analysis

### Finance costs

During the year, finance costs increased to approximately RMB9.90 million. The increase was primarily due to the increase of average bank borrowings of the Group during 2016.

### Share of loss of associates

For the year ended 31 December 2016, share of loss of associates amounted to approximately RMB5.91 million. The amount represented the Group's share of operating results of the associate "FFG Europe" (located in Italy), the associate "FFG European and American" (located in Germany), and the associate "FFG Werke" (located in Germany) during the year.

### Profit attributable to the equity holders of the Company

For the year ended 31 December 2016, profit attributable to the equity holders of the Company amounted to approximately RMB60.75 million, representing an increase of approximately 31.8% as compared to 2015.

## LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2016, the Group had net current assets of approximately RMB121.49 million (2015: RMB154.91 million), shareholders' fund of approximately RMB804.07 million (2015: RMB744.44 million) and short-term bank borrowings of approximately RMB350.77 million (2015: RMB408.68 million). The Group's working capital was financed by internal cash flows generated from its operation and existing banking facilities.

Cash and cash equivalents as at 31 December 2016 amounted to approximately RMB177.95 million (2015: RMB101.58 million). The current ratio (ratio of total current assets to total current liabilities) of the Group was approximately 1.1 times (2015: 1.2 times). The gearing ratio (ratio of total debts to total assets) was approximately 19.6% (2015: 24.6%), indicating that the Group continued to maintain solid financial position.

## Management Discussion and Analysis

### CAPITAL STRUCTURE AND TREASURY POLICIES

The share capital of the Company as at 31 December 2016 was HK\$4,032,000 divided into 403,200,000 shares of HK\$0.01 each (at 31 December 2015: HK\$4,032,000 divided into 403,200,000 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 2016, the total outstanding short-term borrowings stood at approximately RMB350.77 million (2015: RMB408.68 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 2016.

### MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

The Group had no material acquisitions or disposals of subsidiaries or associates during the year ended 31 December 2016.

### SEGMENTAL INFORMATION

Details of segmental information for the year ended 31 December 2016 are set out in note 5 to the consolidated financial statements.

### STAFF AND REMUNERATION POLICIES

As at 31 December 2016, the Group employed a total of 1,300 (2015: 1,320) full-time employees in Hong Kong and China. The total staff costs (including Directors' fee and emoluments) amounted to approximately RMB140.15 million (2015: RMB142.99 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 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 under review, the Group contributed approximately RMB4.61 million (2015: RMB4.92 million) to the said schemes.

## Management Discussion and Analysis

### CAPITAL COMMITMENTS AND CONTINGENCIES

The Group had made no capital expenditure commitments for property, plant and equipment (2015: RMB0.63 million) which are contracted but not provided in the financial statements and had no capital contribution commitments to any associates (2015: RMB67.40 million). The Group had no material contingent liabilities as at 31 December 2016 (2015: Nil).

### CHARGES ON THE GROUP'S ASSETS

As at 31 December 2016, restricted bank deposits with an amount of approximately RMB33.16 million (2015: RMB172.61 million) represented mainly deposits placed in banks for guarantees issued for finance facilities used by the Group.

Meanwhile, subsidiaries of the Company pledged its land and buildings with an aggregate carrying amount of approximately RMB12.60 million (2015: RMB15.26 million) to secure general banking facilities granted to them. As at 31 December 2016, the subsidiaries have utilized such secured bank facilities of RMB1.83 million (2015: Nil).

### 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 2016. 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 2016, the Group collected most of its revenue in Renminbi, some of which were converted into foreign currencies such as United States dollars, Japanese Yen 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. Foreign exchange risks arising from fluctuation of exchange rates of foreign currencies are managed by the Group using foreign exchange forward contracts when necessary.

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 70, was appointed as an executive Director in September 2005 and Chairman of the Board. He is 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 Hsiang-Jung** (陳向榮先生), aged 71, was appointed as an executive Director in December 2005 and chief executive officer. He is also a member of the remuneration committee and the nomination committee of the Company. He is responsible for general management of the Group. Mr. Chen has more than 30 years of experience in the mechanics, manufacturing and 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. Mr. Chen joined the Group in 1993.

**Mr. Chen Min-Ho** (陳明河先生), aged 66, 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 52, 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 31 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.

## *Biographical Details of Directors and Senior Management*

**Mr. Chiu Rung-Hsien** (邱榮賢先生), aged 59, was appointed as an executive Director in December 2005. He was the manager of the parking garage structures division of Hangzhou Good Friend Precision Machinery Co., Ltd. and then was promoted as the senior manager with effect from 1 January 2011. He is responsible for the production and operation of this division. Mr. Chiu has more than 32 years of experience in the mechanics and manufacturing industry. He joined the Group in 2001.

### **INDEPENDENT NON-EXECUTIVE DIRECTORS**

**Mr. Koo Fook Sun, Louis** (顧福身先生), aged 60, 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 is the founder and managing director of Hercules Capital Limited, a corporate finance advisory firm. He has more than 20 years of experience in investment banking and professional accounting. Mr. Koo currently act as an independent non-executive director of Li Ning Company Limited, Midland Holdings 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 is a certified public accountant.

**Mr. Chiang Chun-Te**, (江俊德先生) aged 56, was appointed as an independent non-executive Director in December 2005. He is also a member of the audit committee, the remuneration and the nomination committee of the Company. He is the general manager of Istra Corporation and is also served as the president with effect from 2000.

He is the director of Long Chen Paper Co., Ltd. He is also a director of Chinatrust Commercial Bank.

From 2003 to February 2010, Mr. Chiang served as the director of Premier Capital Management Corp. and Premier Venture Capital Corp. From 2006 to June 2009, he served as the independent director of Yin King Industrial Co., Ltd., which is a listed company at over-the-counter market on the Taiwan Stock Exchange Corporation. From 2009 to March 2012, he served as the independent director of Feng Sheng Technology Co., Ltd. (listed on the Taiwan Stock Exchange Corporation). From 2011 to June 2013, he served as the independent director of Swancor Ind. Co., Ltd. (listed on the Taiwan Stock Exchange Corporation). From 2001 to December 2014, he served as the president and general manager of PK Investment Corp. From 2000 to 18 June 2015, he served as the director of the Importers and Exporters Association of Taipei.

## *Biographical Details of Directors and Senior Management*

**Mr. Yu Yu-Tang (余玉堂先生)**, aged 80, was appointed as an independent non-executive Director in December 2005 and is a member of the audit 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.

### SENIOR MANAGEMENT

**Mr. Chiang Chia-Shin (強家鑫先生)**, aged 58, 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 31 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 55, 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 32 years of experience in the machine tools industry.

**Mr. Yeh Ming-Pin (葉明彬先生)**, aged 49, was appointed as the vice general manager of Hangzhou Good Friend and is responsible for the general administrative and management functions. Mr. Yeh graduated from Tamkang University, Taiwan (台灣淡江大學) in 1994 with a degree in Accounting. Before he joined the Group in January 2007, Mr. Yeh worked in TNS CPA firm in Taiwan from 1994 to 1998 and has over 19 years of experience in the fields of auditing, accounting and finance.

**Mr. Yip Sai Keung, Esmond (葉世強先生)**, aged 51, 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 over 20 years of experience in the fields of corporate finance, auditing and accounting.

# Report of the Directors

The Board is pleased to submit their report together with the audited consolidated financial statements of the Group for the year ended 31 December 2016.

## 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 2016 is set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" from pages 6 to 9 and pages 10 to 13 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 9 of this annual report. The financial risk management objectives and policies of the Group are set out in note 3 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 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.

## Report of the Directors

### 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 ENDING OF THE FINANCIAL YEAR

There was no important event that has occurred since the ending of the financial year 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 2016 is set out in note 5 to the consolidated financial statements.

### RESULTS AND APPROPRIATIONS

The Group's profit for the year ended 31 December 2016 and the state of affairs of the Group as at that date are set out in the consolidated financial statements on pages 61 to 137.

The Board proposes to preserve cash for development of the Group and does not recommend a final dividend for the year ended 31 December 2016 (2015: RMB0.03 per ordinary share).

### RESERVES

Movements in the reserves of the Company during the year are set out in note 36 to the consolidated financial statements.

### ANNUAL GENERAL MEETING

The 2017 annual general meeting will be held on Thursday, 1 June 2017. Details of the 2017 annual general meeting, notice of annual general meeting and proxy form are set out in the circular of the Company dated 27 April 2017 which will be despatched to shareholders of the Company together with the 2016 annual report.

## Report of the Directors

### RECORD DATE FOR DETERMINING ELIGIBILITY TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING

Record date (being the last date for registration of any share transfer given there will be no book closure) for determining the entitlement of the shareholders of the Company to attend and vote at the annual general meeting to be held on 1 June 2017 will be Thursday, 25 May 2017. All transfers documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Thursday, 25 May 2017.

### 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 2016 are set out in note 25 to the consolidated financial statements.

### BANK BORROWINGS

Details of bank borrowings of the Group as at 31 December 2016 are set out in note 28 to the consolidated financial statements.

### DIRECTORS

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

#### Executive Directors

Mr. Chu Chih-Yaung (*Chairman*)  
 Mr. Chen Hsiang-Jung (*Chief Executive Officer*)  
 Mr. Chen Min-Ho  
 Mr. Wen Chi-Tang  
 Mr. Chiu Rung-Hsien

#### Independent Non-Executive Directors

Mr. Koo Fook Sun, Louis  
 Mr. Chiang Chun-Te  
 Mr. Yu Yu-Tang

In accordance with article 87(1) of the articles of association of the Company (the "Articles"), Messrs. Chu Chih-Yaung, Wen Chi-Tang and Koo Fook Sun, Louis, will retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

### 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.

## *Report of the Directors*

### **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 2015 with the Company for a term of three years commencing from 11 January 2015 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 2016, 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 annual general meeting 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 2016, 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.

## Report of the Directors

### 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 of the Company 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 10% of the issued shares of the Company as at the date of this report.



## Report of the Directors

- (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.

## Report of the Directors

### DIRECTORS' INTEREST IN SHARES

As at 31 December 2016, 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

<u>Name of director</u>	<u>Nature of interest</u>	<u>Number and class of securities</u>	<u>Approximate percentage of shareholding</u>
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	15,669,255 ordinary shares	15.30%
	Taiwan FF	Spouse interest (Note 1)	2,682,926 ordinary shares	2.62%
	Fair Fine (Hongzhou) Industrial Co., Ltd. (Note 2)	Beneficial owner	750 ordinary shares	0.03%
Mr. Chen Hsiang-Jung	Taiwan FF	Beneficial owner	1,948,553 ordinary shares	1.90%
	Fair Fine (Hongzhou) 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 2.62% 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 (Hongzhou) 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 2016, 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.

## Report of the Directors

2. Aggregate short position in the shares, underlying shares and debentures of the Company and its associated corporations

As at 31 December 2016, 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 2016, 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:

1. 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)	57.54%
Taiwan FF	Interest of controlled corporation	232,086,000 shares (Note)	57.56%

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.

## *Report of the Directors*

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 2016.

### **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 2016, they have complied with the required standards set out in the Model Code regarding securities transactions by the Directors.

### **EMOLUMENT POLICY**

A remuneration committee has been set up 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 8 to the consolidated financial statements.

### **RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS**

Details on related party transactions for the year are set out in note 34 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.

*Report of the Directors***Non-exempt continuing connected transaction(s)**

1. As disclosed in the announcement of the Company dated 22 May 2014 and the circular of the Company dated 6 June 2014, the Company had on 22 May 2014 entered into: (a) a components agreement (the "Components Agreement") with Taiwan FF, pursuant to which the Company (and/or its permitted designates) (the "GF Parties") will supply CKD components to Taiwan FF (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 27 June 2014; and (b) a machine tools agreement (the "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 such machine tools in the PRC, Hong Kong and Macau Special Administrative Region (the "Sales Region") on an exclusive basis, and at the request of the GF Parties, the FF Parties will supply such machine tools to and authorize the GF Parties to sell such machine tools in the Sales Region on an exclusive basis for a period of three years from 27 June 2014.

As Taiwan FF is the holding company of Hong Kong GF, the controlling shareholder of the Company, Taiwan FF is therefore a connected person of the Company under the Listing Rules. The transactions under the Components Agreement and the 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 Components Agreement and the 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 27 June 2014. 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 2016 to 31 December 2016 under the Components Agreement were RMB2.22 million and RMB165.32 million respectively and the actual supply amount and purchase amount of the period were RMB0.236 million and RMB27.52 million respectively. The annual cap for the purchase of the designated CNC machine tools from the FF Parties by the GF Parties for the period from 1 January 2016 to 31 December 2016 under the Machine Tools Agreement was RMB153.19 million and the actual purchase amount of the period was RMB103.74 million.

## Report of the Directors

2. As disclosed in the announcement of the Company dated 9 July 2014 and the circular of the Company dated 22 July 2014, FFG Werke GmbH ("FFG Werke") and Sky Thrive Hong Kong Enterprise Limited ("Sky Thrive") had on 9 July 2014 entered into a guarantee procurement deed (the "Guarantee Procurement Deed"), pursuant to which FFG Werke may, during the period from 6 August 2014 to the date immediately preceding the expiry of 12 months thereafter, request Sky Thrive to (at the absolute discretion of Sky Thrive) procure the issuance of bank guarantees in respect of manufacturing and/or sales contracts between any member of FFG Werke and its subsidiaries (the "FFG Werke Group") and the customer(s) of the FFG Werke Group in favour of such customers for a maximum aggregate amount of Euro 10.6 million (the "Bank Guarantees"). Each Bank Guarantee will expire no later than 24 months from its date of issuance.

As FFG Werke is an associate of Taiwan FF, which in turn is the holding company of Hong Kong GF, the controlling shareholder of the Company, FFG Werke is therefore a connected person of the Company under the Listing Rules. The transactions under the Guarantee Procurement Deed 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 resolution approving the Guarantee Procurement Deed and the transactions contemplated thereunder was duly passed by the independent shareholders of the Company at the extraordinary general meeting held on 6 August 2014.

As at 31 December 2016, Bank Guarantees in the aggregate amount of Euro 8.5 million has been issued by licensed banks in favour of customers of the FFG Werke Group, as procured pursuant to the Guarantee Procurement Deed. The Bank Guarantees will expire no later than 5 August 2017.

## Report of the Directors

The independent non-executive Directors have reviewed the Components Agreement, the Machine Tools Agreement and the Guarantee Procurement Deed 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 Components Agreement, the Machine Tools Agreement and the Guarantee Procurement Deed and on terms that were fair and reasonable and in the interests of the shareholders of the Company as a whole.

The auditors 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 of the Company.

### 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 2016.

### MAJOR CUSTOMERS AND SUPPLIERS

The five largest customers accounted for approximately 18.28% of the Group's total turnover for the year and the largest customer accounted for approximately 6.11% of the Group's total turnover. The five largest suppliers accounted for approximately 28.92% of the Group's total purchases for the year and the largest supplier accounted for approximately 14.03% of the Group's total purchases.

None of the Directors or their associates has interests in any of the aforesaid customers and suppliers.



## *Report of the Directors*

Save that Hong Kong GF and Taiwan FF were 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 of the Company, 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 34 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 a director of the Company 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.

*Report of the Directors***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 comprises three independent non-executive Directors, Mr. Koo Fook Sun, Louis (as Chairman), Mr. Chiang Chun-Te and Mr. Yu Yu-Tang. The Audit Committee has reviewed with the management the consolidated financial statements of the Group for the year ended 31 December 2016.

**CORPORATE GOVERNANCE**

A report on the principal corporate governance practices adopted by the Company is set out on pages 32 to 46.

**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 138.

**AUDITOR**

For the year ended 31 December 2014, PricewaterhouseCoopers was the auditor of the Company. In 2015, PricewaterhouseCoopers resigned as the auditor of the Company and Deloitte Touche Tohmatsu was appointed and re-appointed as auditor of the Company for the years ended 31 December 2015 and 31 December 2016.

A resolution will be submitted to the forthcoming annual general meeting of the Company to re-appoint Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board  
**Good Friend International Holdings Inc.**  
**Chu Chih-Yaung**  
*Chairman*

Hong Kong, 30 March 2017

# 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 should attend the annual general meeting. The chairman of the Board was unable to attend the annual general meeting of the Company held on 2 June 2016 due to his business trip and Mr. Chen Hsiang-Jung, an executive Director, took the chair of the annual general meeting pursuant to the articles of association of 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 2016, they have complied with the required standards set out in the Model Code regarding securities transactions by the Directors.

## Corporate Governance Report

### 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 eight Directors with five executive Directors and three independent non-executive Directors:

#### Executive Directors

Mr. CHU Chih-Yaung (*Chairman*)  
 Mr. CHEN Hsiang-Jung (*Chief Executive Officer*)  
 Mr. CHEN Min-Ho  
 Mr. WEN Chi-Tang  
 Mr. CHIU Rung-Hsien

#### Independent Non-Executive Directors

Mr. KOO Fook Sun, Louis  
 Mr. CHIANG Chun-Te  
 Mr. YU Yu-Tang

Such 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 14 to 16 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 and the Group.

#### Chairman and Chief Executive Officer

The positions and roles of Chairman of the Board and Chief Executive Officer of the Company are held and performed separately by two individuals to ensure their respective independence, accountability and responsibility. The Chairman, being Mr. CHU Chih-Yaung, is in-charge of the leadership of the Board and strategies planning of the Group. The Chief Executive Officer, being Mr. CHEN Hsiang-Jung, is responsible for the day-to-day management of the Group's business.

## 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; and

## Corporate Governance Report

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.

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 2016:

Directors	Type of trainings
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#### Executive Directors

CHU Chih-Yaung	A, B
CHEN Hsiang-Jung	A, B
CHEN Min-Ho	A, B
WEN Chi-Tang	A, B
CHIU Rung-Hsien	A, B

#### Independent Non-Executive Directors

KOO Fook Sun, Louis	A, B
CHIANG Chun-Te	A, B
YU Yu-Tang	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 2016, 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	2/4
Mr. CHEN Hsiang-Jung	4/4
Mr. CHEN Min-Ho	2/4
Mr. WEN Chi-Tang	3/4
Mr. CHIU Rung-Hsien	4/4
Mr. KOO Fook Sun, Louis	4/4
Mr. CHIANG Chun-Te	3/4
Mr. YU Yu-Tang	3/4

The Directors received details of agenda items for decision and minutes of Board meetings 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.

## Corporate Governance Report

### 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. CHIANG Chun-Te and Mr. YU Yu-Tang.

The role of the Audit Committee is to monitor the establishment and maintenance of an adequate 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, reappointment 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 2016. The audited financial statements of the Company for the year ended 31 December 2016 has also been reviewed by the Audit Committee.

The Audit Committee has recommended to the Board that Deloitte Touche Tohmatsu, Certified Public Accountants, be nominated for re-appointment as auditor of the Company at the forthcoming annual general meeting of the Company.

#### Frequency of Meetings and Attendance

During the year 2016, 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:

<u>Name of members</u>	<u>Number of attendance</u>
Mr. KOO Fook Sun, Louis	3/3
Mr. CHIANG Chun-Te	2/3
Mr. YU Yu-Tang	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.

## Corporate Governance Report

The Company established a nomination committee (the "Nomination Committee"), with written terms of reference in compliance with the CG Code and consists of two independent non-executive Directors, namely Mr. KOO Fook Sun, Louis (as chairman) and Mr. CHIANG Chun-Te, and one executive Director, namely Mr. CHEN Hsiang-Jung.

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.

During the year and prior to the date of this report, there were no changes of the Directors. The Nomination Committee considered the current Board size and diversity as adequate for the Company's present operations. In addition, the Committee has reviewed and satisfied with the independence of all independent non-executive Directors.

In accordance with the Articles, at least one-third of the Directors will retire from office at the forthcoming annual general meeting. In accordance with the Articles 87(1) of the Articles, Mr. Chu Chih-Yaung, Wen Chi-Tang and Mr. Koo Fook Sun, Louis will retire by rotation at the forthcoming annual general meeting of the Company and, being eligible, offer themselves for re-election.

### Frequency of Meetings and Attendance

The Nomination Committee has convened one meeting during the year ended 31 December 2016 and details of the attendance of its meeting are as follows:

<u>Name of members</u>	<u>Number of attendance</u>
Mr. KOO Fook Sun, Louis	1/1
Mr. CHIANG Chun-Te	1/1
Mr. CHEN Hsiang-Jung	1/1

### Board Diversity Policy

The Company has formulated and adopted the board diversity policy in August 2013 aiming at setting out the approach on diversity of the Board of the Company.

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 of the Company (the "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.



## Corporate Governance Report

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.

## 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 two independent non-executive Directors, namely Mr. KOO Fook Sun, Louis (as chairman) and Mr. CHIANG Chun-Te, and one executive Director, namely Mr. CHEN Hsiang-Jung.

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 2016 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:

<u>Name of members</u>	<u>Number of attendance</u>
Mr. KOO Fook Sun, Louis	1/1
Mr. CHIANG Chun-Te	1/1
Mr. CHEN Hsiang-Jung	1/1

## Corporate Governance Report

### 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. In addition, each of the executive Directors may receive a discretionary bonus as the Board may suggest, the amount of which shall not exceed 2% of the audited consolidated net profits of the Group for the relevant financial year. Such amount has to be approved by the Remuneration Committee. Details of the Directors' remuneration are set out in note 8 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 2016 is set out below:

Remuneration bands (HK\$)	Number of persons
Less than \$1,000,000	3
\$1,000,001 to \$1,500,000	2

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 8(a) and 8(b) to the financial statements, respectively.

### OTHER BOARD COMMITTEES

During the year, an independent board committee comprising all the three independent non-executive directors was formed for discloseable transaction involving formation of joint venture. Details of this discloseable transaction were set out in an announcement of the Company dated 7 April 2016.

## Corporate Governance Report

A committee meeting was held to approve respectively the above transaction with the presence of all the committee members.

### 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

During the year under review, the remuneration paid/payable to the Company's auditor, Deloitte Touche Tohmatsu, is set out below:

Services rendered to the Group	Fee paid/payable HK\$'000
Audit services	2,180
Non-audit services	446

### 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 *Corporate Governance Code* set out in Appendix 14 of the *Listing Rules*, 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 System

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 *Corporate Governance Code* set out in Appendix 14 of the *Listing Rules*, 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

## Corporate Governance Report

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 2016, 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 2016, 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.

## Corporate Governance Report

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.

The results of risk management and internal control in 2016 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 Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, 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.

## Corporate Governance Report

### 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 2016, 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.

## Corporate Governance Report

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 2 June 2016 (the "2016 AGM"). A notice convening the 2016 AGM contained in the circular dated 29 April 2016 was dispatched to the Shareholders together with the 2015 Annual Report. The chairman of the Board was unable to attend the 2016 AGM due to his business trip. Mr. Chen Hsiang-Jung, the Executive Director, attended and chaired the 2016 AGM. The Chairman of the board committees was unable to attend the 2016 AGM and had appointed and delegated Mr. Chen Hsiang-Jung to answer questions from shareholders. Other directors were unable to attend the 2016 AGM due to their other business commitment.

The Chairman of the 2016 AGM explained detailed procedures for conduction a poll. All the resolutions proposed at the 2016 AGM were passed separately by the Shareholders by way of poll. The results of the poll were published on the websites of the Stock Exchange and the Company after the meetings. No other general meeting was held during the year.

The forthcoming annual general meeting of the Company will be held on 1 June 2017 (the "2017 AGM"). A notice convening 2017 AGM will be published on the websites of the Stock Exchange and the Company and dispatched together with the 2016 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](http://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](mailto:investor@goodfriend.hk)

## Corporate Governance Report

### 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 of the Company to propose a person for election as director is posted on the Company's website at [www.goodfriend.hk](http://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 2016.

Hong Kong, 30 March 2017

# Environmental, Social and Governance Report

Good Friend International Holdings Inc. (the "Company" or "we") and its subsidiaries (collectively known as the "Group") hereby present the annual Environmental, Social and Governance Report from 1 January 2016 to 31 December 2016 ("Environmental, Social and Governance Report") in accordance with the regulations in the *Guidance on the Environmental, Social and Governance Report* promulgated by the Stock Exchange of Hong Kong Limited in December 2015.

The board of directors of the Company is responsible for the environmental, social and governance strategy and report, including the assessment and determination of relevant risks in environment, society and governance, and guarantee of proper and effective environmental, social and governance risk management and internal monitoring system. We have appointed the business and functional departments to identify matters related to environment, society and governance, and evaluate the significance of relevant matters to our business and interested parties by reviewing the Group's operation and conducting internal discussions. The management has confirmed the effectiveness of the environmental, social and governance risk management and internal monitoring system with the Board. In accordance with general disclosure regulations in the *Guidance on the Environmental, Social and Governance Report*, the identified significant matters related to the environment, society and governance have been contained in this Environmental, Social and Governance Report with the aim of disclosing the Group's performance of the environment, society and governance during its operation in a balanced manner.

## 1. MANAGEMENT OF INTERESTED PARTIES

The Company regards the shareholders, investors, government, customers, suppliers, employees and the environment as the major interested parties in accordance with its business and operation characteristics.

### Shareholders and Investors

- Standardize the corporate governance, and guarantee the legal compliance of the Company
- Establish the information disclosure system to guarantee the authentic, accurate, prompt and complete disclosure of information

### Government

- Implement the government management requirements, and conduct tax payment and honest operation according to the law
- Implement national economic policies, and promote the sound industry development under fair competition

### Customers

- Improve the quality management system, and guarantee the product quality
- Provide excellent service for customers, and guarantee high customer satisfaction

## *Environmental, Social and Governance Report*

### **2. ENVIRONMENTAL PROTECTION**

#### **Establishment of Environmental Protection System**

Hangzhou Good Friend Precision Machinery Co., Ltd. and Hangzhou Ever Friend Precision Machinery Co Ltd. have passed the ISO14001 Environment Management System Certification, and organized internal and external review of the corporate environment on a yearly basis, in order to guarantee the environment management system is manageable and effective for long.

There were not any environmental pollution accidents, illegal events or complaints from surrounding residents for the year of 2016. We have been always conducting operation in strict accordance with the latest environmental laws, rules and standards of the place where the premises are located. So far we have collected 153 local and national laws, rules and standards related to water, atmosphere, waste, noise and energy resource. We have also carried out appraisal of the environmental protection in accordance with various laws and rules, in order to guarantee the legal compliance of all the activities.

The Company has continuously optimized the environment and energy management system, and formulated the quality and environment manual, hazard specification, operation instructions and air pollution control and management system, in order to enhance the standard and systematic management of the environmental protection, energy conservation and emission reduction.

#### **Devotion to Energy Conservation and Emission Reduction**

The Company attaches great importance to resource conservation and environmental protection, and responds to the climate change through the daily conservation of water and electricity and reduction of greenhouse gas emission.

The Company promulgated the 2016 Environmental Objectives, comprehensively managing and promoting energy conservation and cost reduction.

#### **Reduction of Energy Use**

In terms of the management, the Company has achieved the environmental objective of 100% utilization of the workshop and site. The Group enhances the energy-saving consciousness of employees through the publicity and education of energy conservation and emission reduction. As for the production, it has realized the environmental objective of 100% recycling of hazardous waste. In the aspect of the operation, former lights have been replaced with LED lights to reduce the energy consumption.

## Environmental, Social and Governance Report

### Reduction of Pollutant Discharge

The Company is devoted to reducing the pollutant discharge, and lessening the damage and impact on the ecological environment.

### Wastewater Treatment

Several wastewater treatment facilities are adopted in the production. The domestic wastewater is mainly discharged from office toilets and kitchens with ammonia nitrogen and suspended particles rather than toxic, hazardous and special substance. Oily wastewater produced by kitchens is discharged into the municipal sewage pipe network after solid wastes are filtered out by the filter screen of the washing pool. Phosphoric detergents are prohibited here.

### Waste Gas Treatment

The main gas pollutants produced during the production of the Company include dust particles and VOCs (benzene series). We have established the waste gas treatment project according to the requirement of the environmental protection project and under the support of leaders of Hangzhou Good Friend Precision Machinery Co., Ltd. in a bid to improve the working environment, reduce the impact on the surrounding environment, protect the environment, and prevent the gas contamination. The waste gas after treatment has reached the emission standard stipulated in the *Integrated Emission Standard of Air Pollutants* (GB16297-1996).

### Wastes Treatment

The Company has promulgated the *Provisions on the Administration of Wastes*, to regulate the treatment process of wastes generated in production and operating activities. We classified wastes according to the *National Catalogue of Hazardous Waste*, and made corresponding disposal guidelines according to different levels. Hazard wastes such as waste oil and waste emulsion will be disposed of by qualified and professional third parties appointed by the Company.

### Noise Treatment

The noise is mainly produced by power equipment such as the air compressor, planer type milling machine, horizontal boring machine and crane. The Company has installed noise shields and sound-absorbing walls surrounding the equipment to control the noise and reduce the impact on the environment of surrounding residential areas.

## Environmental, Social and Governance Report

### 3. EMPLOYEE MANAGEMENT

The Company persists in the equal employment, and prohibits discrimination in the employee recruitment, position promotion, occupational development and contract termination due to the race, nationality, complexion, religion, physical disability, gender, sexual orientation, club member or marital status. It 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 collected a total of 40 applicable laws, rules and standards, and established systems for labour contract management, employment management, occupational physical examination, work-related accident handling, dismissal management, etc.

The Company prohibits the employment of child labourer, forced labour, harassment, physical punishment, spiritual oppression or abusive words in any forms. It also respects the freedom of all the employees to join any associations or labour unions.

There wasn't any employment of child labourer, forced labour or discrimination by the Company for the year of 2016.

#### Equal Employment

The Company protects the entitlement of female employees to vocational development, and stipulates that female and male employees are equally entitled to promotion and professional training on technology and post skills. There shall be a certain proportion of female employees in the further education, business study, post training, investigation abroad and practice on a temporary post. The female employees' committee of the labour union is established in accordance with the law, which participates in the deliberation and formulation of rules and regulations relating to the protection of rights of female employees, and protects the legitimate rights and special interests of female employees to the largest extent. Female employees shall enter into the Special Labour Contract of Protection of Rights and Interests of Female Employees with the Company.

#### Occupational Safety

Regarding employees as the most precious assets, the Company strives to build a healthy and safe workplace for employees. It has formulated the quality and environment manual, stipulating relevant requirements on the working environment. There was zero death in the production safety accident and zero major production safety accident for the year of 2016.

## Environmental, Social and Governance Report

The Company strives to build a comfortable and healthy working and living environment, enhance the mental and physical health of employees. It also continuously perfects the health management of employees and formulates the *Occupational Safety and Health Education System* in strict compliance with the *Labour Law*, the *Law on Prevention and Control of Occupational Disease* and local laws and regulations on prevention and treatment of occupational diseases.

The Company has established various safety management rules and regulations, in order to enhance the safety management level of the Company, and protect the safety of employees in the production to the largest extent.

### Remuneration Incentive

The Company makes the full payment for the endowment, medical treatment, unemployment, work-related injury and birth insurances and housing provident fund, and effects the commercial insurances for employees in strict accordance with national social security policies, in order to enhance the employees' capability to tackle emergent difficulties. It commits itself to improving the remuneration incentive system, and establishing fair and attractive vocational development channels. The *Employee Management Rules* integrate employees' capability and performance with the post performance.

### Vocational Development

The Company actively focuses on the vocational development of employees and establishes comprehensive and sound employee training system to provide a broader vocational development platform for employees. Pertinent training on marketing, quality, R&D, professional skills, safety and management has been conducted by the Company according to the established education and training management procedures, in order to gradually improve employees' skills and quality, satisfy employees' occupational demands in different phases, consolidate the vocational development channels, and realize the mutual growth of the enterprise and its employees. The Company has also carried out various competitions of production skills (forklift skills, processing technology and machine tool installation and commissioning) among all the employees of different posts, which inspects the operational capability of employees, arouses their working enthusiasm and further enhances the overall level of employees. The individual operational capability of employees is displayed and improved, and employees with outstanding performance are rewarded during the competition.

## Environmental, Social and Governance Report

### Care for Employees

The Company strives to build a comfortable and healthy working and living environment for employees. It has established a dining hall to provide balanced diets for employees, continuously enhanced the management of the dining hall in terms of the dining environment, service mode and consumption demand, and provided better services for employees. The Company has set up employees activity rooms in the headquarters and most of the enterprises, and held recreational and sports activities such as sports meeting, parents-child campaign and female employees' travels on 8 March on a regular basis, which improves the health of employees, eases their working pressure, balances work and life, enhances their sense of belonging, and creates a happy, open, healthy, friendly and harmonious working and living atmosphere.

The Labour Union found four colleagues of the Company lived a difficult life due to their major diseases or major diseases or accidents of family members by thorough investigation. In order to enable every colleague to have a happy and harmonious Spring Festival, the Company leaders sent the consolation money to the employees in Xiaoshan Plant on 7 February 2016, and the director of the representative officer sent the consolation money to colleagues in the representative office. It is hoped that they can overcome the difficulty with great endeavour under the help of the Company.

## 4. SUPPLY CHAIN MANAGEMENT

Following the concept of cooperation for mutual benefits, the Company strives to build a collaborative development mechanism for the mutual growth, trust and benefits with suppliers, and creates a safe and reliable green supply chain. It is also devoted to build up strategic cooperative partnership with suppliers for mutual progress and development, in order to form powerful competitive advantages in the industry.

### Operation Standard for Suppliers

The Company commits itself to promoting the commercial operation standard of integrity, and actively fulfilling the social responsibilities. It implements the *Supplier Management Procedures*, raising requirements on suppliers in terms of legal compliance and discipline observation, integrity operation, health and safety, environmental protection and business ethics. Suppliers are required to comply with the local laws and rules of the place where they operate, and enter into a Letter of Commitment of Manufacturer with the Company as for the above aspects.

## Environmental, Social and Governance Report

### Supplier Assessment

The Company adopts strict and fair supplier admission procedures and assessment mechanism, and supervises suppliers to guarantee the product quality and safety, and continuously improve the supply chain management level through the admission review and annual regular review. The Company encourages suppliers to obtain accreditation under the ISO 90001 quality control system, and conducts on-site random quality inspection on the products from time to time in order to guarantee the product quality.

### Product Quality Assurance System

The Company has obtained accreditation under the ISO 90001 quality control system and adopts a product safety management system covering material supply, production, packaging and delivery. We conduct the self-inspection on the quality management in accordance with established material supply inspection management, process inspection management, finished product inspection management, and defective products control management procedures, and organizes the internal quality review on a yearly basis. The Company cooperates with China Jiliang University to improve the supplier quality management system and enhance the product quality.

### Customer Service

The Company strives to provide high-quality products and efficient services for customers. The Company sets the access authority to the customer documents according to the responsibilities of the sales staff, in order to guarantee the privacy of customers to the largest extent. It actively deals with customers' request for return or replacement of machines, and provides high-quality products and services for customers.

### Scientific and Technological Responsibilities

As the business partner of owners of major patents and other global patents, the Company undertakes that it will make more investments in R&D and innovation, and actively protect the Group's innovative technology and intellectual property rights in a global context. It formulates the *Patent Management System*, specifying the patent R&D and protection processes.

### Anti-Corruption

The Company establishes the *Anti-Corruption Management Methods* setting out channels (such as mailbox and email) for exposing immoral matters, in order to build a positive and healthy operation environment and guarantee the sound development of the Company. As of 31 December 2016, we never encountered any corruption, bribery, extortion, fraud or money laundering, or any lawsuits arising therefrom.



## Environmental, Social and Governance Report

### 5. CONTRIBUTION TO THE SOCIETY

#### Human Resource Cultivation Base

The Company has established Fair Friend Institute of Electromechanical through the cooperation with Hangzhou Vocational & Technical College. As a key human resource cultivation base for advanced manufacturing industry in Zhejiang Province, the Institute has been vigorously promoting the reform in the HR cultivation mode based on concerted efforts of the Institute and enterprises, and has established a various of majors that possess competitive advantages and valued as key and featured majors for the local city and province. The Company also has optimized the project-based curriculum system according to actual post requirements of the Company through the enterprise-dominated cooperation under the leadership of the Institute. Hangzhou Good Friend Precision Machinery Co., Ltd. provides the internship opportunities for the students of the 5th term, and establishes long-term cooperation with the Technician College of Xiaoshan District to arrange the one-year internship for students.

#### Community Activities

The Company actively attended the community activities and vigorously promoted the spirits of voluntary service in response to the "G20" voluntary service in Hangzhou City in 2016. Our employees were organized to assist the work of the Xiaoshan District Committee of Communist Youth League and the Voluntary Work Guidance Centre of our community, so as to promote the construction progress of "Smiling Station" for voluntary service and enhance the long-term development of the voluntary service. As a member of Xiaoshan Development Zone, the Company was dedicated to promote the development of urban civilization, demonstrate the strength and beauty of the development zone, and enhance the public satisfaction.

#### Charitable Donation

The Company assumed its social duties proactively and finished the blood donation tasks on a yearly basis as required by the local government. On 6 August 2016, the Company organized 42 employees to participate in the voluntary blood donation organized by the Management Committee of the Development Zone.

When a great earthquake attacked the south region of Taiwan on 6 February 2016, the Company organized the donation to Taiwan compatriots to help the affected people overcome the disaster, which demonstrated our sense of social responsibility and our value of "One family across the Straits" and "Support comes from all sides when disaster strikes".

# Independent Auditor's Report

**Deloitte.**  
**德勤**

德勤•關黃陳方會計師行  
香港金鐘道88號  
太古廣場一座35樓

Deloitte Touche Tohmatsu  
35/F One Pacific Place  
88 Queensway  
Hong Kong

**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 (collectively referred to as the "Group") set out on pages 61 to 137, which comprise the consolidated statement of financial position as at 31 December 2016, 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 2016, 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 ("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.

## Independent Auditor's Report

### KEY AUDIT MATTERS *(Continued)*

#### Key audit matter

##### *Impairment assessment of trade debtors*

We identified the impairment assessment of trade debtors as a key audit matter due to significance of the Group's trade debtors in the context of the Group's consolidated financial statements, combined with the management judgments involved.

As disclosed in note 20 to the consolidated financial statements, as at 31 December 2016, the carrying amount of trade debtors amounted to approximately RMB451 million (net of impairment provision of RMB34 million) which represented approximately 25.2% of the Group's total assets. As disclosed in note 4.1 (b) to the consolidated financial statements, provision are applied to debtors where events or changes in circumstances indicate that the balances may not be collectable and the identification of impairment of debtors requires the use of management estimates.

#### How our audit addressed the key audit matter

Our procedures in relation to the impairment assessment of trade debtors included:

- Assessing the appropriateness of management's impairment assessment of trade debtors in accordance with the requirements of HKAS 39 Financial Instruments: Recognition and Measurement;
- Obtaining an understanding of management controls over the impairment assessment of trade debtors, including but not limited to the management's regular assessment on the credit rating of trade debtors and their action plans towards the aged debts;
- Examining the trade debtors aging report produced by the Company's financial system and evaluating the reasonableness of the Group's trade debtors provision with reference to the aging report, the past default history and subsequent settlement of the trade debts; and
- Evaluating the adequacy of impairment provision on doubtful debts with reference to the information obtained above.

*Independent Auditor's Report***KEY AUDIT MATTERS** *(Continued)***Key audit matter****How our audit addressed the key audit matter*****Impairment assessment of inventories***

We identified the impairment assessment of inventories as a key audit matter due to significance of the Group's inventories in the context of the Group's consolidated financial statements, combined with the management judgments involved.

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 fluctuation of steel prices, the inventories are exposed to the risk of being carried in excess of net realisable value. As disclosed in note 21 to the consolidated financial statements, as at 31 December 2016, the carrying amount of inventories amounted to approximately RMB203 million (net of inventory provision of RMB27 million) which represented approximately 11.3% of the Group's total assets. As disclosed in note 4.1 (d) to the consolidated financial statements, in assessment the net realisable value and making appropriate allowances to inventories, the management shall identify, using their judgement, inventories that are slow moving or obsolete, and consider the inventories' physical conditions, age, market conditions and market prices for similar items.

Our procedures in relation to the impairment assessment of inventories included:

- Assessing the appropriateness of management's impairment assessment of inventories in accordance with the requirements of HKAS 2 Inventories;
- Obtaining an understanding of management controls over the impairment assessment of inventories;
- Attending the inventory count performed by the management to evaluate whether obsolete inventories are properly identified with which the impairment assessment is based;
- Examining the inventories aging report produced by the Company's financial system with reference to the procurement and/or production records;
- Evaluating the reasonableness of impairment provision 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 on a sample basis; and
- Evaluating the adequacy of impairment provision on inventories with reference to the information obtained above.

## *Independent Auditor's Report*

### **OTHER INFORMATION**

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include 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 AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS**

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs 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.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

*Independent Auditor's Report***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 solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. 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 judgment 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

### 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 those charged with governance regarding, 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 those charged with governance 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, related safeguards.

From the matters communicated with those charged with governance, 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 the independent auditor's report is Joseph Wing Ming Chan.

**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*  
Hong Kong

30 March 2017

## Consolidated Statement of Profit or Loss and Other Comprehensive Income

	NOTES	FOR THE YEAR ENDED 31 DECEMBER	
		2016 RMB'000	2015 RMB'000
Revenue	5	1,082,336	990,239
Cost of revenue	5	(787,185)	(722,314)
<b>Gross profit</b>		<b>295,151</b>	<b>267,925</b>
Other income	6	45,643	39,797
Distribution and selling expenses		(122,398)	(122,494)
Administrative expenses		(112,639)	(115,895)
Other operating expenses		(1,825)	(4,023)
Finance costs	9	(9,897)	(8,734)
Share of loss of joint ventures	17	(476)	(1,387)
Share of (loss) profit of associates	18	(5,909)	101
Gain on deemed disposal of available-for-sale financial asset		–	662
<b>Profit before income tax</b>	7	<b>87,650</b>	<b>55,952</b>
Income tax expense	10	(26,901)	(9,855)
<b>Profit attributable to equity holders of the Company</b>		<b>60,749</b>	<b>46,097</b>
<b>Other comprehensive income (loss):</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Share of other comprehensive loss of associates	18	(1,352)	–
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Share of other comprehensive income (loss) of associates	18	5,726	(4,318)
Exchange difference arising on translation of foreign operations		6,602	157
<b>Total comprehensive income for the year, attributable to equity holders of the Company</b>		<b>71,725</b>	<b>41,936</b>
<b>Earnings per share attributable to the equity holders of the Company (expressed in RMB per share)</b>			
<b>– Basic and diluted earnings per share</b>	11	<b>0.15</b>	<b>0.11</b>
Dividends	12	12,096	24,192



## Consolidated Statement of Financial Position

	NOTES	AT 31 DECEMBER	
		2016 RMB'000	2015 RMB'000
<b>Non-current assets</b>			
Prepaid lease payments	13	121,148	35,658
Property, plant and equipment	14	195,332	216,383
Intangible assets	15	3,431	3,251
Investments in joint ventures	17	16,494	16,970
Investments in associates	18	385,655	310,959
Deferred income tax assets	29	21,701	6,310
		<b>743,761</b>	589,531
<b>Current assets</b>			
Inventories	21	202,828	250,076
Debtors, deposits and prepayments	20	499,083	449,745
Prepaid lease payments	13	2,707	940
Amounts due from customers for contract work	22	40,692	36,717
Amount due from ultimate holding company	34	2,110	–
Amounts due from fellow subsidiaries and associates of ultimate holding company	34	2,518	1,277
Amounts due from joint ventures	34	922	717
Amounts due from associates and subsidiaries of an associate	34	81,629	60,841
Restricted bank deposits	23	33,163	172,613
Cash and cash equivalents	24	177,946	101,583
		<b>1,043,598</b>	1,074,509

## Consolidated Statement of Financial Position

	NOTES	AT 31 DECEMBER	
		2016 RMB'000	2015 RMB'000
<b>Current liabilities</b>			
Amounts due to customers for contract work	22	31,682	15,576
Creditors, other payables and accrued charges	26	490,737	447,313
Amount due to ultimate holding company	34	2,388	160
Amount due to immediate holding company	34	619	1,856
Amounts due to fellow subsidiaries and associates of ultimate holding company	34	5,503	21,664
Amounts due to an associate and subsidiaries of an associate	34	7,981	10,389
Amounts due to joint ventures	34	192	317
Current income tax liabilities		26,219	7,858
Bank borrowings	28	350,772	408,677
Warranty provision	27	6,018	5,791
		<b>922,111</b>	919,601
<b>Net current assets</b>		<b>121,487</b>	154,908
<b>Total assets less current liabilities</b>		<b>865,248</b>	744,439
<b>Non-current liabilities</b>			
Deferred revenue	30	61,180	–
<b>Net assets</b>		<b>804,068</b>	744,439
<b>Capital and Reserves</b>			
Share capital	25	4,022	4,022
Share premium		82,281	82,281
Capital reserves		77,338	77,338
Other reserves		61,248	48,905
Retained earnings		579,179	531,893
<b>Total equity</b>		<b>804,068</b>	744,439

The consolidated financial statements on pages 61 to 137 were approved and authorised for issue by the Board of Directors on 30 March 2017 and are signed on its behalf by:

Chu Chih-Yaung  
DIRECTOR

Chen Hsiang-Jung  
DIRECTOR

## Consolidated Statement of Changes In Equity

	FOR THE YEAR ENDED 31 DECEMBER 2016					
	Share capital RMB'000	Share premium RMB'000 (note a)	Capital reserves RMB'000 (note b)	Other reserves RMB'000 (note c)	Retained earnings RMB'000	Total RMB'000
At 1 January 2015	4,022	82,281	77,338	53,066	509,988	726,695
Profit for the year	–	–	–	–	46,097	46,097
<b>Other comprehensive income</b>						
Share of other comprehensive loss of associates	–	–	–	(4,318)	–	(4,318)
Exchange difference arising on translation of foreign operations	–	–	–	157	–	157
<b>Total comprehensive income</b>	–	–	–	(4,161)	46,097	41,936
<b>Dividends recognised as distributions</b>	–	–	–	–	(24,192)	(24,192)
At 31 December 2015	4,022	82,281	77,338	48,905	531,893	744,439
Profit for the year	–	–	–	–	60,749	60,749
<b>Other comprehensive income</b>						
Transfer to other reserves	–	–	–	15	(15)	–
Share of other comprehensive income (loss) of associates	–	–	–	5,726	(1,352)	4,374
Exchange difference arising on translation of foreign operations	–	–	–	6,602	–	6,602
<b>Total comprehensive income</b>	–	–	–	12,343	59,382	71,725
<b>Dividends recognised as distributions</b>	–	–	–	–	(12,096)	(12,096)
At 31 December 2016	4,022	82,281	77,338	61,248	579,179	804,068

Note:

**a. Share premium**

Under Section 34(2) of the Companies Law, Cap. 22 (Laws 3 of 1961, as consolidated and revised) of the Cayman Islands, the share premium account may be applied by the Company paying dividends to members provided that no dividend may be paid to members out of the share premium account unless, immediately following the date on which the dividend proposed to be paid, the Company shall be able to pay its debts as they fall due in the ordinary course of business.

**b. Capital reserves**

Capital reserve represents 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 reorganisation 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, other reserves include general reserve and enterprise expansion reserve which are set up in accordance with statutory requirements in the People's Republic of China ("PRC").

## Consolidated Statement of Cash Flows

	NOTES	FOR THE YEAR ENDED 31 DECEMBER	
		2016 RMB'000	2015 RMB'000
<b>Operating activities</b>			
Cash generated from operations	31	149,050	128,851
Income tax and withholding tax paid		(23,931)	(34,962)
Net cash generated from operating activities		125,119	93,889
<b>Investing activities</b>			
Investment in associates		(85,089)	(289,067)
Placement of shareholder loan		–	(6,037)
Purchases of property, plant and equipment		(4,741)	(5,818)
Purchases of prepaid lease payments		(88,200)	–
Proceeds from disposal of property, plant and equipment	31	109	20
Purchases of intangible assets		(1,413)	(2,538)
Interest received		8,201	14,193
Withdrawal of restricted bank deposits		172,613	134,681
Placement of restricted bank deposits		(33,163)	(172,613)
Government grants and subsidies received		61,180	–
Decrease in term deposits with initial term of over three months		–	98,000
Net cash generated from (used in) investing activities		29,497	(229,179)
<b>Financing activities</b>			
Proceeds from bank borrowings		348,683	1,837,670
Repayments of bank borrowings		(406,588)	(1,831,072)
Dividends paid to equity holders		(12,096)	(24,192)
Interest paid		(9,897)	(8,734)
Net cash used in financing activities		(79,898)	(26,328)
<b>Net increase (decrease) in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of the year		101,583	262,751
Effect of foreign exchange rate changes		1,645	450
<b>Cash and cash equivalents at end of the year</b>		<b>177,946</b>	<b>101,583</b>

# Notes to the Consolidated Financial Statements

## 1. GENERAL

Good Friend International Holdings Inc. (the “Company”) and its subsidiaries (collectively referred to as the “Group”) are engaged in the design and production of computer numerical control machine tools, three dimensional car parking garage structures and forklift trucks.

The Company was incorporated in the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company’s shares have been listed on the Main Board of the Stock Exchange since 11 January 2006. In addition, 67,200,000 units of Taiwan depositary receipts (“TDRs”), representing 67,200,000 newly issued shares of the Company, were issued and listed on the Taiwan Stock Exchange Corporation (“Taiwan Stock Exchange”) on 18 March 2010. Good Friend (H.K.) Corporation Limited, a company incorporated in Hong Kong, and Fair Friend Enterprise Company Limited, a company incorporated in Taiwan, are the immediate holding company and the ultimate holding company, respectively.

These financial statements are presented in Renminbi (“RMB”), unless otherwise stated.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### 2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”). The consolidated financial statements have been prepared under the historical cost basis at the end of each reporting period as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods or services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of HKAS 17 – Lease, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in HKAS 2 – Inventories or HKAS 36 – Impairment of Assets.

## Notes to the Consolidated Financial Statements

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)***2.1 Basis of preparation** *(Continued)*

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

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 4.

**2.1.1 Changes in accounting policies and disclosures***(a) Application of new and revised HKFRSs:*

The following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2016:

Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception

The application of above amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or the disclosures set out in these consolidated financial statements.

## Notes to the Consolidated Financial Statements

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)**2.1 Basis of preparation** (Continued)**2.1.1 Changes in accounting policies and disclosures** (Continued)*(b) New and revised HKFRSs in issue but not yet effective:*

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments <sup>1</sup>
HKFRS 15	Revenue from Contracts with Customers and the related Amendments <sup>1</sup>
HKFRS 16	Leases <sup>2</sup>
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions <sup>1</sup>
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKAS 7	Disclosure Initiative <sup>4</sup>
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses <sup>4</sup>
Amendments to HKFRSs	Annual improvements to HKFRSs 2014-2016 Cycle <sup>5</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2019

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2017

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate

## Notes to the Consolidated Financial Statements

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)***2.1 Basis of preparation** *(Continued)***2.1.1 Changes in accounting policies and disclosures** *(Continued)**(b) New and revised HKFRSs in issue but not yet effective: (Continued)*

## HKFRS 9 Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities and general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 are described as follows:

- all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.



## Notes to the Consolidated Financial Statements

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### 2.1 Basis of preparation *(Continued)*

##### 2.1.1 Changes in accounting policies and disclosures *(Continued)*

###### *(b) New and revised HKFRSs in issue but not yet effective: (Continued)*

###### HKFRS 9 Financial Instruments *(Continued)*

- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.
- the new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Company do not anticipate that the application of HKFRS 9 will have a material effect on the Group's consolidated financial statements.

###### HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract

## Notes to the Consolidated Financial Statements

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)***2.1 Basis of preparation** *(Continued)***2.1.1 Changes in accounting policies and disclosures** *(Continued)**(b) New and revised HKFRSs in issue but not yet effective: (Continued)*HKFRS 15 Revenue from Contracts with Customers *(Continued)*

- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The directors of the Company is still in the midst of assessing the financial impact of the application of HKFRS 15.

## HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede the current lease guidance including HKAS 17 Leases and the related interpretations when it becomes effective.

HKFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees (i.e. all on balance sheet) except for short-term leases and leases of low value assets.

## Notes to the Consolidated Financial Statements

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### 2.1 Basis of preparation *(Continued)*

##### 2.1.1 Changes in accounting policies and disclosures *(Continued)*

###### *(b) New and revised HKFRSs in issue but not yet effective: (Continued)*

###### HKFRS 16 Leases *(Continued)*

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Furthermore, the classification of cash flows will also be affected as operating lease payments under HKAS 17 are presented as operating cash flows; whereas under the HKFRS 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

Under HKAS 17, the Group has already recognised an asset and a related finance lease liability for finance lease arrangement and prepaid lease payments for leasehold lands where the Group is a lessee. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 December 2016, the Group has non-cancellable operating lease commitments of RMB9,298,000. HKAS 17 does not require the recognition of any right-of-use asset or liability for future payments for these leases; instead, certain information is disclosed as operating lease commitments in Note 33. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. The new requirement to recognise a right-of-use asset and a related lease liability is expected to have a significant impact on the amounts recognised in the Group's consolidated financial statements and the directors of the Company are currently assessing its potential impact. It is not practicable to provide a reasonable estimate of the financial effect until the directors complete the review.

## Notes to the Consolidated Financial Statements

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.2 Subsidiaries

##### 2.2.1 Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, 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. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

##### *Business combination*

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

##### *Acquisition-related costs are expensed as incurred.*

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of profit or loss and other comprehensive income.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

## Notes to the Consolidated Financial Statements

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### 2.2 Subsidiaries *(Continued)*

##### *2.2.2 Separate financial statements*

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

#### 2.3 Associates

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in an associate are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in an associate includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the consolidated statement of profit or loss and other comprehensive income, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount as part of the carrying amount of the investment in the associate.

## Notes to the Consolidated Financial Statements

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### 2.3 Associates *(Continued)*

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in an associate. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the associate have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gains or losses on dilution of equity interest in an associate are recognised in the consolidated statement of profit or loss and other comprehensive income.

#### 2.4 Joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investments in joint ventures. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 Impairment of Assets 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 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.

#### 2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that makes strategic decisions.

## Notes to the Consolidated Financial Statements

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### 2.6 Foreign currency translation

##### *(a) Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in RMB, which is the Company's functional and the Group's presentation currency.

##### *(b) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit or loss and other comprehensive income.

Exchange differences arising on monetary items are recognised in profit or loss in the period in which they arise.

##### *(c) Group companies*

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each consolidated statement of financial position presented are translated at the rate of exchange prevailing at the end of each reporting period;
- (ii) income and expenses for each consolidated statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this average exchange rate 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 rate on the dates of the transactions); and
- (iii) all resulting exchange differences are recognised in other comprehensive income.

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 rate of exchange prevailing at the end of each reporting period. Currency translation differences are recognised in the other comprehensive income.

## Notes to the Consolidated Financial Statements

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)***2.6 Foreign currency translation** *(Continued)**(d) Disposal of foreign operation and partial disposal*

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the equity holders of the Company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associate or joint ventures that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

**2.7 Prepaid lease payments**

Upfront prepayments made for the land use rights are initially recognised in the consolidated statement of financial position as lease payments and are expensed in the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the periods of the land use right certificate which is 50 years.

**2.8 Property, plant and equipment**

Property, plant and equipment (other than construction in progress) is stated at historical cost less subsequent accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

The items of property, plant and equipment, except for construction in progress, are depreciated on a straight-line basis at the following rates per annum:

– Buildings	20 years
– Machinery and equipment	10 years
– Office and computer equipment	3-5 years
– Motor vehicles	4 years



## Notes to the Consolidated Financial Statements

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### 2.8 Property, plant and equipment *(Continued)*

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated statement of profit or loss and other comprehensive income.

Construction in progress represents property in the course of construction for production or for its own use purposes. Construction in progress is carried at cost less any recognised impairment loss. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use.

#### 2.9 Intangible assets

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.

#### 2.10 Impairment of non-financial assets

Assets that have an indefinite useful life – for example, goodwill not ready to use – are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

#### 2.11 Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a 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 fair value through profit or loss) 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 fair value through profit or loss are recognised immediately in profit or loss.

## Notes to the Consolidated Financial Statements

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### 2.11 Financial instruments *(Continued)*

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 continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. 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.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit or loss.

#### 2.12 Financial assets

##### 2.12.1 Classification

The Group classifies its financial assets as loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

##### *(a) Financial assets at fair value through profit or loss ("FVTPL")*

Financial assets at FVTPL of the Group comprise those designated as at FVTPL upon initial recognition.

A financial asset may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

## Notes to the Consolidated Financial Statements

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### 2.12 Financial assets *(Continued)*

##### 2.12.1 Classification *(Continued)*

###### (a) Financial assets at fair value through profit or loss ("FVTPL") *(Continued)*

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets.

###### (b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

They are included in current assets, except for maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets. The Group's receivables comprise 'Debtors, deposits and prepayments', 'Amount due from ultimate holding company', 'Amounts due from fellow subsidiaries and associates of ultimate holding company', 'Amounts due from joint ventures', 'Amounts due from associates and subsidiaries of an associate', 'Restricted bank deposits' and 'Cash and cash equivalents' in the consolidated statement of financial position.

###### (c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

##### 2.12.2 Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date, i.e. the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value, except that its fair value cannot be measured reliably. Unlisted equity financial assets are stated at cost less impairment because the range of reasonable fair value estimates is so significant that the fair value cannot be measured reliably. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

## Notes to the Consolidated Financial Statements

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### 2.12 Financial assets *(Continued)*

##### 2.12.2 Recognition and measurement *(Continued)*

###### *Effective interest method*

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or where appropriate, a shorter period to the net carrying amount on initial recognition. Income is recognised on an effective interest basis for debt instruments.

#### 2.13 Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or equity according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Equity instruments issued by group entities are recorded at the proceeds received, net of direct issue costs.

###### *Effective interest methods*

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

###### *Financial liabilities*

Financial liabilities including creditors, other payables and accrued charges, amount due to ultimate holding company, amount due to immediate holding company, amounts due to fellow subsidiaries and associates of ultimate holding company, amounts due to an associate and subsidiaries of an associate, amounts due to joint ventures and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

## Notes to the Consolidated Financial Statements

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### 2.13 Financial liabilities and equity instruments *(Continued)*

##### *Financial liabilities at FVTPL*

Financial liabilities are classified as at FVTPL when the financial liability is held for trading or those designated as at FVTPL on initial recognition.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item.

#### 2.14 Impairment of financial assets

##### *(a) Asset carried at amortised cost*

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired.

A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of profit or loss and other comprehensive income. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of profit or loss and other comprehensive income.

## Notes to the Consolidated Financial Statements

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.14 Impairment of financial assets (Continued)

##### (b) Assets classified as available-for-sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the Group uses the criteria referred to in (a) above. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in the profit or loss on equity instruments are not reversed through profit or loss.

#### 2.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes bank borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

#### 2.16 Trade and other receivables

Trade receivables are amounts due from customers for the sale of goods and/or services in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

#### 2.17 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash at bank and on hand, and short-term bank deposits with original maturities of three months or less.

#### 2.18 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

## Notes to the Consolidated Financial Statements

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### 2.19 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

#### 2.20 Bank borrowings

Bank borrowings are recognised initially at fair value, net of transaction costs incurred. Bank borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of profit or loss and other comprehensive income over the period of the bank borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Bank 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 end of the reporting period.

#### 2.21 Bank borrowing costs

General and specific bank 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 added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

#### 2.22 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before taxation" as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have enacted or substantively enacted by the end of the reporting period.

## Notes to the Consolidated Financial Statements

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.22 Taxation (Continued)

Deferred tax is recognised on temporary 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. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which deductible temporary differences 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 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 associated with investments in subsidiaries, 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. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets 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.

Current and deferred tax is recognised in to profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively.

#### 2.23 Employee benefits

##### *Pension obligations*

The Group makes contributions to defined contribution retirement schemes under the Mandatory Provident Fund Schemes ("MPF") Ordinance in Hong Kong, the assets of which are generally held in separate trustee administered funds. The pension plans are generally funded by payments from employees and by the Group. The Group's contributions to the defined contribution retirement schemes are expensed as incurred.



## Notes to the Consolidated Financial Statements

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### 2.23 Employee benefits *(Continued)*

##### *Pension obligations (Continued)*

The Group also contributes to employee retirement schemes established by municipal governments in the PRC. The municipal governments undertake to assume the retirement benefit obligations of all existing and future retired employees of the Group. Contributions to these schemes are charged to the consolidated statement of profit or loss and other comprehensive income as incurred.

#### 2.24 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expense the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire plant and equipment are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are 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.

#### 2.25 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

## Notes to the Consolidated Financial Statements

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### 2.26 Revenue recognition and other income

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

- (a) Sales of machine tools and forklift trucks are recognised when goods are delivered and title has been passed.
- (b) Revenue from construction of parking garage structures for contract customers is recognised based on the percentage of completion of the contract, provided that the revenue, the costs incurred and the estimated costs to completion can be measured reliably. The percentage of completion is estimated by reference to the costs incurred to date as compared to the total costs to be incurred under the contract. Provision is made for foreseeable losses as soon as they are anticipated by the management.
- (c) Interest income is recognised using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired receivables is recognised using the original effective interest rate.
- (d) Repair income is recognised when service are rendered.
- (e) Rental income from lease of properties is recognised in the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the term of the lease.

#### 2.27 Parking garage structures contracts

Where the outcome of a parking garage structures construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, measured by the proportion of contract costs incurred for work performed to date as compared to the estimated total contract costs. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customers.

Where the outcome of a parking garage structures construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

## Notes to the Consolidated Financial Statements

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### 2.27 Parking garage structures contracts *(Continued)*

Where it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as an amount due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as an amount due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under debtors, deposit and prepayments.

#### 2.28 Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the period of the lease.

#### 2.29 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the period in which the dividends are approved by the Company's shareholders or directors where appropriate.

### 3. FINANCIAL RISK MANAGEMENT

#### 3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: foreign exchange risk, interest rate risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

##### *(a) Foreign exchange risk*

The Group is mainly exposed to foreign exchange risk arising from Hong Kong dollars, United States dollars and Euro against RMB. This foreign exchange risk arises from future commercial transactions or recognised assets and liabilities denominated in a currency that is not the entity's functional currency of RMB. The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and it has not hedged its foreign exchange risk.

At 31 December 2016, if RMB had strengthened/weakened by 5% (2015: 5%) against the Hong Kong dollars with all other variables held constant, the Group's profit for the year would have been approximately RMB304,000 higher/lower (2015: approximately RMB1,863,000 higher/lower).

*Notes to the Consolidated Financial Statements***3. FINANCIAL RISK MANAGEMENT** *(Continued)***3.1 Financial risk factors** *(Continued)**(a) Foreign exchange risk (Continued)*

At 31 December 2016, if RMB had strengthened/weakened by 5% (2015: 5%) against the United States dollars with all other variables held constant, the Group's profit for the year would have been approximately RMB5,574,000 higher/lower (2015: approximately RMB6,532,000 higher/lower).

At 31 December 2016, if RMB had strengthened/weakened by 5% (2015: 5%) against Euro with all other variables held constant, the Group's profit for the year would have been approximately RMB6,684,000 higher/lower (2015: approximately RMB6,545,000 higher/lower).

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.

*(b) Interest rate risk*

The Group's income and operating cash flows are substantially independent of changes in market interest rates as the Group has no significant interest bearing assets and liabilities except for the deposits in banks and certain bank loans.

At 31 December 2016, if interest rates had been 50 basis points higher/lower with all other variables held constant, the Group's post-tax profit for the year would have been RMB975,000 (2015: RMB1,520,000) lower/higher, mainly as a result of higher/lower interest expense on floating rate bank borrowings.

*(c) Credit risk*

As at 31 December 2016, the Group's maximum exposure to credit risk arises from debtors, deposits, amounts due from ultimate holding company, fellow subsidiaries and associates of ultimate holding company, joint ventures, associates and subsidiaries of an associate as well as restricted bank deposits, cash and cash equivalents as stated in the consolidated statement of financial position, and the contingent liabilities in relation to financial guarantee issued by the Group as disclosed in Note 32.

In order to minimise the credit risk, management of the Group has delegated a team of personnel responsible for determination of credit limits, credit approvals and implementation of monitoring procedures to ensure follow-up actions are taken to recover overdue debts. In addition, the Group reviews the recoverable amount due from each individual trade customer at each reporting date in order to provide for impairment losses for irrecoverable amounts.

The credit risk on cash and cash equivalents is considered insignificant because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

## Notes to the Consolidated Financial Statements

## 3. FINANCIAL RISK MANAGEMENT (Continued)

## 3.1 Financial risk factors (Continued)

## (d) 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.

	Weighted average interest rate %	Repayable on demand or less than 1 year RMB'000	1 year to 5 years RMB'000	More than 5 years RMB'000	Total undiscounted cash flows RMB'000	Total carrying amount RMB'000
<b>At 31 December 2016</b>						
Creditors and other payables	N/A	254,387	–	–	254,387	254,387
Bank borrowings						
– fixed rate	2.99%	130,093	–	–	130,093	126,316
– variable rate	2.36%	229,753	–	–	229,753	224,456
Amount due to ultimate holding company	N/A	2,388	–	–	2,388	2,388
Amount due to immediate holding company	N/A	619	–	–	619	619
Amounts due to fellow subsidiaries and associates of ultimate holding company	N/A	5,503	–	–	5,503	5,503
Amounts due to an associate and subsidiaries of an associate	N/A	7,981	–	–	7,981	7,981
Amounts due to joint ventures	4.35%	200	–	–	200	192
		<b>630,924</b>	<b>–</b>	<b>–</b>	<b>630,924</b>	<b>621,842</b>
<b>At 31 December 2015</b>						
Creditors and other payables	N/A	218,645	–	–	218,645	218,645
Bank borrowings						
– fixed rate	3.60%	46,279	–	–	46,279	44,671
– variable rate	2.23%	372,123	–	–	372,123	364,006
Amount due to ultimate holding company	N/A	160	–	–	160	160
Amount due to immediate holding company	N/A	1,856	–	–	1,856	1,856
Amounts due to fellow subsidiaries and associates of ultimate holding company	N/A	21,664	–	–	21,664	21,664
Amounts due to an associate and subsidiaries of an associate	N/A	10,389	–	–	10,389	10,389
Amounts due to joint ventures	4.71%	332	–	–	332	317
		<b>671,448</b>	<b>–</b>	<b>–</b>	<b>671,448</b>	<b>661,708</b>

## Notes to the Consolidated Financial Statements

**3. FINANCIAL RISK MANAGEMENT** (Continued)**3.1 Financial risk factors** (Continued)*(d) Liquidity risk* (Continued)

In addition, the Group may be required to settle the financial guarantees issued by the Group as detailed in Note 32 within one year from each reporting date should the guarantees be crystallised.

**3.2 Capital risk management**

The Group manages its capital to ensure that entities within the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior years.

The capital structure of the Group consists of net debts, which includes bank borrowings net of cash and cash equivalents, and equity attributable to equity holders of the Company, comprising share capital, share premium and reserves.

The directors of the Company review the capital structure periodically. As a part of this review, the directors of the Company assess the annual budget prepared by various departments, which takes into account future expansion plans and sources of funding. The directors of the Company consider the cost of capital and the risk associated with each class of capital. The directors of the Company also balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debts or redemption of existing debts.

	<b>2016</b>	2015
	<b>RMB'000</b>	RMB'000
Total bank borrowings	<b>350,772</b>	408,677
Less: cash and cash equivalents	<b>(177,946)</b>	(101,583)
Net debt	<b>172,826</b>	307,094
Total equity	<b>804,068</b>	744,439
Net capital	<b>976,894</b>	1,051,533
Gearing ratio	<b>18%</b>	29%

The decrease in the gearing ratio during 2016 was mainly due to decrease in bank borrowings and increase in cash and cash equivalents.

## Notes to the Consolidated Financial Statements

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### 4.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates may differ from the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

##### *(a) Revenue from construction of parking garage structures*

When the outcome of a parking garage structures construction contract can be estimated reliably, the Group recognises the related revenue based on the percentage-of-completion method, which is measured by the proportion of contract costs incurred for work performed to date to the estimated total contract costs. Estimated total costs to be incurred under each contract are regularly reviewed during the whole term of the contract. Recognition of this revenue is made based on performance measurement. It involves an estimation process and is subject to risks and uncertainties inherent in projecting future events. A number of internal and external factors can affect our estimates, including different cost components applied to different parking garage structures being constructed; and efficiency of the Group's employees undertaking the construction. Recognised revenue and profit are subject to revisions as the respective contract progress to completion. Revisions in profit estimates are charged to the consolidated statement of profit or loss and other comprehensive income in the period in which the revision becomes known. Accordingly, any changes in the Group's estimates would impact the Group's future operating results.

##### *(b) Estimated impairment of trade debtors*

The Group makes provision for impairment of trade debtors based on an estimate of the recoverability of the debtors. Provisions are applied to debtors where events or changes in circumstances indicate that the balances may not be collectible. The identification of impairment of debtors requires the use of estimates. Where the expectation is different from the original estimate, such difference will impact carrying amount of the debtors and provision for impairment losses in the year in which such estimate has been changed.

As at 31 December 2016, provision for impairment of trade debtors amounting to approximately RMB33,792,000 (2015: RMB36,512,000) had been recognised.

##### *(c) Estimated useful lives and impairment of property, plant and equipment*

The Group determines the estimated useful lives of its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. Management will increase the depreciation charge where useful lives are less than previously estimated, and will write-off or write-down technically obsolete or non-strategic assets.

## Notes to the Consolidated Financial Statements

**4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS** *(Continued)***4.1 Critical accounting estimates and assumptions** *(Continued)**(c) Estimated useful lives and impairment of property, plant and equipment (Continued)*

Machinery and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is determined with reference to the higher of fair value of the machinery and equipment less costs to sell or the value-in-use calculations. An impairment loss is measured as the difference between the asset's carrying amount and the recoverable amount. Where the recoverable amount is less than expected, a material impairment loss may arise.

*(d) Provision for impairment of inventories*

The Group reviews the carrying value 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, management identifies, using their judgement, inventories that are slow moving or obsolete, and considering their physical conditions, age, market conditions and market price for similar items.

*(e) Income taxes*

Most of the subsidiaries of the Group are subject to income taxes in the PRC. Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current tax and deferred tax provisions in the financial period in which such determination is made.

*(f) Warranty provision*

The Group generally offers one-year warranties for its machine tools and forklift trucks, and two-year warranties for its parking garage structures. Management estimates the related provision for future warranty claims based on historical warranty claim information, as well as recent trends that might suggest that past cost information may differ from future claims. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

*(g) Impairment of goodwill recognised in investments in associates acquired*

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. During the year ended 31 December 2016, no impairment loss in respect of goodwill recognised in investments in associates was recognised by the Group.



## Notes to the Consolidated Financial Statements

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

## 4.1 Critical accounting estimates and assumptions (Continued)

## (h) Contingent liability arising from financial guarantee contracts

The Group has provided financial guarantees to associates in respect of borrowings, the details of which is disclosed in Note 32. Management estimates that the default risk of the associates is remote, thus the exposure to contingent liability arising from these financial guarantees is remote and immaterial, and as a result, no contingent liability has been recognised in current year. The exposure to such guaranty liability and its estimate are reviewed and revised by the Management, as appropriate, on an ongoing basis.

## 5. 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 reportable segments: (1) machine tools; (2) parking garage structure; and (3) forklift trucks.

The Executive Directors assess the performance of the operating segments based on their respective gross profit.

The Group does not allocate distribution and selling expenses, administrative expenses, other operating expenses or assets to its segments, as the Executive Directors do not use this information to allocate resources to or evaluate the performance of the operating segments. Therefore, the Group does not report a measure of profit and total assets for each reportable segment.

	Machine Tools RMB'000	Parking Garage Structures RMB'000	Forklift Trucks RMB'000	Total Group RMB'000
<b>For the year ended 31 December 2016</b>				
Revenue (all from external sales)	760,047	236,048	86,241	1,082,336
Cost of revenue	(533,638)	(175,632)	(77,915)	(787,185)
Segment profit	226,409	60,416	8,326	295,151

## Notes to the Consolidated Financial Statements

## 5. SEGMENT INFORMATION (Continued)

	Machine Tools RMB'000	Parking Garage structures RMB'000	Forklift Trucks RMB'000	Total Group RMB'000
<b>For the year ended 31 December 2015</b>				
Revenue (all from external sales)	671,863	229,610	88,766	990,239
Cost of revenue	(468,722)	(172,511)	(81,081)	(722,314)
Segment profit	203,141	57,099	7,685	267,925

Majority of the Group's operations and assets are located in the PRC and the Group mainly sells to the PRC market. No customers contributed over 10% of total revenue for each of the years.

## 6. OTHER INCOME

	2016 RMB'000	2015 RMB'000
Sale of scrap materials	8,890	3,865
Government grants and subsidies related to income*	18,397	5,487
Repair income	8,509	8,201
Rental income	708	3,412
Interest income	8,201	14,193
Others	938	4,639
	<b>45,643</b>	<b>39,797</b>

\* Government grants and subsidies mainly represent the refund of value-added tax in relation to software embedded in the sales of machine tools and parking garage structures. 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. The Group recognised the government grants and subsidies in the consolidated statement of profit or loss and other comprehensive income when it has fulfilled all the conditions specified in the subsidy notice or relevant law and regulations.

## Notes to the Consolidated Financial Statements

## 7. PROFIT BEFORE INCOME TAX

Profit before income tax has been arrived at after charging:

	2016 RMB'000	2015 RMB'000
Directors and chief executives' remuneration	2,185	2,128
Other staff costs	133,352	135,950
Other staff's retirement benefits scheme contributions	4,614	4,915
<b>Total staff costs</b>	<b>140,151</b>	142,993
Auditor's remuneration	1,972	1,408
Cost of inventories recognised as an expense	692,131	627,647
Depreciation of property, plant and equipment	25,342	26,081
Amortisation of intangible assets	1,233	983
Allowance for doubtful debts	(2,720)	2,016
Allowance for inventories	1,550	7,791
Warranty expenses	5,044	5,121
Direct operating expenses incurred for rental income	1,220	1,947
Loss on disposal of property, plant and equipment	341	201
Net exchange loss	10,800	19,196
Research and development costs recognised as expense*	23,399	17,253

\* The amount disclosed above does not include depreciation of property, plant and equipment, amortisation of intangible assets and staff costs charged to research and development cost recognised as expense amounting to RMB1,001,000, RMB428,000 and RMB11,918,000 (2015: RMB1,183,000, RMB224,000 and RMB13,722,000) respectively. Such expenses are included in their corresponding headings within this note.

## Notes to the Consolidated Financial Statements

## 8. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

## (a) Directors' and chief executive's emoluments

The remuneration of each director and chief executive is set out below:

*Executive directors*

	Chu Chih Yaung# RMB'000	Chen Hsiang- Jung* RMB'000	Chen Min-Ho RMB'000	Wen Chi-Tang RMB'000	Chiu Rung-Hsien RMB'000	Total RMB'000
<b>Year ended 31 December 2016</b>						
Salaries	180	180	144	144	144	792
Performance related bonuses	518	518	-	-	-	1,036
<b>Total</b>	<b>698</b>	<b>698</b>	<b>144</b>	<b>144</b>	<b>144</b>	<b>1,828</b>
<b>Year ended 31 December 2015</b>						
Salaries	180	180	144	144	144	792
Performance related bonuses	500	500	-	-	-	1,000
<b>Total</b>	<b>680</b>	<b>680</b>	<b>144</b>	<b>144</b>	<b>144</b>	<b>1,792</b>

# Chairman

\* Chief executive officer

*Independent non-executive directors*

	Koo Fook Sun, Louis RMB'000	Chiang Chun-Te RMB'000	Yu Yu-Tang RMB'000	Total RMB'000
<b>Year ended 31 December 2016</b>				
Fees	179	89	89	357
<b>Total</b>	<b>179</b>	<b>89</b>	<b>89</b>	<b>357</b>
<b>Year ended 31 December 2015</b>				
Fees	168	84	84	336
<b>Total</b>	<b>168</b>	<b>84</b>	<b>84</b>	<b>336</b>

## Notes to the Consolidated Financial Statements

## 8. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (Continued)

## (a) Directors' and chief executive's emoluments (Continued)

The executive directors and chief executives' 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-executives' emoluments shown above were mainly for their services as directors.

The remuneration of the directors and chief executives is determined by factors including their time commitment, responsibilities, performance, experiences, and the overall performance of the Group.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

## (b) Five highest paid individuals

Of the five individuals with the highest emoluments in the Group, two (2015: two) were directors of the Company. The emoluments of the remaining three (2015: three) individuals were as follows:

	2016 RMB'000	2015 RMB'000
Basic salaries and allowances	1,841	2,158
Bonus	883	745
Pension costs – defined contribution plans	133	77
	<b>2,857</b>	2,980

The emoluments of the five highest paid individuals fell within the following bands:

	2016	2015
Emoluments bands (in HKD)		
Less than HKD1,000,000	3	3
HKD1,000,001 to HKD1,500,000	2	2

During the years ended 31 December 2015 and 2016, none of the directors of the Company and the five highest paid individuals of the Group (i) received any emolument from the Group as an inducement to join or upon joining the Group; (ii) received any compensation for loss of office as a director or management of any member of the Group; or (iii) waived or has agreed to waive any emoluments.

## Notes to the Consolidated Financial Statements

## 9. FINANCE COSTS

	2016 RMB'000	2015 RMB'000
Interest expense:		
– Bank borrowings	9,897	8,734

## 10. INCOME TAX EXPENSE

	2016 RMB'000	2015 RMB'000
Current tax		
– Current year	35,037	16,301
– Under (over) provision in prior years	610	(6,280)
	35,647	10,021
PRC withholding tax	6,645	–
Deferred tax credit	(15,391)	(166)
	26,901	9,855

No provision for Cayman Islands profits tax has been made as the Group did not have any assessable profits arising in Cayman Islands for both years.

No provision for Hong Kong profits tax has been made as the Group did not have any assessable profits arising in Hong Kong for both years.

Enterprise income tax ("EIT") is provided at 25% for enterprises in the PRC except for Hangzhou Good Friend Precision Machinery Co., Ltd. ("Hangzhou Good Friend"). Hangzhou Good Friend renewed its New and High-Tech Enterprise status in 2014, which has been approved by the relevant government authorities, and it is entitled to a reduced tax rate of 15% for a three-year period commencing 2014. Accordingly, the applicable tax rate for Hangzhou Good Friend in 2016 is 15% (2015: 15%).

## Notes to the Consolidated Financial Statements

## 10. INCOME TAX EXPENSE (Continued)

In according to Detailed Implementation Regulations for implementation of the EIT law of PRC issued on 6 December 2007, dividends paid out by the 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%. The PRC withholding tax recognised by the Group represents the 5% withholding tax levied on the dividends declared and paid by Hangzhou Good Friend during the year ended 31 December 2016. 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 additional withholding tax shall be accrued on the 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.

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the tax rate of principal operating entity of the Group as follows:

	2016 RMB'000	2015 RMB'000
Profit before income tax	87,650	55,952
Add: Share of loss of joint ventures and associates, net	6,385	1,286
	<b>94,035</b>	57,238
Tax calculated at tax rates applicable to the principal operating entity of the Group (15%)	14,105	8,586
Tax effect of:		
Expenses not deductible for tax purpose	3,607	2,518
Utilisation of previously unrecognised tax losses	–	(234)
Tax losses for which no deferred income tax asset was recognised	3,397	6,501
Unrecognised temporary differences	852	669
Income not taxable for tax purpose	–	(99)
Withholding tax on the dividends declared and paid by a PRC subsidiary	6,645	–
Different tax rates of subsidiaries	–	(94)
Tax concession granted to PRC subsidiaries	(2,315)	(1,712)
Under (over) provision in prior years	610	(6,280)
Tax charge	<b>26,901</b>	9,855

## Notes to the Consolidated Financial Statements

## 11. EARNINGS PER SHARE

Basic and diluted earnings per share is calculated by dividing the profit attributable to equity holders of the Company of RMB60,749,000 (2015: RMB46,097,000) by the number of ordinary shares in issue 403,200,000 (2015: 403,200,000).

	2016	2015
Basic and diluted earnings per share (RMB per share)	<b>0.15</b>	0.11

There were no potential dilutive shares in issue for both years.

## 12. DIVIDENDS

	2016 RMB'000	2015 RMB'000
Dividends for ordinary shareholders of the Company recognised as distribution during the year: 2015 final – RMB0.03 (2015: 2014 final dividend RMB0.06) per ordinary share	<b>12,096</b>	24,192

At a meeting of the board of directors held on 30 March 2017, the directors of the Company resolved not to declare a final dividend for the year ended 31 December 2016 (2015: RMB0.03 per ordinary share).

## 13. PREPAID LEASE PAYMENTS

	2016 RMB'000	2015 RMB'000
Carrying values		
At beginning of the year	<b>36,598</b>	37,538
Additions	<b>88,200</b>	–
Released to profit or loss	<b>(943)</b>	(940)
At end of the year	<b>123,855</b>	36,598
Less: Amount to be amortised within one year	<b>(2,707)</b>	(940)
Non-current portion	<b>121,148</b>	35,658



## Notes to the Consolidated Financial Statements

## 13. PREPAID LEASE PAYMENTS (Continued)

The Group has pledged its prepaid lease payments with carrying amounts of approximately RMB3,443,000 as at 31 December 2016 (2015: RMB5,131,000) to secure the general banking facilities granted to the Group as disclosed in Note 28.

As at 31 December 2016, the Group is in the process of applying the land use right certificate of newly acquired land with the aggregated carrying value of RMB88,200,000 (2015: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
<b>COST</b>						
At 1 January 2015	202,162	160,193	30,078	21,566	11,044	425,043
Additions	580	494	1,446	442	2,856	5,818
Transfers	-	10,225	-	-	(10,225)	-
Disposals	-	(817)	(279)	(942)	-	(2,038)
At 31 December 2015	202,742	170,095	31,245	21,066	3,675	428,823
Additions	645	1,326	769	1,044	957	4,741
Transfers	720	597	-	-	(1,317)	-
Disposals	-	(2,316)	(592)	(679)	(99)	(3,686)
At 31 December 2016	204,107	169,702	31,422	21,431	3,216	429,878
<b>DEPRECIATION AND IMPAIRMENT</b>						
At 1 January 2015	58,179	93,101	20,951	15,945	-	188,176
Provided for the year	9,308	11,832	2,127	2,814	-	26,081
Disposals	-	(713)	(257)	(847)	-	(1,817)
At 31 December 2015	67,487	104,220	22,821	17,912	-	212,440
Provided for the year	9,325	12,382	1,799	1,836	-	25,342
Disposals	-	(2,064)	(561)	(611)	-	(3,236)
At 31 December 2016	76,812	114,538	24,059	19,137	-	234,546
<b>CARRYING VALUES</b>						
At 31 December 2016	127,295	55,164	7,363	2,294	3,216	195,332
At 31 December 2015	135,255	65,875	8,424	3,154	3,675	216,383

The Group has pledged its buildings with carrying amounts of approximately RMB9,153,000 as at 31 December 2016 (2015: RMB10,131,000) to secure the general banking facilities granted to the Group as disclosed in Note 28.

## Notes to the Consolidated Financial Statements

## 15. INTANGIBLE ASSETS

	<b>Softwares</b> RMB'000
<hr/>	
<b>Cost</b>	
At 1 January 2015	10,531
Additions	2,538
<hr/>	
At 31 December 2015	13,069
Additions	1,413
<hr/>	
At 31 December 2016	14,482
<hr/>	
<b>Amortisation</b>	
At 1 January 2015	8,835
Charge for the year	983
<hr/>	
At 31 December 2015	9,818
Charge for the year	1,233
<hr/>	
At 31 December 2016	11,051
<hr/>	
<b>CARRYING VALUES</b>	
At 31 December 2016	3,431
<hr/>	
At 31 December 2015	3,251
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## Notes to the Consolidated Financial Statements

## 16. DETAILS OF SUBSIDIARIES

The following is a list of subsidiaries of the Group at 31 December 2016 and 2015:

Name	Place of incorporation/ operation	Principal activities	Issued and fully paid-up share capital/ registered capital	Interest held	
				2016	2015
<b>Directly held subsidiaries</b>					
Winning Steps Ltd.	British Virgin Island ("BVI")	Investment holding	Ordinary shares USD110	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%
<b>Indirectly held subsidiaries</b>					
Full Moral Industrial Ltd.	Hong Kong	Inactive	Ordinary shares HKD1	100%	100%
Winnings Steps Hong Kong Development Ltd.	Hong Kong	Trading and Investment holding	Ordinary shares HKD1,000	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.	Hong Kong	Investment holding	Ordinary shares HKD1,000	100%	100%
Hangzhou Good Friend Precision Machinery Co., Ltd.	PRC	Design and production of computer numerical control, design machine tools and construction of three dimensional car parking garage structure	Registered Capital USD11,000,000	100%	100%

## Notes to the Consolidated Financial Statements

## 16. DETAILS OF SUBSIDIARIES (Continued)

Name	Place of incorporation/ operation	Principal activities	Issued and fully paid-up share capital/ registered capital	Interest held	
				2016	2015
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 USD3,000,000	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.	PRC	Trading of high-end machine tools	Registered Capital USD1,000,000	100%	100%
Fair Friend (Henan) Precision Machinery Co., Ltd.*	PRC	Design and production of computer numerical control machine tools, design and construction of three dimensional car parking garage structure	Registered Capital USD30,000,000	100%	–

\* Established in 2016.

## Notes to the Consolidated Financial Statements

## 17. INVESTMENTS IN JOINT VENTURES

	2016 RMB'000	2015 RMB'000
Cost of unlisted investments in joint ventures	27,666	27,666
Share post-acquisition loss and other comprehensive income	(11,172)	(10,696)
	<b>16,494</b>	16,970

As at 31 December 2016 and 2015, the Company had direct interests in the following joint ventures:

Name	Date of incorporation	Attributable equity interest		Registered capital	Principal activities/ place of incorporation and operation
		2016	2015		
Anest Iwata Feeler Corporation ("AIF")	23 November 2009	35%	35%	USD9,000,000	Manufacture and sales of air compressor and parts, PRC
Hangzhou Nippon Cable Feeler Corporation ("Nippon Cable Feeler")	20 October 2010	50%	50%	USD100,000	Wholesale and export of parking garage structures, PRC
Hangzhou Feeler Mectron Machinery Co., Ltd ("Feeler Mectron")	14 April 2011	45%	45%	USD1,110,000	Manufacture and sales of machine tools and related products, PRC
Hangzhou Union Friend Machinery Co., Ltd. ("UFM")	15 March 2013	55%	55%	USD1,000,000	Manufacture and sales of machine tools and related products, PRC

*Note:*

According to the respective articles of associations of the above four entities, each share in the above entities confers one vote, and the resolution of relevant activities and variable return shall be passed by more than two-thirds of the votes of shareholders. As such, in each of the above four entities, the shareholders contractually agreed to share the control of each entity. Therefore they are all joint ventures of the Group.

## Notes to the Consolidated Financial Statements

## 17. INVESTMENTS IN JOINT VENTURES (Continued)

## Summarised statement of financial position

	AIF		Nippon Cable Feeler		Feeler Mectron		UFM		Total	
	2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000
<b>Current</b>										
Cash	8,571	4,175	948	941	1,094	579	119	53	10,732	5,748
Other current assets	21,028	16,588	2	2	4,428	5,987	568	1,350	26,026	23,927
<b>Total current assets</b>	<b>29,599</b>	<b>20,763</b>	<b>950</b>	<b>943</b>	<b>5,522</b>	<b>6,566</b>	<b>687</b>	<b>1,403</b>	<b>36,758</b>	<b>29,675</b>
Short term bank borrowings	(6,925)	(6,443)	-	-	-	-	-	-	(6,925)	(6,443)
Other financial liabilities (including trade payable)	(10,787)	(6,482)	(11)	(7)	(1,876)	(2,143)	(502)	(97)	(13,176)	(8,729)
<b>Total current liabilities</b>	<b>(17,712)</b>	<b>(12,925)</b>	<b>(11)</b>	<b>(7)</b>	<b>(1,876)</b>	<b>(2,143)</b>	<b>(502)</b>	<b>(97)</b>	<b>(20,101)</b>	<b>(15,172)</b>
<b>Non-current</b>										
Assets	31,874	34,431	-	-	322	417	2,270	1,972	34,466	36,820
Liabilities	(6,937)	(6,494)	-	-	-	-	-	-	(6,937)	(6,494)
<b>Net assets</b>	<b>36,824</b>	<b>35,775</b>	<b>939</b>	<b>936</b>	<b>3,968</b>	<b>4,840</b>	<b>2,455</b>	<b>3,278</b>	<b>44,186</b>	<b>44,829</b>

## Summarised statement of profit or loss and other comprehensive income

	AIF		Nippon Cable Feeler		Feeler Mectron		UFM		Total	
	2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000
Revenue	58,417	39,716	75	155	5,479	3,453	907	579	64,878	43,903
Cost of revenue	(53,231)	(38,933)	-	-	(5,619)	(2,829)	(1,302)	(747)	(60,152)	(42,509)
Other expenses	(4,137)	(3,263)	(72)	(68)	(732)	(959)	(428)	(572)	(5,369)	(4,862)
<b>Profit (loss) before income tax</b>	<b>1,049</b>	<b>(2,480)</b>	<b>3</b>	<b>87</b>	<b>(872)</b>	<b>(335)</b>	<b>(823)</b>	<b>(740)</b>	<b>(643)</b>	<b>(3,468)</b>
Income tax expense	-	-	-	(9)	-	-	-	-	-	(9)
<b>Profit (loss) for the year</b>	<b>1,049</b>	<b>(2,480)</b>	<b>3</b>	<b>78</b>	<b>(872)</b>	<b>(335)</b>	<b>(823)</b>	<b>(740)</b>	<b>(643)</b>	<b>(3,477)</b>
Share of profit (loss) of joint ventures	367	(868)	2	39	(392)	(151)	(453)	(407)	(476)	(1,387)

## Notes to the Consolidated Financial Statements

## 17. INVESTMENTS IN JOINT VENTURES (Continued)

Set out below is a reconciliation of the summarised financial information presented to the carrying amount of its investments in joint ventures.

	AIF		Nippon Cable Feeler		Feeler Mectron		UFM		Total	
	2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000
Opening net assets as at 1 January	35,775	38,255	936	858	4,840	5,175	3,278	4,018	44,829	48,306
Profit (loss) for the year	1,049	(2,480)	3	78	(872)	(335)	(823)	(740)	(643)	(3,477)
Closing net assets as at 31 December	36,824	35,775	939	936	3,968	4,840	2,455	3,278	44,186	44,829
Equity interest	35%	35%	50%	50%	45%	45%	55%	55%	-	-
Carrying value as at 31 December	12,888	12,521	470	468	1,786	2,178	1,350	1,803	16,494	16,970

## 18. INVESTMENTS IN ASSOCIATES

	2016 RMB'000	2015 RMB'000
Cost of unlisted investments in associates	415,701	346,072
Share of post-acquisition loss and other comprehensive loss	(36,805)	(35,270)
Exchange difference arising on translation of foreign operations	6,759	157
	385,655	310,959

## Notes to the Consolidated Financial Statements

## 18. INVESTMENTS IN ASSOCIATES (Continued)

As at 31 December 2016 and 2015, the Group has interests in the following associate:

Name	Date of incorporation	Attributable equity interest		Registered capital	Principal activities/ place of incorporation and operation
		2016	2015		
FFG Europe S.p.A. ("FFG Europe")	1 January 2013	30.16%	30.16%	Euro11,205,000	Manufacture and sales of machine tools and related products, Italy
FFG Werke GmbH ("FFG Werke")	17 October 2013	39.00%	39.00%	Euro500,000	Manufacture and distribution of machine tools, spare parts and accessories; providing training and maintenance service for machine tools and products, Germany
FFG European and American Holdings GmbH ("FFG EA")	14 September 2015	81.37%	81.37%	Euro25,000	Investment holding company, Germany

## FFG Europe

FFG Europe is owned approximately as to 30.16% by Sky Thrive Hong Kong Enterprise Ltd. ("Sky Thrive") (a subsidiary of the Company), 22.08% by Golden Friendship International Limited ("Golden Friendship") (a wholly owned subsidiary of the Company's ultimate holding company, and not forming part of the Group), 21.70% by World Ten Limited ("World Ten") (15.58% of its issued share capital held by the Company's ultimate holding company, an independent third party), and 26.06% by Alma S.r.l (an independent third party).

According to the article of associate 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. As such the Group has significant influence in FFG Europe. Accordingly, the Group accounted for such investment as an associate in the financial statements.



## Notes to the Consolidated Financial Statements

### 18. INVESTMENTS IN ASSOCIATES (Continued)

#### FFG Werke

FFG Werke is owned approximately as to 42.00% by World Ten, 10.00% by Golden Friendship, 39.00% by Sky Thrive and 9.00% by Golden Wealth Inc. Limited ("Golden Wealth") (an independent third party).

According to the article of associate 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. As such the Group has significant influence in FFG Werke. Accordingly, the Group accounted for such investment as an associate in the financial statements.

#### FFG EA

FFG EA is owned approximately as to 81.37% by Sky Thrive, 12.12% by Leadwell CNC Machines Mfg. Corp. (an independent third party), and 6.51% by the Company's ultimate holding 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. Thus, the Company's ultimate holding company and via its control in the Company, has two voting rights in the shareholding committee so can control FFG EA. The Group is able to exercise significant influence over FFG EA. Accordingly, the Group accounted for such investment as an associate in the financial statements.

The principal investment of FFG EA is a 55.3% equity interest in FFG European Holding GmbH ("FFG European"), an investment company incorporated in Germany, which in turn effectively owns a 100% equity interest in MAG Global Holding GmbH and its subsidiaries (the "MAG Group"). The remaining 44.70% equity interest in FFG European is owned as to 18.7% by Mega Grant Limited ("Mega Grant") (an independent third party), 17% by Full Alliance Investment Limited ("Full Alliance") (an independent third party), and 9% by Golden Wealth. The principal activities of MAG Group are production of machine tools and production systems in Germany and USA.

The Group's obligation to the capital contribution to FFG EA is Euro49,500,000. The Group paid Euro40,000,000 in June and November 2015 and further paid the rest Euro9,500,000 in November 2016.

## Notes to the Consolidated Financial Statements

## 18. INVESTMENTS IN ASSOCIATES (Continued)

## Summarised statement of financial position prepared under IFRS

	FFG Europe		FFG Werke		FFG EA		Total	
	2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000 (note a)	2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000
Cash	18,332	32,008	29,059	82,354	248,270	266,368	295,661	380,730
Other current assets	529,590	454,496	777,962	534,332	2,248,237	2,000,946	3,555,789	2,989,774
<b>Total current assets</b>	<b>547,922</b>	<b>486,504</b>	<b>807,021</b>	<b>616,686</b>	<b>2,496,507</b>	<b>2,267,314</b>	<b>3,851,450</b>	<b>3,370,504</b>
Short term bank borrowings	(109,412)	(129,656)	(546,885)	(284,624)	(406,514)	(71,115)	(1,062,811)	(485,395)
Other financial liabilities	(446,204)	(412,243)	(431,524)	(233,758)	(1,504,346)	(2,192,041)	(2,382,074)	(2,838,042)
<b>Total current liabilities</b>	<b>(555,616)</b>	<b>(541,899)</b>	<b>(978,409)</b>	<b>(518,382)</b>	<b>(1,910,860)</b>	<b>(2,263,156)</b>	<b>(3,444,885)</b>	<b>(3,323,437)</b>
<b>Non-current</b>								
Assets	165,769	139,805	408,779	290,409	1,718,428	1,445,789	2,292,976	1,876,003
Liabilities	(144,229)	(72,134)	(201,427)	(334,502)	(1,506,063)	(833,104)	(1,851,719)	(1,239,740)
<b>Net assets</b>	<b>13,846</b>	<b>12,276</b>	<b>35,964</b>	<b>54,211</b>	<b>798,012</b>	<b>616,843</b>	<b>847,822</b>	<b>683,330</b>
Less: non-controlling interests	-	-	-	-	356,835	343,754	356,835	343,754
Net assets attributed to the owners of the associate	13,846	12,276	35,964	54,211	441,177	273,089	490,987	339,576

## Summarised statement of profit or loss and other comprehensive income prepared under IFRS

	FFG Europe		FFG Werke		FFG EA		Total	
	2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000 (note a)	2016 RMB'000	2015 RMB'000 (note d)	2016 RMB'000	2015 RMB'000
Revenue	578,688	497,254	786,193	366,966	3,679,596	-	5,044,477	864,220
Cost of revenue	(309,584)	(263,817)	(718,941)	(245,253)	(3,073,240)	-	(4,101,765)	(509,070)
Other expenses	(262,279)	(239,936)	(78,837)	(101,490)	(578,124)	(5,588)	(919,240)	(347,014)
<b>Profit (loss) before tax</b>	<b>6,825</b>	<b>(6,499)</b>	<b>(11,585)</b>	<b>20,223</b>	<b>28,232</b>	<b>(5,588)</b>	<b>23,472</b>	<b>8,136</b>
Income tax (charge) credit	(3,940)	324	(1,699)	(3,535)	(26,289)	-	(31,928)	(3,211)
<b>Profit (loss) for the year</b>	<b>2,885</b>	<b>(6,175)</b>	<b>(13,284)</b>	<b>16,688</b>	<b>1,943</b>	<b>(5,588)</b>	<b>(8,456)</b>	<b>4,925</b>
Less: non-controlling interest	-	-	-	-	802	-	802	-
Profit (loss) for the year attributed to the owners of the associate	2,885	(6,175)	(13,284)	16,688	1,141	(5,588)	(9,258)	4,925

## Notes to the Consolidated Financial Statements

## 18. INVESTMENTS IN ASSOCIATES (Continued)

	FFG Europe		FFG Werke		FFG EA		Total	
	2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000 (note a)	2016 RMB'000	2015 RMB'000 (note d)	2016 RMB'000	2015 RMB'000
Less: amortisation of fair value adjustment	-	-	6,479	-	-	-	6,479	-
Adjusted profit (loss) for the year attributed to the owners of the associate	2,885	(6,175)	(19,763)	16,688	1,141	(5,588)	(15,737)	4,925
Other comprehensive income (loss) for the year attributed to the owners of the associate	-	-	(6,547)	-	8,511	(5,307)	1,964	(5,307)
Share of profit (loss) of associates	870	(1,862)	(7,707)	6,508	928	(4,545)	(5,909)	101
Share of other comprehensive income (loss) of associates	-	-	(2,553)	-	6,927	(4,318)	4,374	(4,318)

Set out below is a reconciliation of the summarised financial information presented to the carrying amount of its investments in associates.

## Summarised financial information prepared under IFRS

	FFG Europe		FFG Werke		FFG EA		Total	
	2016 RMB'000	2015 RMB'000 (note c)	2016 RMB'000	2015 RMB'000 (note a)	2016 RMB'000 (note c)	2015 RMB'000 (note c)	2016 RMB'000	2015 RMB'000
Opening net assets	12,276	4,003	54,211	-	273,089	-	339,576	4,003
Capital injection and transfer from available-for-sale financial asset	-	13,926	-	37,575	152,201	283,984	152,201	335,485
Exchange difference	(1,315)	522	1,584	(52)	6,235	-	6,504	470
Other comprehensive (loss) income for the year	-	-	(6,547)	-	8,511	(5,307)	1,964	(5,307)
Profit (loss) for the year attributed to the owners of the associate	2,885	(6,175)	(13,284)	16,688	1,141	(5,588)	(9,258)	4,925
Closing net assets attributed to the owners of the associates as at 31 December	13,846	12,276	35,964	54,211	441,177	273,089	490,987	339,576
Equity interest	30.16%	30.16%	39.00%	39.00%	81.37%	81.37%		
Share of net assets	4,176	3,703	14,025	21,142	358,986	222,211	377,187	247,056
Goodwill (note a)	-	-	2,451	2,451	-	-	2,451	2,451
Effect of fair value adjustment at acquisition (note a)	-	-	6,017	8,544	-	-	6,017	8,544
Other adjustment (note b)	-	-	-	-	-	52,908	-	52,908
Carrying value as at 31 December	4,176	3,703	22,493	32,137	358,986	275,119	385,655	310,959

## Notes to the Consolidated Financial Statements

## 18. INVESTMENTS IN ASSOCIATES (Continued)

## Note:

- a. The Group originally held 13.5% equity interest in FFG Werke and accounted for the investment as available-for-sale using cost method. In late September 2015, the Group acquired further 25.5% equity interest in FFG Werke for the consideration of Euro2,340,000. Goodwill of RMB2,451,000 and effect of fair value adjustment at acquisition of RMB8,544,000 was recognised in respect of this further acquisition of equity interest. The fair value adjustment is subject to amortisation over the estimated useful life of the relevant assets. In addition, the profit and loss presented in the statement of profit or loss and other comprehensive income of FFG Werke for the year ended 31 December 2015 represents the results of FFG Werke arose from post-acquisition date to 31 December 2015.
- b. Other adjustment of FFG EA represents the effect of unfunded capital contribution from other shareholders which does not form part of the investment cost in FFG EA as at 31 December 2015. FFG EA received such capital contribution from shareholders on pro rate basis during the year ended 31 December 2016, thus no other adjustment as at 31 December 2016.
- c. The Group contributed Euro600,000 (equivalent to RMB4,200,000) as additional share capital in FFG Europe in July 2015, together with other shareholders on pro rate basis. The Group contributed Euro40,024,000 (equivalent to RMB283,984,000) and Euro9,500,000 (equivalent to RMB69,629,000) to FFG EA in 2015 and 2016 respectively.
- d. The profit and loss presented in the statement of profit or loss and other comprehensive income of FFG EA for the year ended 31 December 2015 represents the results of FFG EA arose from post-acquisition date to 31 December 2015.

## 19. FINANCIAL INSTRUMENTS BY CATEGORY

## Assets as per consolidated statement of financial position

	2016 RMB'000	2015 RMB'000
Debtors and deposits excluding prepayments	479,562	433,712
Amount due from ultimate holding company	2,110	-
Amounts due from fellow subsidiaries and an associate of ultimate holding company	2,518	1,277
Amounts due from joint ventures	922	717
Amounts due from associates and subsidiaries of an associate	81,629	60,841
Restricted bank deposits	33,163	172,613
Cash and cash equivalents	177,946	101,583
Total	777,850	770,743

## Notes to the Consolidated Financial Statements

## 19. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

Liabilities as per consolidated statement of financial position

	2016 RMB'000	2015 RMB'000
Creditors and other payables	254,387	218,645
Amount due to ultimate holding company	2,388	160
Amount due to immediate holding company	619	1,856
Amounts due to fellow subsidiaries and associates of ultimate holding company	5,503	21,664
Amounts due to an associate and subsidiaries of an associate	7,981	10,389
Amounts due to joint ventures	192	317
Bank borrowings	350,772	408,677
	<b>621,842</b>	<b>661,708</b>

## 20. DEBTORS, DEPOSITS AND PREPAYMENTS

	2016 RMB'000	2015 RMB'000
Trade debtors and bills receivables	484,785	444,978
Less: provision for impairment of trade receivables	(33,792)	(36,512)
Trade debtors and bills receivables – net	450,993	408,466
Prepayments	19,521	16,033
Others	28,569	25,246
Total debtors, deposits and prepayments	<b>499,083</b>	<b>449,745</b>

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 for a one or two-year warranty period of the products sold.

## Notes to the Consolidated Financial Statements

## 20. DEBTORS, DEPOSITS AND PREPAYMENTS (Continued)

At 31 December 2016 and 2015, the ageing analysis of gross trade debtors and bills receivable based on due date was as follows:

	2016 RMB'000	2015 RMB'000
Current – 30 days	367,010	341,202
31 – 60 days	10,305	8,465
61 – 90 days	7,184	9,079
91 – 180 days	15,989	14,038
Over 180 days	84,297	72,194
Trade debtors and bills receivables	<b>484,785</b>	444,978

Included in the Group's trade debtors are debtors with an aggregate carrying amount of approximately RMB109,081,000 (2015: RMB82,578,000) which were past due as at 31 December 2016 but the Group had not provided for impairment loss. The Group does not hold any collateral over these balances. The directors of the Company, after considering the trade relationship, credit status and past settlement history of these individual trade debtors, had concluded that these outstanding balances would be recovered.

The following is an ageing analysis of gross trade debtors of the Group which are past due but not impaired:

	2016 RMB'000	2015 RMB'000
0 – 30 days	22,887	11,573
31 – 60 days	10,305	7,486
61 – 90 days	7,184	8,174
91 – 180 days	15,989	12,338
Over 180 days	52,716	43,007
	<b>109,081</b>	82,578

## Notes to the Consolidated Financial Statements

## 20. DEBTORS, DEPOSITS AND PREPAYMENTS (Continued)

As of 31 December 2016, trade debtors of RMB33,792,000 (2015: RMB36,512,000) of the Group were impaired and provided for. The individually impaired receivables mainly relate to customers which are in unexpected financial difficulties. The ageing of these receivables based on due date is as follows:

	2016 RMB'000	2015 RMB'000
0 – 30 days	2,211	4,884
31 – 60 days	–	748
61 – 90 days	–	931
91 –180 days	–	1,411
Over 180 days	31,581	28,538
	<b>33,792</b>	36,512

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

	2016 RMB'000	2015 RMB'000
At 1 January	36,512	36,544
Provision for receivables impairment	5,068	2,016
Impairment losses reversed	(7,788)	–
Receivables written off during the year when proved to be uncollectible	–	(2,048)
At 31 December	<b>33,792</b>	36,512

## Notes to the Consolidated Financial Statements

## 20. DEBTORS, DEPOSITS AND PREPAYMENTS (Continued)

Trade receivables are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the trade receivables, the estimated future cash flows of the trade receivables have been affected. The creation and release of provision for impaired receivables have been included in 'Administration expenses' in the consolidated statement of profit or loss and other comprehensive income. Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash.

The carrying amounts of debtors, deposits and prepayments are denominated in the following currencies:

	2016 RMB'000	2015 RMB'000
RMB	481,759	427,844
USD	1,777	9,909
Euro	14,716	11,147
Other currencies	831	845
	<b>499,083</b>	<b>449,745</b>

## 21. INVENTORIES

	2016 RMB'000	2015 RMB'000
Raw materials	71,845	79,263
Work in progress	74,415	61,901
Finished goods	83,605	134,399
	<b>229,865</b>	<b>275,563</b>
Provision	<b>(27,037)</b>	<b>(25,487)</b>
	<b>202,828</b>	<b>250,076</b>



## Notes to the Consolidated Financial Statements

## 22. AMOUNTS DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORK

	2016 RMB'000	2015 RMB'000
Contract costs incurred plus recognised profits less recognised losses	732,630	615,251
Less: Progress billings	(723,620)	(594,110)
	<b>9,010</b>	21,141
	2016 RMB'000	2015 RMB'000
Amounts due from contract customers	40,692	36,717
Amounts due to contract customers	(31,682)	(15,576)
Net amounts due from (to) customers for contract work	<b>9,010</b>	21,141

As at 31 December 2016, retention money held by customers for contract work included in debtors amounted to RMB10,089,000 (2015: RMB6,994,000).

## 23. RESTRICTED BANK DEPOSITS

	2016 RMB'000	2015 RMB'000
Restricted bank deposits	<b>33,163</b>	172,613

The amounts mainly represent deposits placed in banks for guarantees issued for trade finance facilities used by the Group. The deposits have maturity periods within one year which carry fixed rate interest at 0.4% (2015: 0.4%) per annum.

## Notes to the Consolidated Financial Statements

## 24. CASH AND BANK BALANCES

	2016 RMB'000	2015 RMB'000
Cash at bank and on hand	62,046	53,983
Short-term bank deposits	115,900	47,600
Cash and cash equivalents	<b>177,946</b>	101,583

(a) The cash at bank and on hand and short-term bank deposits are denominated in the following currencies:

	2016 RMB'000	2015 RMB'000
RMB	138,132	73,379
USD	11,626	15,290
Euro	25,694	10,866
Other currencies	2,494	2,048
	<b>177,946</b>	101,583

(b) The effective interest rate on short-term bank deposits ranged from 1.77% to 3.00% (2015: from 2.70% to 4.00%) per annum.

## 25. SHARE CAPITAL

	Number of shares '000	Share Capital RMB\$'000
<b>Ordinary share of HKD0.01 each</b>		
<b>Authorised:</b>		
At 1 January 2015, 31 December 2015, 1 January 2016 and 31 December 2016	<b>1,000,000</b>	10,211
<b>Issued and fully paid:</b>		
At 1 January 2015, 31 December 2015, 1 January 2016 and 31 December 2016	<b>403,200</b>	4,022

## Notes to the Consolidated Financial Statements

## 26. CREDITORS, OTHER PAYABLES AND ACCRUED CHARGES

	2016 RMB'000	2015 RMB'000
Trade creditors	203,499	177,863
Advance deposits from customers	194,990	184,316
Other payables	50,888	40,782
Accrued expenses	41,360	44,352
<b>Total creditors, other payables and accrued charges</b>	<b>490,737</b>	447,313

The Group normally receives credit terms of 30 to 60 days. At 31 December 2016 and 2015, the ageing analysis of the trade payables was as follows:

	2016 RMB'000	2015 RMB'000
Current – 30 days	134,078	119,353
31 – 60 days	48,156	34,725
61 – 90 days	5,219	3,979
91 –180 days	3,062	4,921
Over 180 days	12,984	14,885
	<b>203,499</b>	177,863

Creditors, other payables and accrued charges are dominated in the following currencies:

	2016 RMB'000	2015 RMB'000
RMB	413,390	398,800
USD	8,177	6,620
Euro	66,599	38,191
HKD	2,531	3,702
JPY	40	–
	<b>490,737</b>	447,313

## Notes to the Consolidated Financial Statements

## 27. WARRANTY PROVISION

	2016 RMB'000	2015 RMB'000
At 1 January	5,791	6,329
Provision for the year	5,044	5,121
Utilisation of provision	(4,817)	(5,659)
At 31 December	<b>6,018</b>	5,791

## 28. BANK BORROWINGS

	2016 RMB'000	2015 RMB'000
Current		
– Secured	1,829	–
– Unsecured	348,943	408,677
Total bank borrowings	<b>350,772</b>	408,677

The range of effective interest rates of the Group's borrowing is as follows:

	2016	2015
Effective interest rate	<b>1.40% to 4.79% per annum</b>	1.09% to 4.50% per annum

The Group's bank borrowings were repayable as follows:

	2016 RMB'000	2015 RMB'000
Within 1 year	<b>350,772</b>	408,677

The carrying amounts of short-term bank borrowings approximate their fair values.

## Notes to the Consolidated Financial Statements

## 28. BANK BORROWINGS (Continued)

The carrying amounts of the Group's bank borrowings are denominated in the following currencies:

	2016 RMB'000	2015 RMB'000
HKD	13,418	43,068
USD	141,511	176,221
Euro	141,615	164,198
RMB	54,228	25,190
	<b>350,772</b>	408,677

Note:

- (a) The Group has pledged its prepaid lease payments with carrying amounts of approximately RMB3,443,000 (2015: RMB5,131,000) and buildings with carrying amounts of approximately RMB9,153,000 (2015: RMB10,131,000) as at 31 December 2016 to secure the general banking facilities granted to it. As at 31 December 2016, the Group has utilised such secured bank facilities of RMB1,829,000. (2015: Nil).
- (b) As at 31 December 2016, the Group's bank borrowings of RMB209,205,000 (2015: RMB242,350,000) were guaranteed by irrevocable standby letter of credits issued by banks of which Nil has been utilised (2015: RMB120,601,000).
- (c) As at 31 December 2016, cross guarantees between subsidiaries of RMB131,000,000 (2015: RMB176,000,000) have been provided to guarantee the bank borrowings of which RMB8,835,000 has been utilised (2015: RMB3,969,000).
- (d) As at 31 December 2016, personal guarantees were provided by a director of the Company and a related party of the Group in respect of the Group's bank borrowings of RMB69,370,000 (2015: RMB64,936,000).

## 29. DEFERRED TAXATION

	2016 RMB'000	2015 RMB'000
Deferred tax assets	21,701	6,310

## Notes to the Consolidated Financial Statements

## 29. DEFERRED TAXATION (Continued)

The movement on the deferred taxation assets during the year are as follows:

	Allowance for doubtful receivables RMB'000	Allowance for inventories RMB'000	Warranty provision RMB'000	Sales commission RMB'000	Deferred revenue RMB'000	Total RMB'000
At 1 January 2015	4,720	612	812	–	–	6,144
(Charge) credit to profit or loss	(268)	422	12	–	–	166
At 31 December 2015	4,452	1,034	824	–	–	6,310
(Charge) credit to profit or loss	(582)	(281)	42	917	15,295	15,391
At 31 December 2016	3,870	753	866	917	15,295	21,701

As at 31 December 2016, the Group had unutilised tax losses of approximately RMB65,498,000 (2015: RMB65,792,000) available for offsetting against future profits. No deferred tax asset had been recognised as it is not probable that future taxable profit will be available against which the unused tax losses can be utilised. Included in unrecognised tax losses are losses of RMB65,498,000 (2015: RMB59,606,000) with expiry dates.

Apart from unutilised tax losses as mentioned above, the Group had other deductible temporary differences of RMB151,830,000 (2015: RMB84,334,000) available to offset against future profits as at 31 December 2016. Deductible temporary differences of RMB103,887,000 (2015: RMB42,067,000) had been recognised in deferred tax assets as at 31 December 2016, while RMB47,943,000 (2015: RMB42,267,000) 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

## 29. DEFERRED TAXATION (Continued)

These tax losses will be carried forward and expire in years as follows:

	2016 RMB'000	2015 RMB'000
With expiry in:		
2016	–	16,755
2017	13,043	13,043
2018	6,472	6,472
2019	5,528	5,528
2020	17,808	17,808
2021	22,647	–
	<b>65,498</b>	59,606

## 30. DEFERRED REVENUE

	2016 RMB'000	2015 RMB'000
Assets related government grants	<b>61,180</b>	–

In November 2016, Fair Friend (Henan) Precision Machinery Co., Ltd., one of the Company's wholly-owned subsidiaries, received certain government grants and subsidies amounting to RMB61,180,000 for its specified purpose to invest in plants and equipment. These grants and subsidies will be recognised in profit or loss over the useful lives of the relevant assets.

## Notes to the Consolidated Financial Statements

## 31. CASH GENERATED FROM OPERATIONS

	2016 RMB'000	2015 RMB'000
Profit before income tax:	87,650	55,952
Adjustments for:		
– Amortisation of prepaid lease payments	943	940
– Depreciation of property, plant and equipment	25,342	26,081
– Amortisation of intangible assets	1,233	983
– Allowance for doubtful debts	(2,720)	2,016
– Allowance for inventories	1,550	7,791
– Share of loss of joint ventures	476	1,387
– Share of loss (profit) of associates	5,909	(101)
– Gain on deemed disposal of available-for-sale financial asset	–	(662)
– Loss on disposal of property, plant and equipment	341	201
– Interest income	(8,201)	(14,193)
– Interest expense	9,897	8,734
– Warranty expenses	5,044	5,121
Changes in working capital:		
– Inventories	45,698	(610)
– Debtors, deposits and prepayments	(46,618)	62,222
– Amounts due from customers for contract work	(3,975)	(4,223)
– Amount due from ultimate holding company	(2,110)	532
– Amounts due from joint ventures, fellow subsidiaries and associates of ultimate holding company	(22,234)	(38,864)
– Creditors, other payables and accrued charges	57,239	36,652
– Amounts due to customers for contract work	16,106	(27,224)
– Amount due to ultimate holding company	2,228	(1,556)
– Amount due to immediate holding company	(1,237)	(1,591)
– Amounts due to joint ventures	(125)	241
– Amounts due to an associate and subsidiaries of an associate	(2,408)	9,261
– Amounts due to fellow subsidiaries and associates of ultimate holding company	(16,161)	5,420
– Warranty provision	(4,817)	(5,659)
Cash generated from operations	149,050	128,851



## Notes to the Consolidated Financial Statements

**31. CASH GENERATED FROM OPERATIONS** (Continued)

In the statement of cash flows, proceeds from disposal of property, plant and equipment comprise:

Group	2016 RMB'000	2015 RMB'000
Carrying value:	450	221
Loss on disposal of property, plant and equipment	(341)	(201)
Proceeds from disposal of property, plant and equipment	109	20

**32. CONTINGENT LIABILITY**

On 25 September 2015, the Company, FFG Werke and a bank ("the Bank") entered into an agreement, pursuant to which the Bank arranged a facility for the maximum principal amount of Euro50,000,000 (equivalent RMB365,340,000) to be available to the Company and FFG Werke on a joint and several basis, whereby each of the Company and FFG Werke is liable for the indebtedness incurred by the other under the facility. As at 31 December 2016, the Company has not drawn down any loan from aforesaid facility letter, while FFG Werke has drawn down a total amount of Euro50,000,000 (equivalent RMB365,340,000) (2015: Euro32,000,000 (equivalent RMB227,046,000)).

On 9 July 2014, FFG Werke and Sky Thrive entered into a guarantee procurement deed, pursuant to which Sky Thrive agreed to procure the issuance of the bank guarantees for the business operation of FFG Werke with maximum aggregate amount not exceeding Euro10,600,000 (equivalent RMB77,452,000). As at 31 December 2016, Sky Thrive has arranged the aforesaid bank guarantees of total amount of Euro8,500,000 (equivalent RMB62,108,000) (2015: Euro4,605,000 (equivalent RMB32,675,000)).

In 2016, Hangzhou Good Friend Precision Machinery Co., Ltd., a wholly-owned subsidiary of the Company, issued standby letter of credit with a maximum amount of RMB33,000,000 to guarantee the corresponding amount of the credit facilities to be provided by a bank to FFG Werke. As at 31 December 2016, FFG Werke has drawn down a total amount of Euro4,000,000 (equivalent RMB29,227,000).

In 2016, Hangzhou Good Friend Precision Machinery Co., Ltd., a wholly-owned subsidiary of the Company, issued standby letter of credit with a maximum amount of Euro5,051,000 (approximately RMB36,907,000) to guarantee the corresponding amount of the credit facilities to be provided by a bank to FFG Europe. As at 31 December 2016, FFG Europe has drawn down a total amount of Euro5,051,000 (equivalent RMB36,907,000).

Management estimates that the default risk of FFG Werke and FFG Europe is remote, thus the exposure to guaranty liability arising from these financial guarantees is immaterial and no guaranty liability has been recognised in current year.

## Notes to the Consolidated Financial Statements

## 33. COMMITMENTS

## (a) Capital commitments

Capital expenditure contracted for at the end of the reporting period but not yet incurred is analysed as follows:

	2016 RMB'000	2015 RMB'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:		
– Construction of buildings	–	625
– Capital contribution to an associate	–	67,404
	–	68,029

## (b) Operating lease commitments

*The Group as lessee*

	2016 RMB'000	2015 RMB'000
Minimum lease payments paid under operating leases during the year	9,416	10,241

At the reporting date, the Group had commitments for future minimum lease payments relating to office rental under non-cancellable operating leases as follows:

	2016 RMB'000	2015 RMB'000
No later than 1 year	5,749	6,788
Later than 1 year and no later than 5 years	3,549	5,672
	9,298	12,460

## Notes to the Consolidated Financial Statements

## 34. RELATED PARTY TRANSACTIONS

Save as disclosed in Note 28 and Note 32, the Group also had the following transactions with its related parties during the year:

## (a) Transactions

Name of company	Relationship	Nature of transactions	2016 RMB'000	2015 RMB'000
Fair Friend Enterprise Company Limited ("Fair Friend")	Ultimate holding company	Sales of goods	206	1,484
		Purchases of goods	21,381	5,007
		Purchases of services	878	–
Hangzhou Feeler Takamatsu Machinery Co., Ltd. ("Feeler Takamatsu")	Associate of ultimate holding company	Sales of goods	–	943
		Purchases of goods	907	2,188
		Rental income	1	9
		Rendering of services	182	190
Good Friend (H. K.) Corporation Limited ("Hong Kong GF")	Immediate holding company	Purchases of goods	25,660	35,393
Hangzhou Fair Fine Electric & Machinery Co., Ltd. ("Fair Fine")	Fellow subsidiary	Sales of goods	1	3
		Rental income	501	641
		Rendering of services	598	754
		Purchases of goods	119	–

## Notes to the Consolidated Financial Statements

## 34. RELATED PARTY TRANSACTIONS (Continued)

## (a) Transactions (Continued)

Name of company	Relationship	Nature of transactions	2016 RMB'000	2015 RMB'000
AIF (controlled by Mr. Wen Chi-Tang)	Joint venture	Sales of goods	15	8
		Purchases of goods	235	377
		Rental income	22	24
		Purchases of services	–	11
		Rendering of services	1,138	884
Hangzhou Best Friend Technology Co., Ltd. ("Best Friend")	Associate of ultimate holding company	Sales of goods	–	11
SANCO Machine & Tools Co., Ltd. ("SANCO")	Fellow subsidiary	Purchases of goods	13,299	5,171
		Purchases of services	–	511
Jobs Automazione S.p.A. ("Jobs")	Subsidiary of an associate of the Group	Purchases of goods	30,552	22,830
FFG Werke	Associate	Purchases of goods	33,590	3,012
Feeler Mectron	Joint venture	Purchases of goods	4,067	3,121
		Rendering of services	119	–
		Interest income	1	–

## Notes to the Consolidated Financial Statements

## 34. RELATED PARTY TRANSACTIONS (Continued)

## (a) Transactions (Continued)

Name of company	Relationship	Nature of transactions	2016 RMB'000	2015 RMB'000
UFM	Joint venture	Sales of goods	15	10
		Purchases of goods	757	381
		Rendering of services	36	38
		Interest income	22	–
Nippon Cable Feeler	Joint venture	Purchases of services	75	–
		Rendering of services	21	–
		Rental income	6	–
Golden Friendship	Fellow subsidiary	Purchase of equity share	–	15,460
SMS Holding Co., Inc.	Subsidiary of an associate of the Group	Sales of goods	1,138	–
FFG DMC Co., Ltd.	Subsidiary of ultimate holding company	Purchases of goods	1,040	–

## 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

## 34. RELATED PARTY TRANSACTIONS (Continued)

## (b) Balances

Name of company	Relationship	Nature of transactions	2016 RMB'000	2015 RMB'000
Fair Friend	Ultimate holding company	Trade payable (note (b))	(1,510)	(160)
		Advance to (note (b))	2,110	–
		Other payable (note (b))	(878)	–
Hong Kong GF	Immediate holding company	Trade payable (note (b))	(619)	(1,856)
Fair Fine (controlled by Mr. Chen Min-Ho)	Fellow subsidiary	Other receivable (note (b))	114	222
		Trade receivable (note (a))	7	–
SANCO	Fellow subsidiary	Trade payable (note (b))	(5,207)	(6,204)
		Other receivable (note (b))	–	1,009
		Advance to (note (b))	2,356	–

## Notes to the Consolidated Financial Statements

## 34. RELATED PARTY TRANSACTIONS (Continued)

## (b) Balances (Continued)

Name of company	Relationship	Nature of transactions	2016 RMB'000	2015 RMB'000
Best Friend	Associate of ultimate holding company	Trade receivable (note (a))	2	13
		Advance from (note (b))	(1)	–
Feeler Takamatsu	Associate of ultimate holding company	Other receivable (note (b))	32	32
		Trade payable (note (b))	(23)	–
		Trade receivable (note (a))	–	1
AIF (controlled by Mr. Wen Chi-Tang)	Joint venture	Trade receivable (note (a))	1	228
		Other receivable (note (b))	254	–
		Trade payable (note (b))	–	(206)
		Other payable (note (b))	–	(3)

## Notes to the Consolidated Financial Statements

## 34. RELATED PARTY TRANSACTIONS (Continued)

## (b) Balances (Continued)

Name of company	Relationship	Nature of transactions	2016 RMB'000	2015 RMB'000
Feeler Mectron	Joint venture	Trade receivable (note (a))	58	48
		Other receivable (note (b))	13	78
		Other payable (note (b))	(4)	–
UFM	Joint venture	Trade payable (note (b))	(188)	(108)
		Other receivable (note (b))	591	363
SIGMA Technology S.r.l	Subsidiary of an associate	Advance to (note (b))	2,127	2,127
		Trade payable (note (b))	(76)	(254)
Jobs	Subsidiary of an associate	Other receivable (note (b))	7,428	18,641
		Trade payable (note (b))	(4,615)	(9,837)
		Shareholder loan (note (b))	22,595	5,469



## Notes to the Consolidated Financial Statements

## 34. RELATED PARTY TRANSACTIONS (Continued)

## (b) Balances (Continued)

Name of company	Relationship	Nature of transactions	2016 RMB'000	2015 RMB'000
FFG Werke	Associate	Advance to (note (b))	43,025	28,020
		Trade payable (note (b))	(3,290)	(298)
		Shareholder loan (note (b))	4,915	5,041
		Other receivable (note (b))	862	–
Golden Friendship	Fellow subsidiary	Other payable (note (b))	–	(15,460)
FFG Europe	Associate	Other receivable (note (b))	674	1,543
Nippon Cable Feeler	Joint venture	Other receivable (note (b))	5	–
Equiptop Hitech Corp.	Fellow subsidiary	Trade receivable (note (a))	7	–
		Trade payable (note (b))	(272)	–
SMS Holding Co.,Inc	Subsidiary of an associate	Trade receivable (note (a))	3	–

## Notes to the Consolidated Financial Statements

## 34. RELATED PARTY TRANSACTIONS (Continued)

## (b) Balances (Continued)

Notes:

- (a) The Group allowed a normal credit period of 90 days for sales made to the fellow subsidiaries, the ultimate holding company and its associate companies, and subsidiaries of associated company. Balances are unsecured and interest free. As of 31 December 2016 and 2015, the ageing of above balances was mostly within 6 to 12 months.
- (b) Balances are unsecured, interest free and repayable on demand.

## (c) Key management compensation

The remuneration of directors and other members of key management during the year were as follows:

	2016 RMB'000	2015 RMB'000
Salaries	2,916	2,817
Performance related bonuses	1,287	1,304
Retirement benefit scheme contributions	108	99
	<b>4,311</b>	4,220

## 35. PLEDGE OF ASSETS

	2016 RMB'000	2015 RMB'000
Prepaid lease payments	3,443	5,131
Property, plant and equipment	9,153	10,131
Pledged bank deposits	33,163	172,613
	<b>45,759</b>	187,875

The Group has pledged its prepaid lease payments and buildings in order to secure the general banking facilities granted to the Group.

The Group has restricted bank deposits which mainly represent deposits placed in banks for guarantees issued for finance facilities used by the Group.

## Notes to the Consolidated Financial Statements

## 36. INFORMATION OF FINANCIAL POSITION AND CHANGES IN EQUITY OF THE COMPANY

The statement of financial position of the Company as at 31 December 2016 is as follows:

	2016 RMB'000	2015 RMB'000
<b>Non-current assets</b>		
Property, plant and equipment	–	2
Investments in subsidiaries	52,837	52,837
Investments in joint ventures	27,666	27,666
Amounts due from subsidiaries	670,585	605,881
	<b>751,088</b>	686,386
<b>Current assets</b>		
Debtors, deposits and prepayments	11,223	14,022
Amounts due from associates and subsidiaries of an associate	35,304	28,592
Cash and cash equivalents	6,817	35,301
	<b>53,344</b>	77,915
<b>Current liabilities</b>		
Other payables and accrued charges	7,653	11,641
Amounts due to an associate and subsidiaries of an associate	1,400	8,853
Bank borrowings	280,588	332,299
	<b>289,641</b>	352,793
<b>Net current liabilities</b>	<b>(236,297)</b>	(274,878)
<b>Total assets less current liabilities</b>	<b>514,791</b>	411,508
<b>Capital and reserves</b>		
Share capital	4,022	4,022
Share premium	82,281	82,281
Other reserves	7,973	7,973
Retained earnings	420,515	317,232
<b>Total equity</b>	<b>514,791</b>	411,508

## Notes to the Consolidated Financial Statements

### 36. INFORMATION OF FINANCIAL POSITION AND CHANGES IN EQUITY OF THE COMPANY *(Continued)*

The statement of changes in equity of the Company for the year ended 31 December 2016 is as follows:

	Share capital RMB'000	Share premium RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000
At 1 January 2015	4,022	82,281	7,973	46,895	141,171
<b>Profit and total comprehensive income</b>	–	–	–	294,529	294,529
<b>Dividends recognised as distributions</b>	–	–	–	(24,192)	(24,192)
At 31 December 2015	4,022	82,281	7,973	317,232	411,508
<b>Profit and total comprehensive income</b>	–	–	–	115,379	115,379
<b>Dividends recognised as distributions</b>	–	–	–	(12,096)	(12,096)
At 31 December 2016	4,022	82,281	7,973	420,515	514,791

### 37. EVENTS AFTER THE REPORTING DATE

The Group has no significant events occurred after the reporting date.

## Five-Year Financial Summary

### OPERATING RESULTS

For the year ended 31 December

	2012	2013	2014	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	1,540,856	1,350,271	1,300,119	990,239	<b>1,082,336</b>
Gross profit	308,947	309,771	344,894	267,925	<b>295,151</b>
Profit before income tax	60,440	54,388	125,071	55,952	<b>87,650</b>
<b>Profit attributable to equity</b>					
<b>holders of the Company</b>	42,022	36,868	101,313	46,097	<b>60,749</b>
<b>Earnings per share – basic (RMB)</b>	0.10	0.09	0.25	0.11	<b>0.15</b>

### ASSETS AND LIABILITIES

As at 31 December

	2012	2013	2014	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets	345,271	330,119	309,492	589,531	<b>743,761</b>
Net current assets	339,800	361,656	433,321	154,908	<b>121,487</b>
Non-current liabilities	(23,180)	(18,775)	(16,118)	–	<b>(61,180)</b>
<b>Net assets</b>	<b>661,891</b>	<b>673,000</b>	<b>726,695</b>	<b>744,439</b>	<b>804,068</b>
Share capital	4,022	4,022	4,022	4,022	<b>4,022</b>
Reserves	657,869	668,978	722,673	740,417	<b>800,046</b>
<b>Shareholders' equity</b>	<b>661,891</b>	<b>673,000</b>	<b>726,695</b>	<b>744,439</b>	<b>804,068</b>