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**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二零一九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，二零一九年四月二十六日

於本公佈日期，本公司董事會成員包括 (i) 四名執行董事：朱志洋先生、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107年度

合併財務報表暨會計師複核報告

(上市之台灣存託憑證用外國公司財務報告)

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# 附 件 一



### 會計師複核報告

友佳國際控股有限公司 公鑒：

友佳國際控股有限公司及子公司按香港一般公認會計原則編製之民國 107 年 12 月 31 日之綜合財務狀況表，暨民國 107 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 108 年 3 月 29 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 107 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

金融監督管理委員會核准文號  
金管證審字第 1040024195 號



會計師 李 麗 鳳

李麗鳳



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 108 年 4 月 26 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 107 年及 106 年 12 月 31 日

單位：仟元

資 產	107年12月31日		106年12月31日	
	人 民 幣	新 台 幣	人 民 幣	新 台 幣
非流動資產				
物業、廠房及設備	\$ 204,710	\$ 915,463	\$ 180,401	\$ 823,531
預付租賃款項	120,147	537,297	123,052	561,732
無形資產	2,215	9,905	3,203	14,622
於合營企業的投資	20,505	91,698	18,387	83,937
於聯營公司的投資	331,323	1,481,676	355,917	1,624,761
遞延所得稅資產	27,520	123,069	22,401	102,261
	<u>706,420</u>	<u>3,159,108</u>	<u>703,361</u>	<u>3,210,844</u>
流動資產				
存 貨	524,752	2,346,691	345,626	1,577,783
貿易應收帳款及其他應收款項及 預付款項	345,810	1,546,463	541,941	2,473,961
合約資產	46,727	208,963	-	-
應收貸款	35,627	159,324	-	-
按公平值計入其他全面收益的應 收款項	106,400	475,821	-	-
應收客戶合約工程款項	-	-	50,270	229,483
預付租賃款項	2,905	12,991	2,905	13,261
應收最終控股公司款項	-	-	1,053	4,807
應收同系附屬公司及最終控股公 司的聯營公司的款項	23	103	1,476	6,738
應收合營企業款項	461	2,062	852	3,889
應收聯營公司及一間聯營公司的 附屬公司款項	151,059	675,537	119,083	543,614
限制性銀行存款及銀行結餘	69,987	312,982	32,716	149,349
結構性存款	-	-	76,140	347,579
按公平值計入損益的金融資產	108,020	483,065	-	-
現金結餘及現金	112,673	503,874	98,071	447,694
	<u>1,504,444</u>	<u>6,727,876</u>	<u>1,270,133</u>	<u>5,798,158</u>
總 資 產	<u>\$ 2,210,864</u>	<u>\$ 9,886,984</u>	<u>\$ 1,973,494</u>	<u>\$ 9,009,002</u>

註一：民國 107 及 106 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 107 年及 106 年 12 月 31 日之匯率 RMB 1 = NTD 4.4720 及 RMB 1 = NTD4.5650 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
107.1.1-107.12.31	RMB1 : NT4.7080	RMB1 : NT4.4320	RMB1 : NT4.5600
106.1.1-106.12.31	RMB1 : NT4.6880	RMB1 : NT4.3600	RMB1 : NT4.5068
105.1.1-105.12.31	RMB1 : NT5.1050	RMB1 : NT4.5910	RMB1 : NT4.8489

董事長：朱志洋



經理人：朱志洋



會計主管：葉世強



民國 107 年及 106 年 12 月 31 日

107年12月31日		106年12月31日	
人	民	人	民
幣	新	幣	新
台	台	台	台
幣	幣	幣	幣

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綜合損益及其他全面收益表

民國 107 年及 106 年 1 月 1 日至 12 月 31 日

單位：仟元  
除每股盈餘為元外

	107年度		106年度	
	人 民 幣	新 台 幣	人 民 幣	新 台 幣
收 益	\$ 1,090,693	\$ 4,877,579	\$ 1,294,801	\$ 5,910,767
收益成本	( 799,966 )	( 3,577,448 )	( 982,286 )	( 4,484,136 )
毛 利	<u>290,727</u>	<u>1,300,131</u>	<u>312,515</u>	<u>1,426,631</u>
其他收入	84,483	377,808	83,483	381,100
分銷及銷售費用	( 132,609 )	( 593,027 )	( 139,925 )	( 638,758 )
行政費用	( 64,137 )	( 286,821 )	( 71,006 )	( 324,142 )
研發成本	( 37,087 )	( 165,853 )	( 43,796 )	( 199,929 )
貿易應收帳款及合約資產之減值虧損	( 8,875 )	( 39,689 )	( 5,505 )	( 25,130 )
其他收益及虧損	( 28,321 )	( 126,652 )	883	4,030
其他開支	( 87,968 )	( 393,393 )	( 35,517 )	( 162,135 )
其他營運費用	( 1,458 )	( 6,520 )	( 1,612 )	( 7,359 )
經營溢利	14,755	65,984	99,520	454,308
財務費用	( 14,180 )	( 63,413 )	( 8,803 )	( 40,186 )
分佔合營企業溢利	2,118	9,472	1,893	8,642
分佔聯營公司虧損	( 45,423 )	( 203,132 )	( 7,544 )	( 34,438 )
除所得稅前（虧損）溢利	( 42,730 )	( 191,089 )	85,066	388,326
所得稅開支	( 14,994 )	( 67,053 )	( 19,376 )	( 88,451 )
本公司權益擁有人應佔（虧損）溢利	( 57,724 )	( 258,142 )	65,690	299,875
其他全面收益（開支）				
不會重分類至損益的項目				
分佔聯營公司其他全面收益（開支）	1,021	4,566	( 522 )	( 2,383 )
其後可能重分類至損益的項目				
分佔聯營公司其他全面收益（開支）	17,228	77,044	( 47,272 )	( 215,797 )
換算海外業務產生之匯兌差額	2,664	11,913	25,600	116,864
按公平值計入其他全面收益的				
應收款項收益淨額	1,999	8,940	-	-
本公司擁有人應佔全面（開支）收益總額	<u>( \$ 34,812 )</u>	<u>( \$ 155,679 )</u>	<u>\$ 43,496</u>	<u>\$ 198,559</u>
每股（虧損）盈利				
一 基 本	<u>( \$ 0.14 )</u>	<u>( \$ 0.64 )</u>	<u>\$ 0.16</u>	<u>\$ 0.73</u>
股 息	<u>\$ 44,352</u>	<u>\$ 198,342</u>	<u>\$ 20,160</u>	<u>\$ 92,030</u>

註一：民國 107 及 106 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 107 年 106 年 12 月 31 日之匯率 RMB 1 = NTD 4.4720 及 RMB 1 = NTD 4.5650 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
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106.1.1-106.12.31	RMB1：NT4.6880	RMB1：NT4.3600	RMB1：NT4.5068
105.1.1-105.12.31	RMB1：NT5.1050	RMB1：NT4.5910	RMB1：NT4.8489

（請參閱勤業眾信聯合會計師事務所 108 年 4 月 26 日複核報告）

董事長：朱志洋



經理人：朱志洋



會計主管：葉世強



## 友佳國際控股有限公司及子公司

綜合權證變動表

民國 107 年及 106 年 1 月 1 日至 12 月 31 日

單位：人民幣仟元

	股 \$	本 4,022	本 \$	股 82,281	溢 價 \$	資 本 儲 備 \$	其 他 儲 備 \$	保 留 盈 利 \$	總 權 益 \$
106 年 1 月 1 日餘額									
全面收益：									
年內溢利		-		-		-		65,690	65,690
其他全面收益：									
分估聯營公司其他全面開支		-		-		( 47,272 )	( 522 )	( 47,794 )	( 47,794 )
換算海外業務產生之匯兌差額		-		-		25,600	-	25,600	25,600
全面收益總額		-		-		( 21,672 )	65,168	43,496	43,496
已付股息		-		-		-	( 20,160 )	( 20,160 )	( 20,160 )
106 年 12 月 31 日餘額		4,022		82,281		77,338	39,576	624,187	827,404
追溯適用及追溯重編影響數		-		-		-	( 3,106 )	( 28,728 )	( 31,834 )
107 年 1 月 1 日重編後餘額		4,022		82,281		77,338	36,470	595,459	795,570
全面收益：									
年內溢利		-		-		-	( 57,724 )	( 57,724 )	( 57,724 )
其他全面收益：									
分估聯營公司其他全面開支		-		-		-	1,021	18,249	18,249
換算海外業務產生之匯兌差額		-		-		-	-	2,664	2,664
按公平值計入其他全面收益的 應收款項收益淨額		-		-		-	1,999	-	1,999
全面收益總額		-		-		-	21,891	( 56,703 )	( 34,812 )
已付股息		-		-		-	-	( 44,352 )	( 44,352 )
107 年 12 月 31 日餘額		4,022		82,281		77,338	58,361	494,404	716,406

董事長：朱志洋



經理人：朱志洋



會計主管：葉世強



## 友佳國際控股股份有限公司及子公司

綜合權益變動表

民國 107 年及 106 年 1 月 1 日至 12 月 31 日

單位：新台幣仟元

	股本	股本溢價	資本儲備	其他儲備	保留盈餘	總權益
106 年 1 月 1 日餘額	\$ 18,570	\$ 379,891	\$ 357,070	\$ 282,782	\$ 2,674,069	\$ 3,712,382
全面收益：						
年內溢利	-	-	-	-	299,875	299,875
其他全面收益：						
分估聯營公司其他全面開支	-	-	-	( 215,797 )	( 2,383 )	( 218,180 )
換算海外業務產生之匯兌差額	-	-	-	116,864	-	116,864
全面收益總額	-	-	-	( 98,933 )	297,492	198,559
已付股息	-	-	-	-	( 92,030 )	( 92,030 )
匯率影響數	( 210 )	( 4,278 )	( 4,022 )	( 3,185 )	( 30,117 )	( 41,812 )
106 年 12 月 31 日餘額	18,360	375,613	353,048	180,664	2,849,414	3,777,099
追溯適用及追溯重編影響數	-	-	-	( 14,179 )	( 131,144 )	( 145,323 )
107 年 1 月 1 日重編後餘額	18,360	375,613	353,048	166,485	2,718,270	3,631,776
全面收益：						
年內溢利	-	-	-	-	( 258,142 )	( 258,142 )
其他全面收益：						
分估聯營公司其他全面開支	-	-	-	77,044	4,566	81,610
換算海外業務產生之匯兌差額	-	-	-	11,913	-	11,913
按公平值計入其他全面收益的應收款項收益淨額	-	-	-	8,940	-	8,940
全面收益總額	-	-	-	97,897	( 253,576 )	( 155,679 )
已付股息	( 374 )	( 7,652 )	( 7,192 )	-	( 198,342 )	( 198,342 )
匯率影響數	-	-	-	( 3,392 )	( 55,377 )	( 73,987 )
107 年 12 月 31 日餘額	\$ 17,986	\$ 367,961	\$ 345,856	\$ 260,990	\$ 2,210,975	\$ 3,203,768

註一：民國 107 及 106 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 107 年及 106 年 12 月 31 日之匯率 RMB 1 = NTD 4.4720 及 RMB 1 = NTD 4.5650 換算。

民國 106 年 1 月 1 日股東權益科目金額，係以民國 105 年 12 月 31 日之匯率 RMB 1 = NTD 4.6170 換算。

董事長：朱志洋

經理人：朱志洋

會計主管：葉世強



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## 友佳國際控股有限公司及子公司

## 綜合現金流量表

民國 107 年及 106 年 1 月 1 日至 12 月 31 日

單位：仟元

	107年度		106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	\$ 29,687	\$ 132,760	\$ 124,789	\$ 569,662
已繳所得稅及預扣稅	( 21,905 )	( 97,959 )	( 18,204 )	( 83,101 )
經營活動所得現金淨額	<u>7,782</u>	<u>34,801</u>	<u>106,585</u>	<u>486,561</u>
投資活動產生的現金流量				
聯營公司及一間聯營公司的附屬公司還款	10,320	46,151	70,287	320,860
向聯營公司及一間聯營公司的附屬公司作出的墊款	( 15,048 )	( 67,295 )	( 154,283 )	( 704,302 )
本集團一間聯營公司之附屬公司的一名非控股股東之貸款	( 35,627 )	( 159,324 )	-	-
收購物業、廠房及設備	( 44,922 )	( 200,891 )	( 8,476 )	( 38,693 )
收購預付租賃款項	-	-	( 5,134 )	( 23,437 )
出售物業、廠房及設備所得款項	519	2,321	1,027	4,688
購置無形資產	( 264 )	( 1,181 )	( 1,175 )	( 5,364 )
已收利息	4,496	20,106	4,261	19,451
提取限制性銀行存款	32,716	146,306	33,163	151,389
存入限制性銀行存款及銀行結餘	( 69,987 )	( 312,982 )	( 32,176 )	( 149,349 )
提取按公平值計入損益之金融資產	507,800	2,270,882	-	-
購入按公平值計入損益之金融資產	( 539,680 )	( 2,413,449 )	-	-
提取結構性存款	-	-	507,080	2,314,820
購入結構性存款	-	-	( 583,220 )	( 2,662,399 )
投資活動所用現金淨額	<u>( 149,677 )</u>	<u>( 669,356 )</u>	<u>( 169,186 )</u>	<u>( 772,336 )</u>
融資活動產生的現金流量				
銀行及其他借貸所得款項	3,390,069	15,160,389	602,194	2,749,016
償還銀行借貸	( 3,184,943 )	( 14,243,065 )	( 590,223 )	( 2,694,368 )
已收政府補貼	9,012	40,302	-	-
已付股息	( 44,352 )	( 198,342 )	( 20,160 )	( 92,030 )
已付利息	( 14,180 )	( 63,413 )	( 8,803 )	( 40,186 )
融資活動所得（所用）現金淨額	<u>155,606</u>	<u>695,871</u>	<u>( 16,992 )</u>	<u>( 77,568 )</u>
現金及現金等值物（減少）增加淨額	13,711	61,316	( 79,593 )	( 363,343 )
期初現金及現金等值物	98,071	447,694	177,946	821,577
匯率調整數	<u>891</u>	<u>( 5,136 )</u>	<u>( 282 )</u>	<u>( 10,540 )</u>
期末現金及現金等值物	<u>\$ 112,673</u>	<u>\$ 503,874</u>	<u>\$ 98,071</u>	<u>\$ 447,694</u>

註一：民國 107 及 106 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 107 年及 106 年 12 月 31 日之匯率 RMB 1 = NTD 4.4720 及 RMB 1 = NTD 4.5650 換算。

民國 106 年度期初現金及現金等值物金額，以民國 105 年 12 月 31 日之匯率 RMB 1 = NTD 4.6170 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
107.1.1-107.12.31	RMB1 : NT4.7080	RMB1 : NT4.4320	RMB1 : NT4.5600
106.1.1-106.12.31	RMB1 : NT4.6880	RMB1 : NT4.3600	RMB1 : NT4.5068
105.1.1-105.12.31	RMB1 : NT5.1050	RMB1 : NT4.5910	RMB1 : NT4.8489

（請參閱勤業眾信聯合會計師事務所 108 年 4 月 26 日複核報告）

董事長：朱志洋



經理人：朱志洋



會計主管：葉世強





### 附 件 三

單位：新台幣千元

友信國際商業信託有限公司  
中華民國全國信託業公會認可之信託資產負債表

民國 106 年 12 月 31 日

代 碼	資 產	107年12月31日				106年12月31日				依香港一般公 司會計準則編 製之金額(註3)				依中華民國金 管會認可及非 生利之IFRSs 編製之金額				依香港一般公 司會計準則編 製之金額(註3)				107年12月31日				106年12月31日				依中華民國金 管會認可及非 生利之IFRSs 編製之金額				依香港一般公 司會計準則編 製之金額(註3)				依中華民國金 管會認可及非 生利之IFRSs 編製之金額																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																			
		調 節 金 額 ( 減 )	%	調 節 金 額 ( 減 )	%	調 節 金 額 ( 減 )	%	調 節 金 額 ( 減 )	%	調 節 金 額 ( 減 )	%	調 節 金 額 ( 減 )	%	調 節 金 額 ( 減 )	%	調 節 金 額 ( 減 )	%	調 節 金 額 ( 減 )	%	調 節 金 額 ( 減 )	%	調 節 金 額 ( 減 )	%	調 節 金 額 ( 減 )	%	調 節 金 額 ( 減 )	%	調 節 金 額 ( 減 )	%	調 節 金 額 ( 減 )	%	調 節 金 額 ( 減 )	%																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																								
1100	現金及約當現金			\$ 503,874	5	\$ 447,694	5	2100	短期借款			\$ 2,518,805	25	\$ 1,677,309	16	\$ 1,677,309	19																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																								</

董事長：朱志祥



經理人：朱志祥



會計主管：黃世強



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 107 年及 106 年 12 月 31 日

單位：新台幣仟元，惟  
每股盈餘為元

代碼	項 目	107年度				106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	\$ 4,877,579	\$ -	\$ 4,877,579	100	\$ 5,910,767	\$ -	\$ 5,910,767	100
5000	營業成本	( 3,577,448 )	-	( 3,577,448 )	( 73 )	( 4,484,136 )	-	( 4,484,136 )	( 76 )
5900	營業毛利	1,300,131	-	1,300,131	27	1,426,631	-	1,426,631	24
	營業費用								
6100	銷售費用	( 593,027 )	-	( 593,027 )	( 12 )	( 638,758 )	-	( 638,758 )	( 11 )
6200	管理費用	( 286,821 )	-	( 286,821 )	( 6 )	( 324,142 )	-	( 324,142 )	( 6 )
6300	研發費用	( 165,853 )	-	( 165,853 )	( 4 )	( 199,929 )	-	( 199,929 )	( 3 )
6450	預期信用減損損失	( 39,689 )	-	( 39,689 )	( 1 )	( 25,130 )	-	( 25,130 )	-
6000	營業費用合計	( 1,085,390 )	-	( 1,085,390 )	( 23 )	( 1,187,959 )	-	( 1,187,959 )	( 20 )
6510	其他收益及費損淨額	( 148,757 )	148,757	-	-	215,636	( 215,636 )	-	-
6900	營業淨利	65,984	148,757	214,741	4	454,308	( 215,636 )	238,672	4
	營業外收入及支出								
7010	其他收入	-	377,808	377,808	8	-	381,100	381,100	6
7020	其他利益及損失	-	( 526,565 )	( 526,565 )	( 11 )	-	( 165,464 )	( 165,464 )	( 2 )
7050	財務成本	( 63,413 )	-	( 63,413 )	( 1 )	( 40,186 )	-	( 40,186 )	( 1 )
7070	採用權益法之關聯企業及合資損益份額	( 193,660 )	-	( 193,660 )	( 4 )	( 25,796 )	-	( 25,796 )	-
7000	營業外收入及支出合計	( 257,073 )	( 148,757 )	( 405,830 )	( 8 )	( 65,982 )	215,636	149,654	3
7900	稅前淨利	( 191,089 )	-	( 191,089 )	( 4 )	388,326	-	388,326	7
7950	所得稅費用	( 67,053 )	-	( 67,053 )	( 1 )	( 88,451 )	-	( 88,451 )	( 1 )
8200	本年度淨利	( 258,142 )	-	( 258,142 )	( 5 )	299,875	-	299,875	6
	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	4,566	-	4,566	-	( 2,383 )	-	( 2,383 )	-
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	11,913	-	11,913	-	116,864	-	116,864	2
8367	透過其他綜合損益按公允價值衡量之債務工具投資未實現評價損益	8,940	-	8,940	-	-	-	-	-
8380	採權益法之關聯企業及合資之其他綜合損益份額	77,044	-	77,044	2	( 215,797 )	-	( 215,797 )	( 4 )
8300	本期其他綜合損益	102,463	-	102,463	2	( 101,316 )	-	( 101,316 )	( 2 )
8500	其他綜合損益總額	( \$ 155,679 )	\$ -	( \$ 155,679 )	( 3 )	\$ 198,559	\$ -	\$ 198,559	4
8600	淨利歸屬於								
8610	本公司業主	( \$ 258,142 )	\$ -	( \$ 258,142 )	( 5 )	\$ 299,875	\$ -	\$ 299,875	6
8700	綜合損益總額歸屬於								
8710	本公司業主	( \$ 155,679 )	\$ -	( \$ 155,679 )	( 3 )	\$ 198,559	\$ -	\$ 198,559	4
	每股盈餘								
9750	基 本	( \$ 0.64 )	\$ -	( \$ 0.64 )		\$ 0.73	\$ -	\$ 0.73	
9850	稀 釋	( \$ 0.64 )	\$ -	( \$ 0.64 )		\$ 0.73	\$ -	\$ 0.73	

註一：民國 107 及 106 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 107 年及 106 年 12 月 31 日之匯率 RMB 1 = NTD 4.4720 及 RMB 1 = NTD 4.5650 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
107.1.1-107.12.31	RMB1 : NT4.7080	RMB1 : NT4.4320	RMB1 : NT4.5600
106.1.1-106.12.31	RMB1 : NT4.6880	RMB1 : NT4.3600	RMB1 : NT4.5068
105.1.1-105.12.31	RMB1 : NT5.1050	RMB1 : NT4.5910	RMB1 : NT4.8489

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 108 年 4 月 26 日複核報告)

董事長：朱志洋



經理人：朱志洋



會計主管：葉世強



友佳國際控股有限公司及子公司  
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107年及106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	107年度			106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(損)利	(\$ 191,089)	\$ -	(\$ 191,089)	\$ 388,326	\$ -	\$ 388,326
不影響現金流量之收益費損項目						
折舊費用	92,995	-	92,995	101,996	-	101,996
攤銷費用	18,590	-	18,590	20,246	-	20,246
預期信用減損損失	39,689	-	39,689	25,130	-	25,130
財務成本	63,413	-	63,413	40,186	-	40,186
提列負債準備	( 182,395 )	-	( 182,395 )	-	-	-
利息收入	( 20,106 )	-	( 20,106 )	( 19,451 )	-	( 19,451 )
採權益法之關聯企業及合資損益份額	193,660	-	193,660	25,796	-	25,796
存貨跌價損失(回升利益)	9,333	-	9,333	( 13,608 )	-	( 13,608 )
處分不動產、廠房及設備損失	( 528 )	-	( 528 )	169	-	169
財務保證合約攤銷	22,284	-	22,284	-	-	-
其他非現金項目	13,581	-	13,581	-	-	-
營業資產及負債之淨變動數						
合約資產	( 1,136 )	-	( 1,136 )	-	-	-
應收帳款	111,237	-	111,237	( 145,970 )	-	( 145,970 )
應收帳款－關係人	42,904	-	42,904	222,366	-	222,366
應收建造合約款	-	-	-	( 43,724 )	-	( 43,724 )
其他應收款	( 165,688 )	-	( 165,688 )	26,267	-	26,267
存 貨	2,241	-	2,241	( 638,265 )	-	( 638,265 )
預付款項	( 13,644 )	-	( 13,644 )	( 101,074 )	-	( 101,074 )
合約負債	( 348,637 )	-	( 348,637 )	-	-	-
應付帳款	50,797	-	50,797	( 32,124 )	-	( 32,124 )
應付帳款－關係人	( 42,090 )	-	( 42,090 )	130,573	-	130,573
應付建造合約款	-	-	-	50,813	-	50,813
其他應付款	( 80,201 )	-	( 80,201 )	21,446	-	21,446
其他應付款－關係人	( 26,005 )	-	( 26,005 )	26,682	-	26,682
預收款項	-	-	-	462,407	-	462,407
負債準備	( 24,270 )	-	( 24,270 )	( 1,201 )	-	( 1,201 )
其他流動負債	451,238	-	451,238	-	-	-
營運產生之現金流入	16,173	-	16,173	546,986	-	546,986
支付之所得稅	( 97,959 )	-	( 97,959 )	( 83,101 )	-	( 83,101 )
營業活動之淨現金流(出)入	( 81,786 )	-	( 81,786 )	463,885	-	463,885
<b>投資活動之現金流量</b>						
取得按攤銷後成本衡量之金融資產	( 166,676 )	-	( 166,676 )	-	-	-
取得透過損益按公允價值衡量之金融資產	( 142,567 )	-	( 142,567 )	( 347,579 )	-	( 347,579 )
購置不動產、廠房及設備	( 203,498 )	-	( 203,498 )	( 38,693 )	-	( 38,693 )
處分不動產、廠房及設備價款	2,321	-	2,321	4,688	-	4,688
購置無形資產	( 1,181 )	-	( 1,181 )	( 5,364 )	-	( 5,364 )
其他金融資產	-	-	-	2,041	-	2,041
其他應收款－關係人	( 172,946 )	-	( 172,946 )	( 383,442 )	-	( 383,442 )
其他非流動資產	-	-	-	( 23,437 )	-	( 23,437 )
遞延收入	40,302	-	40,302	-	-	-
收取之利息	20,106	-	20,106	19,451	-	19,451
投資活動之淨現金流出	( 624,139 )	-	( 624,139 )	( 772,335 )	-	( 772,335 )
<b>籌資活動之現金流量</b>						
短期借款增加	762,995	-	762,995	54,648	-	54,648
長期借款增加	156,936	-	156,936	-	-	-
發放現金股利	( 198,342 )	-	( 198,342 )	( 92,030 )	-	( 92,030 )
支付之利息	( 63,413 )	-	( 63,413 )	( 40,186 )	-	( 40,186 )
籌資活動淨現金流出	658,176	-	658,176	77,568	-	77,568
匯率變動對現金及約當現金之影響	103,929	-	103,929	12,135	-	12,135
本期現金及約當現金增加(減少)數	56,180	-	56,180	( 373,883 )	-	( 373,883 )
期初現金及約當現金餘額	447,694	-	447,694	821,577	-	821,577
期末現金及約當現金餘額	\$ 503,874	\$ -	\$ 503,874	\$ 447,694	\$ -	\$ 447,694

註一：民國 107 及 106 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 107 年及 106 年 12 月 31 日之匯率 RMB 1 = NTD 4.4720 及 RMB 1 = NTD 4.5650 換算。

民國 106 年度期初現金及約當現金餘額，以民國 105 年 12 月 31 日之匯率 RMB 1 = NTD 4.6170 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
107.1.1-107.12.31		RMB1 : NT4.7080		RMB1 : NT4.4320		RMB1 : NT4.5600	
106.1.1-106.12.31		RMB1 : NT4.6880		RMB1 : NT4.3600		RMB1 : NT4.5068	
105.1.1-105.12.31		RMB1 : NT5.1050		RMB1 : NT4.5910		RMB1 : NT4.8489	

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 108 年 4 月 26 日複核報告)

董事長：朱志洋



經理人：朱志洋



會計主管：葉世強





友佳國際控股有限公司及子公司

合併財務報表重編說明

民國 107 及 106 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 107 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 107 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 107 年及 106 年 12 月 31 日合併資產負債表及民國 107 年度及 106 年度合併綜合損益表及合併現金流量表，進而影響重編合併財務報表之主要差異，彙總說明如下：

## 附 件 四

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

(於開曼群島註冊成立之有限公司)

股份代號: 2398



## 2018 年報





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## 公司資料

### 董事會

#### 執行董事

朱志洋 (主席及行政總裁)  
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

朱志洋  
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  
余玉堂

### 提名委員會

顧福身 (委員會主席)  
江俊德  
余玉堂

### 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  
臺灣新光銀行  
永豐銀行  
盤谷銀行  
香港上海匯豐銀行有限公司

### 股份代號

2398

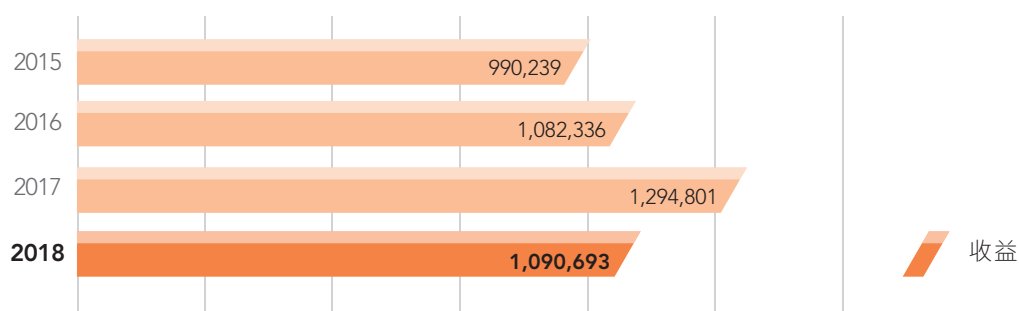
### 網站

<http://www.goodfriend.hk>

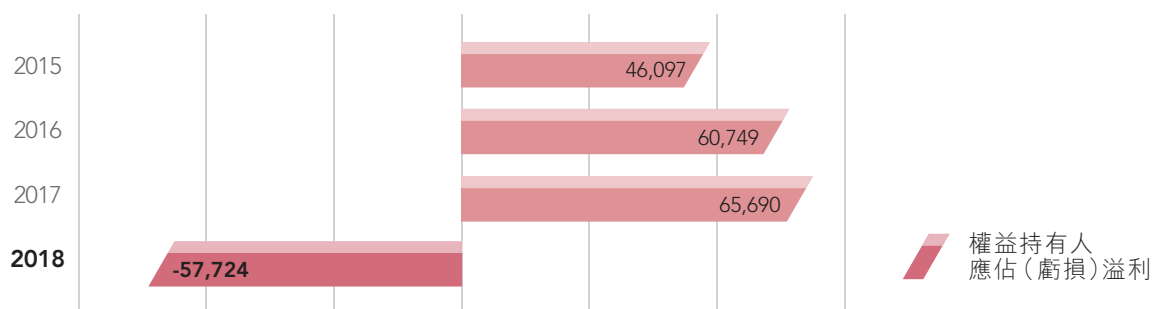


## 財務摘要

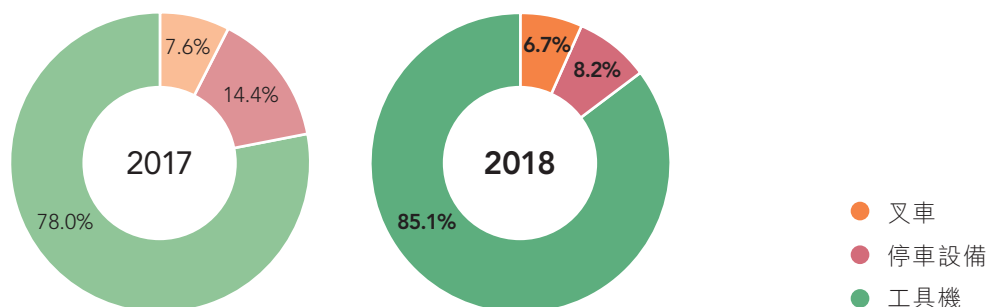
收益 (人民幣千元)



本公司權益持有人應佔 (虧損) 溢利 (人民幣千元)



業務分部 (按收益計算)



## 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

	二零一八年 人民幣千元	二零一七年 人民幣千元	變動 (%)
收益	1,090,693	1,294,801	(15.8)%
毛利	290,727	312,515	(7.0)%
權益持有人應佔（虧損）溢利	(57,724)	65,690	(187.9)%
股東權益	716,406	827,404	(13.4)%
總資產	2,210,864	1,973,494	12.0%
每股（虧損）盈利－基本（人民幣元）	(0.14)	0.16	(187.5)%

### 主要財務比率的摘要

截至十二月三十一日止年度

	二零一八年	二零一七年	變動 (%)
毛利率 <sup>附註1</sup>	26.7%	24.1%	10.8%
淨（虧損）溢利率 <sup>附註2</sup>	(5.3)%	5.1%	(203.9)%
存貨周轉日數 <sup>附註3</sup>	239.4	128.4	86.4%
應收款項周轉日數 <sup>附註4</sup>	92.7	134.6	(31.1)%
應付賬款周轉日數 <sup>附註5</sup>	74.8	73	2.5%
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>	0.7	0.9	(22.2)%
資本負債比率（%） <sup>附註8</sup>	25.5%	18.6%	37.1%
權益回報率（%） <sup>附註9</sup>	(8.1)%	7.9%	(202.5)%

附註1： 毛利率按毛利除以收益計算。

附註2： 淨（虧損）溢利率按權益持有人應佔（虧損）溢利除以收益計算。

附註3： 存貨周轉日數乃按期末存貨除以銷售收益成本再乘以365日。

附註4： 應收款項周轉日數乃按期末貿易應收賬除以收入再乘以365日。

附註5： 應付賬款周轉日數乃按期末貿易應付賬除以收益成本再乘以365日。

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

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

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

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



# 主席報告



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」）截至二零一八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

截至二零一八年十二月三十一日止年度，本集團錄得收入約人民幣1,090,690,000元，較二零一七年下跌約15.8%。而本年度錄得權益持有人應佔虧損約人民幣57,720,000元，而二零一七年為權益持有人應佔溢利約人民幣65,690,000元。

### 末期股息

董事會不建議派發截至二零一八年十二月三十一日止年度末期股息（二零一七年：每股普通股人民幣0.06元）。

### 業務回顧

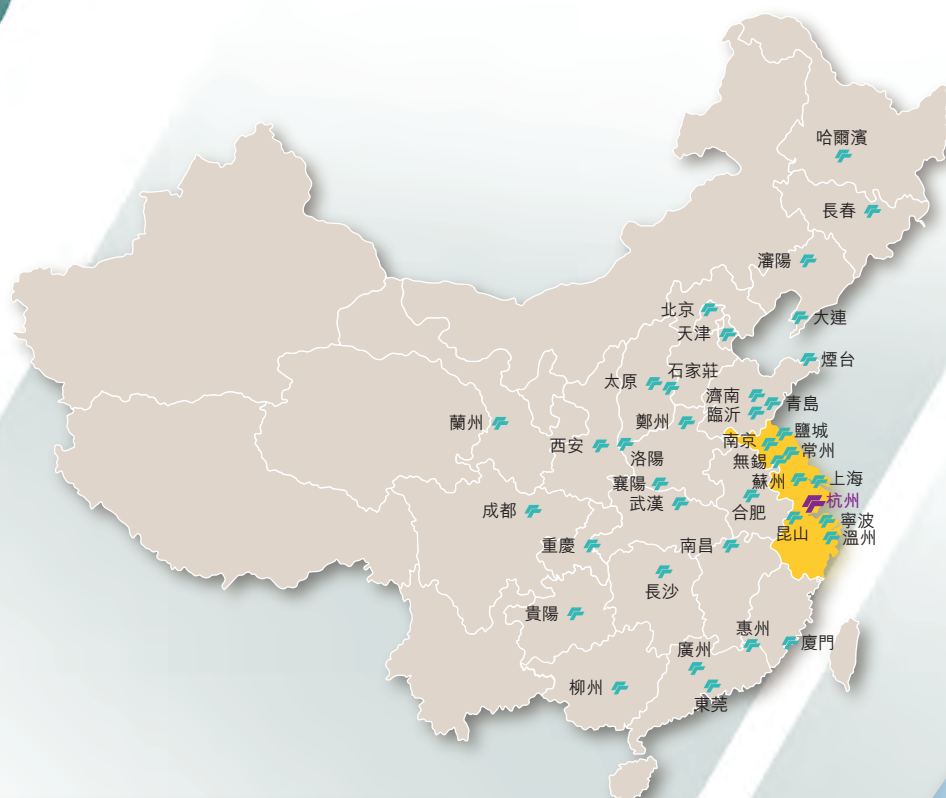
根據中國國家統計局所發佈的經濟資料顯示，二零一八年中國國內生產總值(GDP)同比增長6.6%。顯示中國經濟總體平穩發展。於截至二零一八年十二月三十一日止年度，本集團之主營產品CNC工具機仍錄得不俗之業績，銷售數量及銷售額分別為2,028台及約人民幣928,340,000元。

### 前景展望

中國經濟保持了總體穩中有進的發展態勢，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。管理層對於本集團的長遠發展前景保持樂觀。









## 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，二零一九年三月二十九日



## 管理層討論及分析

### 財務回顧

#### 收益

截至二零一八年十二月三十一日止年度，本集團錄得收益約人民幣1,090,690,000元，與二零一七年比較下跌約15.8%。於本年度，CNC工具機、停車設備及叉車的銷售數量分別為2,028台、10,902台及999台（二零一七年：2,067台、13,727台及1,679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928,340,000元，較二零一七年下跌約8.0%，佔本集團整體收益約85.1%。另一方面，於本年度本集團的停車設備業務之銷售額較二零一七年下跌約51.8%至約人民幣89,810,000元，佔本集團整體收益約8.2%。此外，叉車業務於本年度之銷售額為約人民幣72,540,000元，比較二零一七年下跌約26.9%，佔總收益約6.7%。

#### 毛利及毛利率

截至二零一八年十二月三十一日止年度，本集團之毛利約人民幣290,730,000元，而整體毛利率約為26.7%，而二零一七年之毛利率為24.1%。由於本集團的主營產品CNC工具機於本年度之毛利率增加至約28.4%，因此本年度的整體毛利率與二零一七年比較有所增加。

#### 分銷及銷售費用

截至二零一八年十二月三十一日止年度，分銷及銷售費用約為人民幣132,610,000元，與二零一七年比較減少約5.2%。於本年度，分銷及銷售費用佔本集團收益百分比約為12.2%，而二零一七年約為10.8%。

#### 行政費用

截至二零一八年十二月三十一日止年度，行政費用較二零一七年減少約9.7%，主要由於管理層加大力度管控費用所致。

## 管理層討論及分析

### 其他收益及虧損

其他收益及虧損主要包含滙兌虧損。

### 其他開支

截至二零一八年十二月三十一日止年度，其他開支主要包含了約人民幣60,120,000元為一客戶向本集團之附屬公司提出訴訟而預計之損失。

另外，有關產品之供應商（一關連人士）於二零一九年三月向本集團承諾，其會就此訴訟而產生之最終損失向本集團作出賠償。本集團將認列此賠償收入於截至二零一九年十二月三十一日止年度。

### 財務費用

於本年度，財務費用增加至約人民幣14,180,000元，主要由於本集團於二零一八年的平均銀行借貸增加所致。

### 分佔聯營公司虧損

截至二零一八年十二月三十一日止年度，分佔聯營公司虧損約為人民幣45,420,000元。乃指於本年度內分佔其位於德國的聯營公司「FFG European and American」的營運業績。

### 本公司權益持有人應佔虧損

截至二零一八年十二月三十一日止年度，本公司的權益持有人應佔虧損約人民幣57,720,000元。而截至二零一七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65,690,000元。

### 流動資金及財務資源

於二零一八年十二月三十一日，本集團擁有流動資產淨額約人民幣115,270,000元（二零一七年：人民幣185,220,000元），股東資金約人民幣716,410,000元（二零一七年：人民幣827,400,000元），以及短期銀行貸款約人民幣563,240,000元（二零一七年：人民幣367,430,000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。

於二零一八年十二月三十一日，銀行結餘及現金為數約人民幣112,670,000元（二零一七年：人民幣98,070,000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（二零一七年：1.2倍）。資本負債比率（債項總額對資產總值的比率）約為25.5%（二零一七年：18.6%），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

於二零一八年十二月三十一日，本公司的股本為港幣4,032,000元，分為403,200,000股每股港幣0.01元的股份（二零一七年十二月三十一日：港幣4,032,000元，分為403,200,000股每股港幣0.01元的股份）。

本集團一般透過內部產生的現金流量及銀行給予的信貸額度提供業務所需資金。於二零一八年十二月三十一日，尚未繳清的短期貸款約人民幣563,240,000元（二零一七年：人民幣367,430,000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

截至二零一八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

截至二零一八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

截至二零一八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

於二零一八年十二月三十一日，本集團在香港及中國僱用合共1,160位（二零一七年：1,240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152,510,000元（二零一七年：人民幣157,880,000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。於截至二零一八年十二月三十一日止，本集團向上述計劃作出供款約人民幣4,910,000元（二零一七年：人民幣5,040,000元）。



## 管理層討論及分析

### 資本承擔及或然負債

本集團就有關物業、廠房及設備已訂約但尚未於截至二零一八年十二月三十一日之綜合財務報表撥備的資本支出已作出的承擔約為人民幣53,130,000元（二零一七年：人民幣2,620,000元）。於二零一八年十二月三十一日，本集團並無任何重大或然負債（二零一七年：無）。

### 集團資產押記

於二零一八年十二月三十一日，限制性銀行存款及銀行結餘約人民幣69,990,000元（二零一七年：人民幣32,720,000元）主要包含約人民幣54,090,000元為就一客戶所提出之訴訟申索而被凍結的銀行款項。

另外，本公司之附屬公司以總賬面值約人民幣95,360,000元（二零一七年：人民幣11,780,000元）之土地及樓宇抵押作其獲授一般銀行信貸額度。於二零一八年十二月三十一日，附屬公司使用約人民幣35,090,000元有抵押銀行信貸額度（二零一七年：無）。

### 有關重大投資或資本資產的未來計劃

於二零一八年十二月三十一日，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。截至二零一八年十二月三十一日止年度，本集團以人民幣收取大部分收益，部分已兌換為港幣、美元、歐元及其他外幣等外幣，以支付有關入口零部件的款項。因此，本集團面對若干程度的外匯波動風險。本集團於本年度並無進行對沖活動。然而，本集團管理層會一直監控匯率風險，並會於有需要時考慮對沖重大外幣風險。

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



## 董事及高級管理人員的履歷詳情

### 執行董事

**朱志洋先生**，72歲，於二零零五年九月獲委任為執行董事。彼為董事會主席負責本集團之整體策略計劃、管理、業務開發及本集團企業政策之制訂。彼於二零一八年十二月七日獲委任為本公司行政總裁。朱先生在機械、製造及工具機業累積了逾三十年經驗。朱先生亦為杭州友高精密機械有限公司及杭州友華精密機械有限公司之董事，該兩家公司均為本公司之全資附屬公司。

**陳明河先生**，68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**，54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三十三年經驗。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。

**邱榮賢先生**，61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三十四年經驗。彼於二零零一年加入本集團。





## 董事及高級管理人員的履歷詳情

### 獨立非執行董事

**顧福身先生**，62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、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。彼曾任美聯物業有限公司（聯交所主板上市公司）之獨立非執行董事直至二零一七年六月。彼為一名註冊會計師。

**江俊德先生**，58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董事。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；於一九九五年至二零一八年一月期間出任德鎂實業股份有限公司之董事長。



## 董事及高級管理人員的履歷詳情

**余玉堂先生**，82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。彼於二零一八年十二月七日獲委任為薪酬委員會及提名委員會之成員。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**，60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三十三年設計、製造及生產管理的工作經驗。

**吳立城先生**，57歲，獲委任為杭州友佳工具機部之售後服務部經理，並由二零一五年一月升任為協理。彼於二零零零年十月加入本集團及在工具機行業有逾三十四年經驗。

**李仲益先生**，58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。李先生於1982年畢業於國立政治大學，獲頒企業管理學位。彼於二零一七年十一月加入本集團前，在一九九二年至二零一五年間服務於建達國際股份有限公司，並在核數、會計及財務方面具有逾34年經驗。

**葉世強先生**，53歲，獲委任為本公司的財務總監，負責本集團的財務及會計工作。葉先生持有香港大學社會科學學士學位。彼為特許公認會計師公會及香港會計師公會的資深會員。葉先生於二零零七年十一月加入本集團，並在企業融資、審核及會計範疇累積約三十年經驗。



# 董事會報告

董事會欣然提呈其報告，連同本集團截至二零一八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

本集團截至二零一八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39。

## 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。



### 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

本集團截至二零一八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

本集團截至二零一八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80至189頁。

董事會已宣派中期股息每股人民幣0.05元（相等於約0.0576港元），合共約人民幣20,160,000元（相當於約23,220,000港元），已於二零一八年十月二十五日派發予於二零一八年十月五日名列股東名冊的股東。



## 董事會報告

董事不建議派發截至二零一八年十二月三十一日止年度末期股息。

### 儲備

年內本公司儲備之變動載於綜合財務報表附註43。

### 股東週年大會

二零一九年股東週年大會將於二零一九年六月五日（星期三）舉行。二零一九年股東週年大會詳情載於二零一九年四月二十九日之本公司通函、股東週年大會通告及委任代表表格，隨附於二零一八年年報寄發予本公司之股東（「股東」）。

### 物業、廠房及設備

年內本集團物業、廠房及設備變動詳情，載於綜合財務報表附註14。

### 股本

本公司截至二零一八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27。

### 銀行借貸

本集團於二零一八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31。

### 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（主席及行政總裁）

陳明河先生

溫吉堂先生

邱榮賢先生

陳向榮先生（於二零一八年十一月八日辭世）

#### 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，溫吉堂先生、邱榮賢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

每位執行董事已於二零一八年一月十一日與本公司簽訂服務協議，由二零一八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，由二零一八年一月十日開始，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。於二零一八年十二月三十一日，董事及彼等各自之聯繫人（定義見《上市規則》）概無於與本集團於中國、香港及澳門之業務競爭或可能競爭之業務中擁有權益。

### 購股權計劃

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



該計劃之主要條款概述如下：

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

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

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



## 董事會報告

- (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，即二零一七年六月二日。

本公司自採納該計劃以來並無授出任何購股權。



## 董事的股份權益

於二零一八年十二月三十一日，董事或最高行政人員於本公司或任何相聯法團（定義見證券及期貨條例（「證券及期貨條例」）第XV部）的股份、相關股份及債券中，擁有根據證券及期貨條例第352條須存置的本公司登記冊所記錄，或根據上市公司董事進行證券交易的標準守則（「標準守則」）須知會本公司及聯交所的權益或淡倉如下：

### 1(a). 於本公司的股份、相關股份及債券之好倉

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

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

## 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	15,572,255股 普通股股份	15.20%
	友嘉實業	配偶權益 (附註1)	2,585,926股 普通股股份	2.52%
	Fair Fine (Hangzhou) Industrial Co., Ltd. (附註2)	實益擁有人	750股 普通股股份	0.03%

附註：

1. 朱志洋先生之配偶王紫緹女士（前稱王錦足）（「王女士」）持有友嘉實業已發行股本2.52%，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 (Hangzhou) Industrial Co., Ltd. 為友嘉實業的非全資附屬公司，故根據證券及期貨條例為本公司的相聯法團。

除上文所披露者外，於二零一八年十二月三十一日，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。

## 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

於二零一八年十二月三十一日，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。

## 主要股東

於二零一八年十二月三十一日，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：

### 於本公司股份及相關股份的好倉總額

股東名稱	權益性質	所持普通股數目	約佔本公司 已發行股本的 百分比
友佳實業（香港）有限公司（「友佳實業香港」）	實益擁有人	232,000,000股股份 (附註)	57.54%
友嘉實業	受控制公司的權益	232,208,000股股份 (附註)	57.59%

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

除上文所披露者外，於二零一八年十二月三十一日，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二零一八年十二月三十一日止年度，其已遵守標準守則所載有關董事進行證券交易的標準規定。

### 薪酬政策

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

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

### 董事及五位最高薪人士之酬金

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40。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。

#### 不獲豁免持續關連交易

1. 誠如二零一七年五月二十六日之本公司公告及二零一七年六月二十七日之本公司通函所載，本公司已於二零一七年五月二十六日與友嘉實業訂立：(a) 零部件協議（「零部件協議」），據此，由二零一七年七月十三日起三年，本集團（及／或其指定允許公司）（「本公司有關方」）同意向友嘉實業及其附屬公司（及／或其指定允許公司）（「友嘉有關方」）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，由二零一七年七月十三日起三年，本公司有關方可向友嘉有關方購買指定CNC工具機，並有權於中國、香港及澳門特別行政區（「銷售地區」）以獨家形式銷售指定CNC工具機，及友嘉有關方須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的決議案、其項下擬進行之交易及有關年度上限已於二零一七年七月十三日之股東特別大會上獲獨立股東通過。根據零部件協議，於二零一八年一月一日至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3,360,000元及人民幣98,210,000元，實際供貨金額及購買金額分別為人民幣720,000元及人民幣60,790,000元。而根據工具機協議，於二零一八年一月一日至十二月三十一日期間本公司有關方向友嘉有關方購買CNC工具機之年度上限為人民幣596,850,000元，實際購買金額為人民幣20,300,000元。

獨立非執行董事已審閱零部件協議及工具機協議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) 根據零部件協議及工具機協議之相關條款進行，乃公平及合理並符合股東整體利益。

本公司之核數師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。



## 董事會報告

### 優先購買權

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

### 購買、贖回或出售本公司上市證券

本公司及其附屬公司於截至二零一八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13.75%，而最大客戶佔本集團總營業額約6.34%。五大供應商於本年度佔本集團總採購額約32.97%，而最大供應商約佔本集團總採購額約18.58%。

概無董事或其聯繫人於任何上述客戶或供應商持有權益。

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

### 足夠公眾持股量

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

### 准許的彌償

章程細則規定，本公司須以本公司之資金，就董事因有關本公司之民事或刑事法律程序中進行辯護所招致之法律責任並獲判勝訴或獲判無罪作出彌償。此外，本公司已為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40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。

### 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（擔任主席）、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二零一八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31至47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第190頁。

### 核數師

截至二零一八年十二月三十一日止年度的財務報表由本公司核數師德勤•關黃陳方會計師行（該會計師行將於二零一九年股東週年大會上依章告退，惟其符合資格且願膺選連任）進行審核。

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，二零一九年三月二十九日



# 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。董事會主席朱志洋先生因公務出差而未能出席二零一八年六月七日舉行之本公司股東週年大會，根據本公司章程細則（「章程細則」），由當時之執行董事陳向榮先生擔任股東週年大會主席。

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

## 董事進行證券交易

本公司已採納《上市規則》附錄十所載的有關董事進行證券交易的標準守則（「標準守則」）。經本公司作出查詢後，所有董事已確認於截至二零一八年十二月三十一日止年度，其已遵守標準守則所載有關董事進行證券交易的標準規定。



### 董事會

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

董事會現時由七位董事組成，分別為四位執行董事及三位獨立非執行董事。

#### 執行董事

朱志洋先生 (主席及行政總裁)

陳明河先生

溫吉堂先生

邱榮賢先生

#### 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，以保障本公司股東（「股東」）及本集團之利益。

#### 主席及行政總裁

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

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

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

### 獨立非執行董事

三名擔任非執行董事的董事皆為獨立，並獲委任為獨立非執行董事。

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

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

### 董事會的職責

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

### 企業管治職能

董事會亦負責履行下列企業管治職責：

1. 制定及檢討本公司之企業管治政策及常規，並且提出建議；
2. 檢討及監察董事及高級管理人員之培訓及持續專業發展；
3. 檢討及監察本公司在遵守法律及監管規定方面之政策及常規；
4. 制定、檢討及監察僱員及董事之操守準則及合規手冊（如有）；及

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，於二零一八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。於截至二零一八年十二月三十一日止年度，董事會共舉行四次會議，以下董事之出席率如下：

董事	出席率
朱志洋先生	4/4
陳向榮先生*	2/2
陳明河先生	2/4
溫吉堂先生	3/4
邱榮賢先生	2/4
顧福身先生	4/4
江俊德先生	2/4
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。

\* 於二零一八年十一月八日辭世

\* 於二零一八年十一月八日辭世

### 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二零一八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二零一八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

於二零一八年年度，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	1/3
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。



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

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。

執行董事兼行政總裁陳向榮先生於二零一八年十一月八日辭世。提名委員會於二零一八年十二月七日，考慮及推薦委任朱志洋先生為本公司行政總裁。提名委員會亦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，溫吉堂先生、邱榮賢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

提名委員會於截至二零一八年十二月三十一日止年度舉行兩次會議，其出席詳情如下：

成員姓名	出席率
顧福身先生	2/2
江俊德先生	1/2
余玉堂先生	1/2

### 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。



## 企業管治報告

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。

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

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

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

### 提名政策

年內，董事會採納一項提名政策，其列舉了委任及重選董事時應考慮的標準及程序。



提名委員會在評估擬候選人時將考慮以下因素：

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

此外，應採立之提名程序如下：

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

### 股息政策

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

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

### 董事薪酬

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

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

薪酬委員會於截至二零一八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	0/1
余玉堂先生	1/1

### 薪酬政策

薪酬委員會根據僱員之貢獻、資格及能力決定本集團僱員之薪酬政策。

薪酬委員會根據本公司以往業績、董事個別表現及可比較之市場數據決定董事之薪酬。每名執行董事有權分別支取每年審核之底薪。有關董事薪酬詳情載於綜合財務表附註8。

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

### 高級管理人員之薪酬

按等級劃分，高級管理人員於截至二零一八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	2
1,000,001元至1,500,000元	3

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表註釋8(a)及8(b)。



### 公司秘書

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

### 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	526

### 風險管理及內部監控

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



### 風險管理和內部監控組織體系特點

根據《企業管治守則》第C.2.2條的要求，為確保本公司在風險管理和內部審核方面具備足夠的資源、員工資歷及經驗、足夠的培訓課程和有關預算，本公司建立了完善的風險管理和內部監控組織體系，包括董事會、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。

### 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。

二零一八年本公司圍繞總體經營目標，通過在其管理的各個環節和經營過程中執行風險管理的基本流程，逐步建立了風險管理體系，從本公司層面和經營層面全面處理和識別了可能面臨的風險，形成了本公司特有的系統完善的風險庫和風險框架，作為風險管理和內部控制的基礎。

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

### 風險管理和內部監控長效機制形成

二零一八年，本公司在充分識別和評估風險的基礎上，通過具體的業務流程落實內部控制的基本風險應對手段，建立了財務報告編製與披露重要流程的管理程序和內部監控措施，並最終通過《風險管理制度》固化風險管理的長效機制。相關流程管理程序、內部監控措施以及《風險管理制度》經高級管理層審批通過，並簽發執行。

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

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

《風險彙總評估報告》直接報送高級管理層和董事會下設的審核委員會。

二零一八年風險管理和內部監控工作開展的結果表明，本公司不存在重大風險監控嚴重失誤的情形，也未發現重大風險監控弱項。本公司財務報告、信息披露等管理流程嚴格遵守《上市規則》的規定，董事會評估公司的風險管理和內部監控工作運行有效。

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



### 處理及發佈內幕消息的程序和內部監控措施

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

### 董事對財務報表之責任

董事會肩負於每個財政期間編製本公司賬目之職責，該等賬目可真實公平地反映本集團業務狀況及該期間之業績及現金流量。編製截至二零一八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。

本公司於二零一八年六月七日舉行股東週年大會（「二零一八年股東週年大會」）。召開二零一八年股東週年大會之通告乃載於日期為二零一八年四月二十七日之通函，並連同二零一七年年報一併寄發予股東。董事會主席因出差而無法參加二零一八年股東週年大會。執行董事陳向榮先生出席及主持二零一八年股東週年大會。其他董事因各人之其他事務未能出席二零一八年股東週年大會。

主席於二零一八年股東週年大會上就進行投票表決之程序作出詳盡解釋。於二零一八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。

本公司應屆股東週年大會將於二零一九年六月五日舉行（「二零一九年股東週年大會」）。召開二零一九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，並且連同二零一八年年報寄發予股東。

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](mailto:investor@goodfriend.hk)



## 股東的權利

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

### 股東召開股東特別大會的程序：

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

書面要求必須列明大會目的、由提出要求人士簽署及送呈至本公司的香港主要營業地點或本公司的註冊辦事處，註明收件人為本公司董事會或秘書，並且可由有關要求人士各自簽署的一式多份文件組成。有關



要求將由本公司的香港股份過戶登記分處核實，待其確認要求屬妥當後，本公司的秘書將促請董事會考慮召開股東特別大會。相反，如有關要求經核實為不妥當，有關要求人士將獲告知有關結果，亦因此不會召開股東特別大會。

有關要求人士召開的任何會議，應與由董事會召開的會議之召開方法相同。

### 於股東大會上提出議案的程序

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

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

### 核數師聲明

本公司之核數師於本集團截至二零一八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，二零一九年三月二十九日



# 環境、社會及管治報告

## 關於本報告

為符合香港聯合交易所有限公司2015年12月頒布的《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（「公司」或「我們」）謹此呈報2018年1月1日至2018年12月31日（「2018財政年度」）的環境、社會及管治的情況。對本報告進行閱讀時，應一併細閱本文件第31頁的《企業管治報告》。

本報告以友佳國際控股有限公司的活動為主線，經綜合考慮銷售額、業務類型、利潤額、資產額等一系列指標，將以下實體列入本報告範圍內：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。

本報告環境層面ESG數據範圍變更說明：2017年的報告中環境層面ESG數據範圍僅覆蓋了杭州友佳精密機械有限公司和杭州友達機械科技有限公司，2018年環境層面ESG數據範圍新增了杭州友高精密機械有限公司和杭州友華精密機械有限公司。為了數據的可比性，我們調整了2017年環境層面的ESG數據，將杭州友高精密機械有限公司和杭州友華精密機械有限公司納入2017年環境層面ESG數據範圍。

公司董事會負責我們的環境、社會和管治的策略及報告，包括確定及評估相關的風險，並確保已設有適當的、有效的風險管理和內部監控系統。我們已委任我們的業務職能部門通過檢討本公司的營運、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和內部監控系統的有效性向董事會做出確認。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、社會及管治事宜已經加入本報告，旨在以平衡的原則披露本公司營運中的環境、社會及管治的表現。

### 重大議題選擇

#### 利益相關方溝通

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

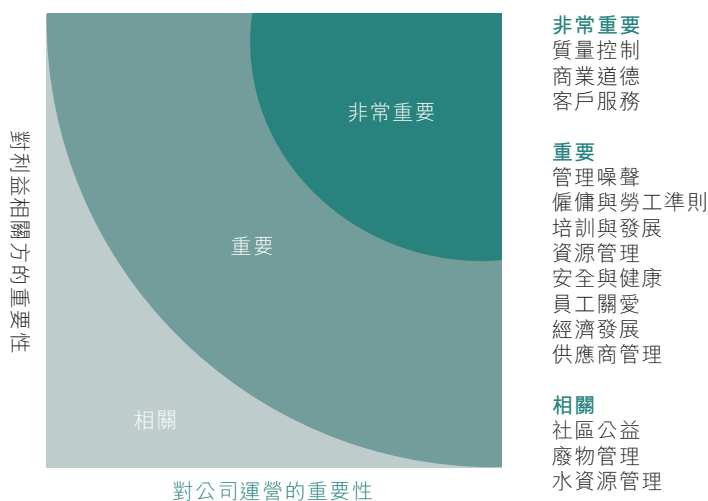
利益相關方	期望與訴求	溝通方式
投資者	<ul style="list-style-type: none"> <li>保障股東權利及權益</li> <li>資產保值增值</li> <li>公司治理</li> <li>信息披露真實、準確、及時和完整</li> </ul>	<ul style="list-style-type: none"> <li>股東大會</li> <li>新聞稿及公告</li> <li>公司報告</li> <li>在公司網站發佈消息</li> <li>投資者會議</li> </ul>
政府與監管機構	<ul style="list-style-type: none"> <li>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



### 重大議題評估

今年我們對公司內部和外部的利益相關方進行了溝通與調查，收到多項建議，從對公司運營的影響及對利益相關者的影響兩個維度出發，對公司的社會責任議題進行了評分與排序，以反映我們對環境、社會的重大影響，並更好地回應利益相關方的期望與訴求。我們的重大議題如下：

#### 重要性評估矩陣



### 市場

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

2018財政年度內，我們未發現任何因安全與健康而退回產品的情況。

### 質量控制

我們主要生產經營CNC工具機、停車設備以及叉車。我們始終堅持各項產品都必須經過嚴格的質量管理系統，確保客戶無後顧之憂。關於產品質量，我們通過了ISO 90001質量管理體系認證，實行來料、生產、包裝、發貨一條龍的產品安全管理體系。我們每年都根據制定的進料檢驗管理、製作過程檢驗管理、成品檢驗管理和不合格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。

工業4.0使得每一款產品都具有統一的數據精準、可追溯、高標準的質量，為了提高產品質量，我們正逐步建立集數據化、可視化、信息網絡於一身的工廠。在2018財政年度，我們以客戶需求為主線，成功將六個信息化管理應用於CNC工具機日常工作當中，覆蓋CNC工具機研發、設計、製造、檢驗、出廠、售後服務整個過程以全方位提升產品質量，推進CNC工具機發展。





## 環境、社會及管治報告

此外，我們也為提升行業質量控制工作貢獻一份力量。為提升中國行業質量技術要求，2018財政年度，中國起重機械標準化技術委員會主導了《機械式停車設備設計規範》的起草工作，我們作為標準的參編單位，積極投入到標準內容的編制工作中。

質量提升根本在科技，我們致力於科技創新，不斷提高產品的技術含量以提升我們的產品質量。我們目前擁有有效專利35項，其中軟件著作權6項，公司還建立了《專利管理制度》，對於專利研發和保護流程進行描述。

### 客戶服務

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

我們始終為了讓客戶感受到更加優質的服務體驗而努力。為了及時提交客戶訂單，提升客戶滿意度，我們在內部實行精益管理，建立了跨部門的分科會和專案組，通過對經營管理數據的匯總、統計、分類，對問題的發生點和檢出點進行定位，及時解決日常經營過程中出現的問題。此外，我們定期針對產品質量和售後服務開展滿意度問卷調查工作。2018財政年度，我們沒有客戶投訴事件發生，客戶滿意度為98%。

關於客戶隱私，我們對客戶文檔進行權限設置，最大限度地保障客戶隱私。

### 供應商管理

我們給客戶提供的高質量產品離不開我們優秀的供應商管理。我們從源頭著手，對供應商提出了嚴格要求。我們執行嚴格公正的供應商准入程序和評估機制，制定《供應商管理程序》、《供應商管理作業流程圖》、《供應商月度評核表》等制度。在對新供應商進行選擇時，我們會根據這些制度，進行一系列的評估程序，具體包括調查訪問、索樣、品質確認等流程。

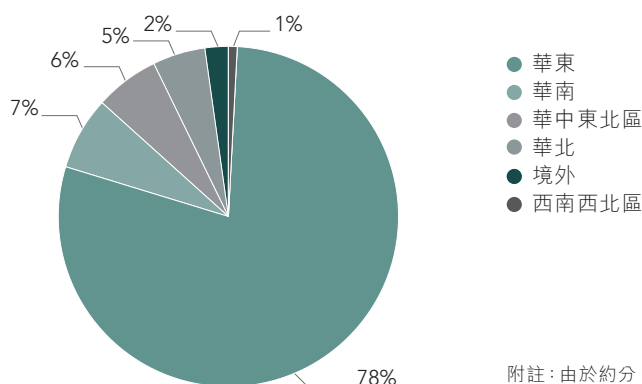


## 環境、社會及管治報告

同時，我們不斷強化供應商的环境及社會風險管理，要求供應商資質符合相關的環保要求，督促我們的供應商通過ISO 14000環境管理系列標準認證。在評價供應商時將其對環境、社會的影響納入考慮範圍，篩選出品質優異、環保意識強的供應商進行合作。

我們會優先選擇當地的供應商，促進當地經濟的發展。目前與我們合作的供應商為769個，主要來源於江浙滬地區，具體分佈如下：

供應商按地域分佈



附註：由於約分，數據加總可能不等於100%。

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

### 商業道德

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

2018財政年度內，我們未有貪污、賄賂、勒索、欺詐及洗黑錢的行為引起的訴訟案件發生。

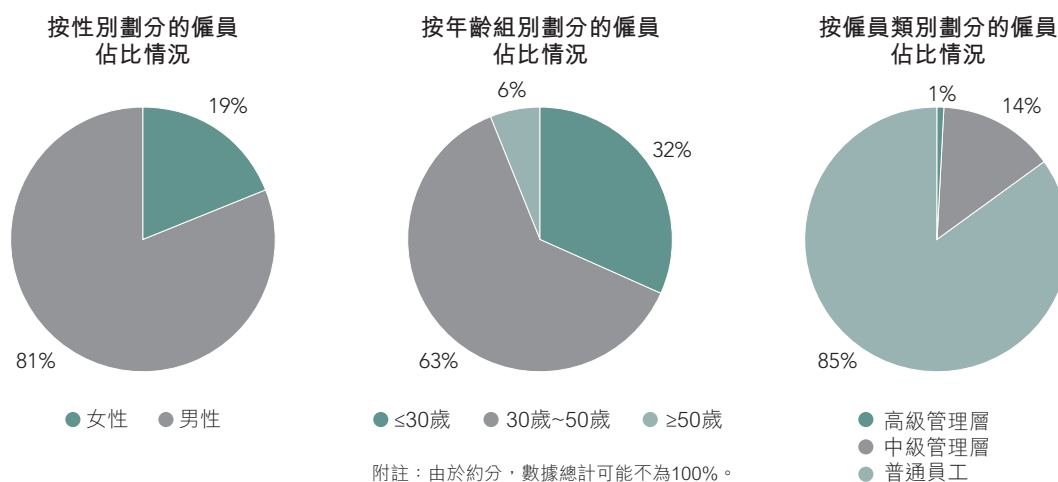


## 員工

我們嚴格遵循人權、勞工國際公約及運營所在地的勞動僱傭法規及相關政策，迄今為止共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。

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

2018財政年度，我們共有員工1,147人，其中女員工216人，佔總員工的19%。員工流失比率22%。



### 僱傭與勞工準則

#### 勞工準則

我們堅持平等僱傭，反對各種形式的就業歧視，與員工簽訂勞動合同，保證員工不會因種族、國籍、膚色、宗教、身體殘疾、性別、性取向、社團成員或婚姻狀況等因素受到歧視。

對於女員工，我們維護女員工的職業發展權利。我們規定女員工享有與男員工同等的升職、專業技術和崗位技能培訓權利。我們在組織員工外出進修、業務學習、崗位培訓、出國考察、掛職鍛煉時均要求有一定比例的女員工參加。

我們保護人權、遵守勞工國際公約及運營所在地的勞動僱傭法規政策。我們杜絕僱傭童工，禁止任何形式的強迫、騷擾、體罰、精神壓迫或是語言辱罵勞工。我們同時也尊重所有員工的自由加入協會、工會的權利。

我們在2018財政年度內未有僱傭童工事件、強迫勞工或歧視的行為發生。

#### 薪酬福利

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

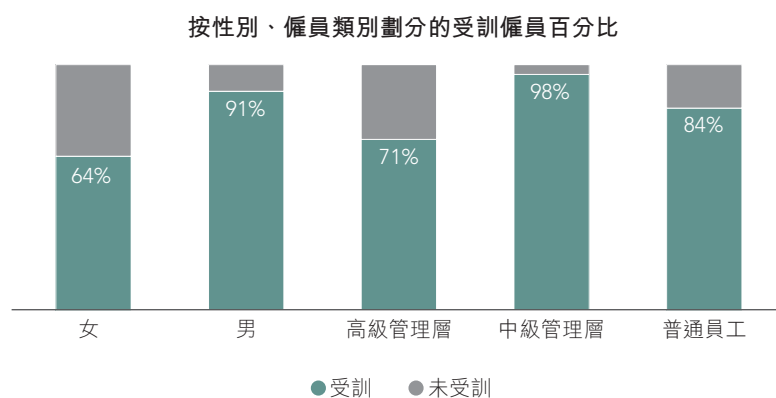
我們制定了《員工管理規則》，制度中明確要將員工的能力、表現與崗位績效結合，及時調整薪酬、保險及福利方面的政策。例如，在2018年上半年度，我們針對CNC工具機在上半年度無缺勤和缺勤率較低的員工以及值班表現優異的主管給予額外獎勵。



### 培訓與發展

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

2018財政年度內，人均培訓時間達到22小時。



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

### 安全與健康

員工的職業安全與健康，是一個企業可持續發展的根基。雖然我們在生產經營過程中無較大的職業安全與健康威脅出現，但是我們防患於未然，始終注重保障員工的職業安全與健康。我們嚴格遵守《勞動法》、《職業病防治法》和地方職業病防治法規，制定了《職業安全健康教育制度》，不斷完善員工健康管理。



## 環境、社會及管治報告

我們已通過OHSAS 18000 – 國際性安全及衛生管理系統驗證標準認證，不斷提高職業健康安全管理水平，形成自我監督、自我發現和自我完善的完備機制。每年，我們對所有廠房的環境都會進行一次完整全面的檢測，以保證員工的工作環境安全。2018財政年度內，我們未發生員工因安全生產事故死亡的事件，也無重大生產安全事故。

導致我們員工發生職業健康問題的主要因素是粉塵和噪聲，為保障員工職業健康，我們：

- **淨化粉塵**

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

- **處理噪聲**

噪聲也會影響生產線員工的健康，所以，我們加工課為了降低噪音，投入15萬建設了振動時效車間，實現內部噪音為98分貝，關門後周圍噪音平均為78分貝的良好效果，並且我們規定振動時人員須在外部等候，結束後才進去車間安裝工件，減少了員工在工作中受到身體傷害的可能性。

- **預防疾病**

我們為員工提供定期體檢，預控疾病的發生；我們的員工食堂，每餐都會搭配合理的飲食，均衡膳食營養，為員工提供高標準的飲食。



### 員工關愛

我們會不定期組織豐富多彩的娛樂活動，幫助員工緩解工作壓力，更好地平衡生活與工作。例如，我們每年舉辦「歡樂出發毅路同行」毅行大會以增強員工愛護自然的意識，幫助員工舒緩壓力。我們已連續四年成功舉辦親子活動，旨在給孩子與家長創建一個情感交流的機會。我們還定期舉辦員工運動會，加強員工之間的合作團結精神。今年，我們還為公司業餘羽毛球隊、籃球隊提供活動經費16,000元人民幣資助以此推動體育活動的開展。

此外，我們幫助困難員工，以緩解其經濟壓力。如我們為存在住房困難的員工發放500元／月的住房補貼，幫助員工減輕高房租帶來的壓力。又如我們鼓勵員工互幫互助，由公司發起為由於特殊情況造成經濟壓力的員工進行捐贈並及時送上慰問金，幫助員工一起度過艱難時期。

### 環境

我們重視企業可持續發展管理，提高資源使用率，我們一直致力於將環境保護措施落實到企業經營的方方面面，我們通過了ISO 14001環境管理體系認證。同時，我們每年還會定期組織開展企業環境內、外部審查活動，確保企業環境管理體系的可控性、長效性。

我們不斷優化環境、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。

我們在2018財政年度內無重大環境污染事故發生，無周圍居民投訴發生。

### 資源管理

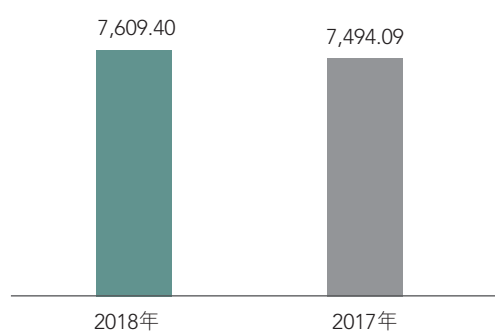
我們營運中主要消耗的資源有電、汽油、柴油、鋼鐵、包裝木料等，企業運營過程中我們採取多種方式降低運營能耗。



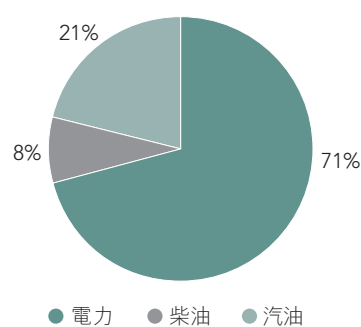
## 低碳生產

我們營運中主要使用的能源有電、汽油、柴油。2018財政年度內我們共使用能源7609.40兆瓦時，其中外購電力佔各項能源總和的71%。我們的直接溫室氣體排放當量（範圍1）為567.70噸，間接溫室氣體排放當量（範圍2）為3,816.71噸。

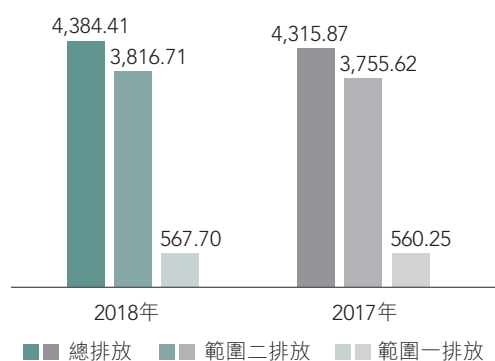
能源使用總量（兆瓦時）



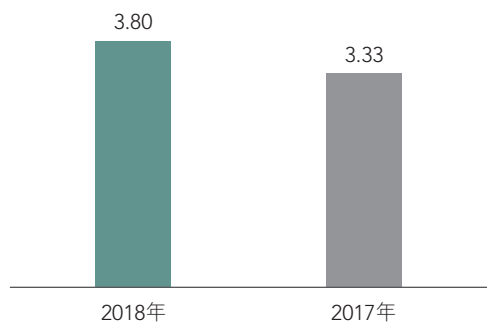
能源使用按種類劃分佔比



溫室氣體排放當量（噸）



溫室氣體密度（噸/百萬元）



附註：溫室氣體排放密度為每百萬元收益溫室氣體排放量。



## 環境、社會及管治報告

為了減少溫室氣體的排放，我們採取了多項措施。在2018財政年度內，我們將CNC工具機1-4期工廠所使用的耗電量較大的燈更換成了節能LED燈，有效地降低了電力的使用。同時我們每年會實行變壓器停電的措施，降低能耗。

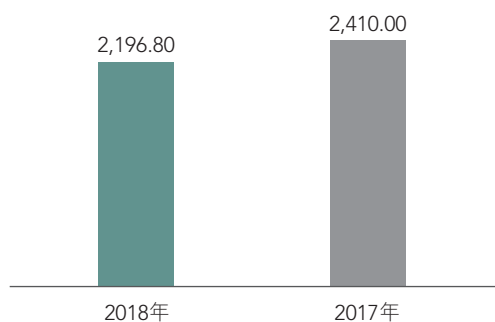
在停車事業部，我們使用的都是符合歐洲能耗標準的電機，儘管歐標電機的購進會提高成本，但是我們秉持著環境友好的理念，不惜成本堅決貫徹落實環境保護措施。

### 原材料和包裝材料

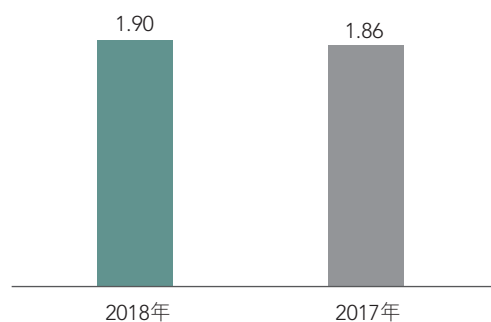
停車事業部對鋼材有大量的需求。以前我們會使用標準的鋼材自行切割組裝，這樣產生了不少的浪費，所以我們與鋼材供應商簽訂協議，鋼材供應商根據我們的產品為我們定制鋼材，減少了不必要的損耗。

在CNC工具機，我們努力減少包裝材料的使用。產品運送給客戶時會用木料進行包裝，我們與提供包裝木料的企業簽訂協議，對包裝的木料進行回收，從而降低對木料的消耗，減少對環境的影響。在2018財政年度內，我們共使用包裝材料2,196.80噸，其中包裝木料2,066.30噸。

包裝材料消耗總量（噸）



包裝材料消耗密度（噸/百萬元）



附註：包裝材料消耗密度為每百萬元收益包裝材料消耗量。

### 廢物管理

#### 廢氣

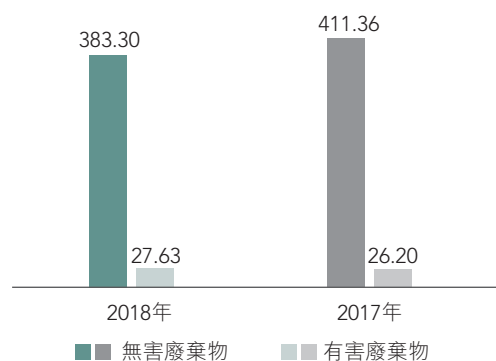
我們在生產過程中主要廢氣污染物為氮氧化物 $\text{NO}_x$ 、硫氧化物 $\text{SO}_x$ 、PM顆粒物及VOCs。為了改善工作環境及減輕對周圍環境的影響，在我們領導的重視下，我們根據環保項目要求，建造了廢氣處理工程，經處理後的廢氣已達到《大氣污染物綜合排放標準》（GB16297-1996）排放標準。

在生產過程中產生的粉塵不僅對員工的身體會產生嚴重的影響，不處理的排放對周圍的環境，甚至整個大氣，都會產生危害，所以我們投入8台煙霧回收裝置，所有產生的粉塵氣體經過處理再排放到空氣中，極大地降低生產活動對周圍的環境的影響。

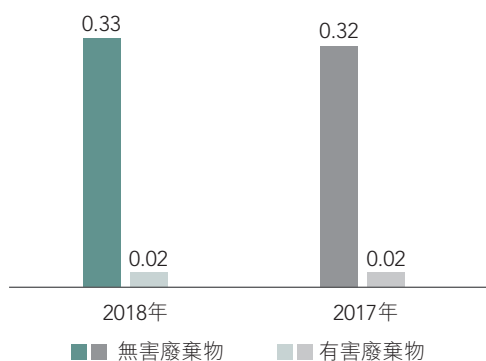
#### 固廢

我們生產過程中所產生的廢棄物主要分為有害廢棄物以及無害廢棄物。無害廢棄物主要包括生活垃圾、廢鐵、磨砂輪和辦公耗材等。有害廢棄物主要包括磨削泥、沾染油漆的活性炭、油漆桶和廢油等。

廢棄物排放量（噸）



廢棄物排放密度（噸/百萬元）



附註：廢棄物排放密度為每百萬元收益廢棄物排放量。



對於有害的廢棄物，我們頒布了《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其進行處理。

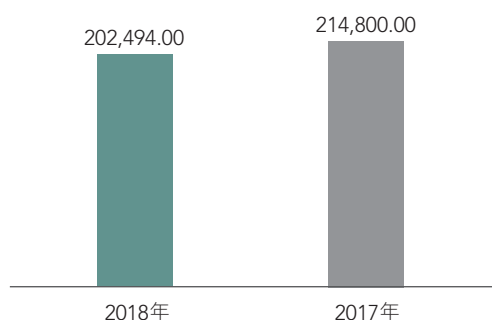
在生產中，機器產生大量的熱無法進行排放，我們會使用切削液（冷卻液）對機器設備進行降溫，在降溫過程中，切削液裡會沾染生產過程中產生的廢油以及其他雜質，我們引進了切削液的回收裝置，對切削液進行處理並回收再次使用。

### 水資源管理

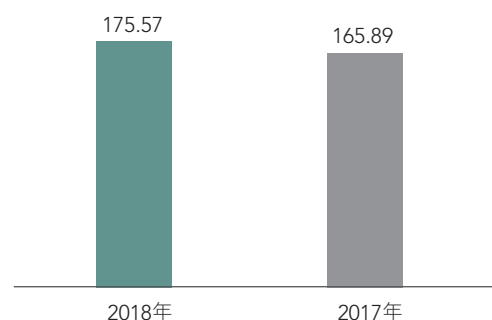
我們的用水取自城市供水系統。2018財政年度內，我們共消耗水202,494.00立方米。

在生產活動中，我們只會產生少量的工業廢水和生活廢水。生活廢水主要來源於辦公衛生間、廚房以及宿舍排水，無有毒、有害物質和特殊物質排放。工業廢水直接通過市政污水管網排放，市政府的污水處理廠處理後達標排放。

水資源消耗情況（立方米）



水資源消耗密度（立方米/百萬元）



附註：水資源消耗密度為每百萬元收益水資源消耗量。



## 環境、社會及管治報告

### 社區

我們始終堅持「取之於民，用之於民」的理念，在經營好企業的同時，不忘回報社會，這個觀念深深扎根在每個人的心裡。此外由於廠區附近有不少的居民區，我們在生產活動中時刻注意，避免擾民。

#### 管理噪聲

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

#### 助力經濟發展

我們與杭州職業技術學院聯合成立的友嘉機電學院不僅為我們企業帶來了理論知識與實踐操作都精通的人才，還給當地帶來了大批機電方面的精英，解決了當地一部分學生的就業問題。在1993年，杭州友佳精密機械有限公司在杭州的蕭山區成立，給當地帶來了大量的就業機會，推動了當地的經濟發展，並且很榮幸地成為當地帶動經濟發展的前10大企業之一。我們製造的高質量的CNC工具機，叉車以及停車設備，對當地工業升級以及企業轉型提供了強大的支持。

#### 投身社區公益

我們積極參與各類公益活動和慈善捐款。例如，在2018年12月，我們參與了開發區組織的無償獻血活動，在公司號召下，共捐獻9,620毫升血液。為幫助困難群眾，救助弱勢群體，我們在杭州市政府組織的「春風行動」中捐贈贊助200,000元人民幣。

#### 支持教育事業

我們關注並支持教育事業的發展。今年，我們為杭州職業技術學院教育發展基金會捐款達300,000元人民幣，資金用於設立學生獎助學金、教師獎勵基金和學術科研基金等各類基金。



## ESG數據總覽

指標	2018年	2017年
<b>排放</b>		
溫室氣體排放總量（範圍1 & 範圍2）（噸）	<b>4,384.41</b>	4,315.87
範圍1	<b>567.70</b>	560.25
範圍2	<b>3,816.71</b>	3,755.62
每百萬元收益溫室氣體排放總量（噸／百萬元）	<b>3.80</b>	3.33
廢氣排放量總量（噸）	<b>14.66</b>	11.48
NO <sub>x</sub>	<b>0.15</b>	0.14
VOCs	<b>14.51</b>	11.34
有害廢棄物排放總量（噸）	<b>27.63</b>	26.20
磨削泥	<b>23.75</b>	24.06
沾染油漆的活性炭	<b>2.00</b>	1.45
油漆桶	<b>1.26</b>	0.57
廢油液	<b>0.62</b>	0.12
每百萬元收益有害廢棄物排放總量（噸／百萬元）	<b>0.02</b>	0.02
無害廢棄物排放總量（噸）	<b>383.30</b>	411.36
廢鐵	<b>208.67</b>	232.80
生活垃圾	<b>173.00</b>	177.00
磨砂輪	<b>0.52</b>	1.24
辦公耗材	<b>1.11</b>	0.32
每百萬元收益無害廢棄物排放總量（噸／百萬元）	<b>0.33</b>	0.32



## 環境、社會及管治報告

指標	2018年	2017年
<strong>水資源</strong>		
總用水量（立方米）	<b>202,494.00</b>	214,800.00
每百萬元收益總用水量（立方米／百萬元）	<b>175.57</b>	165.89
<strong>能源</strong>		
能源消耗總量（兆瓦時）	<b>7,609.40</b>	7,494.09
電力	<b>5,425.32</b>	5,338.48
汽油	<b>1,610.64</b>	1,546.80
柴油	<b>573.44</b>	608.81
每百萬元收益能源消耗總量（兆瓦時／百萬元）	<b>6.60</b>	5.78
<strong>包裝材料</strong>		
包裝材料總量（噸）	<b>2,196.80</b>	2,410.00
包裝木材	<b>2,066.30</b>	2,323.00
其他	<b>130.50</b>	87.00
每百萬元收益包裝材料消耗總量（噸／百萬元）	<b>1.90</b>	1.86
<strong>僱傭</strong>		
僱員總數	<b>1,147</b>	1,189
按性別		
女	<b>216</b>	226
男	<b>931</b>	963
按年齡組別		
30歲以下	<b>363</b>	417
30歲至50歲	<b>717</b>	699
50歲以上	<b>67</b>	73
按僱員類型		
高級管理層	<b>7</b>	11
中級管理層	<b>160</b>	180
普通員工	<b>980</b>	998
僱員流失比例	<b>22%</b>	23%



## 環境、社會及管治報告

指標	2018年	2017年
<b>安全</b>		
因工死亡人數	0	0
因工死亡人數的比率	0	0
工傷損失工作日數	450	2,832
<b>發展</b>		
受訓僱員百分比	86%	78%
按性別		
女	64%	63%
男	91%	82%
按僱員類型		
高級管理層	71%	9%
中級管理層	98%	76%
普通員工	84%	79%
每名僱員完成受訓的平均時數	22	26
按性別		
女	13	31
男	24	34
按僱員類型		
高級管理層	3	7
中級管理層	21	25
普通員工	22	34

## 附錄I — 《環境、社會及管治報告指引》內容索引

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



## 環境、社會及管治報告

層面	描述	位置／備註
<b>層面A2：資源使用</b>		
一般披露	有效使用資源（包括能源、水及其他原材料）的政策	資源管理；廢物管理；水資源管理
A2.1	按類型劃分的直接及／或間接能源（如電、氣或油）總耗量（以兆瓦時計算）及密度（如以每產量單位、每項設施計算）	資源管理
A2.2	總耗水量及密度（如以每產量單位、每項設施計算）	水資源管理
A2.3	描述能源使用效益計劃及所得成果	資源管理
A2.4	描述求取適用水源上可有任何問題，以及提升用水效益計劃及所得成果	水資源管理
A2.5	製成品所用包裝材料的總量（以噸計算）及（如適用）每生產單位佔量	資源管理

## 環境、社會及管治報告

層面	描述	位置／備註
<b>層面A3：環境及天然資源</b>		
一般披露	減低發行人對環境及天然資源造成重大影響的政策	資源管理；廢物管理；水資源管理
A3.1	描述業務活動對環境及天然資源的重大影響及已採取管理有關影響的行動	資源管理；廢物管理；水資源管理
<b>B. 社會</b>		
<b>層面B1：僱傭</b>		
一般披露	有關薪酬及解僱、招聘及晉升、工作時數、假期、平等機會、多元化、反歧視以及其他待遇及福利的：(a)政策；及(b)遵守對發行人有重大影響的相關法律及規例的資料	員工
B1.1	按性別、僱傭類型、年齡組別及地區劃分的僱員總數	僱傭與勞工準則
B1.2	按性別、年齡組別及地區劃分的僱員流失比率	僱傭與勞工準則



## 環境、社會及管治報告

層面	描述	位置／備註
<b>層面B2：健康與安全</b>		
一般披露	有關提供安全工作環境及保障僱員避免職業性危害的：(a)政策；及(b)遵守對發行人有重大影響的相關法律及規例的資料	安全與健康
B2.1	因工作關係而死亡的人數及比率	安全與健康
B2.2	因工傷損失工作日數	ESG數據總覽
B2.3	描述所採納的職業健康與安全措施，以及相關執行及監察方法	安全與健康
<b>層面B3：發展及培訓</b>		
一般披露	有關提升僱員履行工作職責的知識及技能的政策。描述培訓活動	培訓與發展
B3.1	按性別及僱員類別（如高級管理層、中級管理層等）劃分的受訓僱員百分比	培訓與發展
B3.2	按性別及僱員類別劃分，每名僱員完成受訓的平均時數	ESG數據總覽



## 環境、社會及管治報告

層面	描述	位置／備註
<b>層面B4：勞工準則</b>		
一般披露	有關防止童工或強制勞工的：(a)政策；及(b)遵守對發行人有重大影響的相關法律及規例的資料	僱傭與勞工準則
B4.1	描述檢討招聘慣例的措施以避免童工及強制勞工	僱傭與勞工準則
B4.2	描述在發現違規情況時消除有關情況所採取的步驟	僱傭與勞工準則
<b>層面B5：供應鏈管理</b>		
一般披露	管理供應鏈的環境及社會風險政策	供應商管理
B5.1	按地區劃分的供應商數目	供應商管理
B5.2	描述有關聘用供應商的慣例，向其執行有關慣例的供應商數目、以及有關慣例的執行及監察方法	供應商管理



## 環境、社會及管治報告

層面	描述	位置／備註
<b>層面B6：產品責任</b>		
一般披露	有關所提供產品和服務的健康與安全、廣告、標籤及私隱事宜以及補救方法的：(a)政策；及(b)遵守對發行人有重大影響的相關法律及規例的資料	市場
B6.1	已售或已運送產品總數中因安全與健康理由而須回收的百分比	質量控制
B6.2	接獲關於產品及服務的投訴數目以及應對方法	客戶服務
B6.3	描述與維護及保障知識產權有關的慣例	質量控制
B6.4	描述質量檢定過程及產品回收程序	質量控制
B6.5	描述消費者數據保障及私隱政策，以及相關執行及監察方法	客戶服務

## 環境、社會及管治報告

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

**Deloitte.**

**德勤**

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80至189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二零一八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 貴集團於二零一八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。

致友佳國際控股有限公司股東

(於開曼群島註冊成立之有限公司) (續)

### 關鍵審核事項 (續)

#### 關鍵審核事項

##### 貿易應收賬款及合約資產之減值評估

吾等將貿易應收賬款及合約資產之減值評估識別為關鍵審核事項，原因是 貴集團貿易應收賬款及合約資產在 貴集團綜合財務報表中屬重大，加之於報告期末對 貴集團貿易應收賬款及合約資產的預期信貸虧損（「預期信貸虧損」）進行評估涉及主觀判斷及管理層估計。

誠如綜合財務報表附註19A及19B所披露，於二零一八年十二月三十一日，貿易應收賬款及合約資產賬面值為約人民幣323,586,000元，佔 貴集團資產總值約14.64%。誠如綜合財務報表附註39所披露， 貴集團管理層按適當分組根據撥備矩陣估計貿易應收賬款及合約資產之全期預期信貸虧損金額。就共同評估而言， 貴集團使用應收賬款之賬齡評估客戶減值情況，原因為該等客戶乃由數量眾多的小客戶組成，而該等客戶具有可反映彼等根據合約條款償還所有到期款項之能力的共同風險特性。此外，貿易應收賬款及合約資產乃就具有重要結餘或信用減值的債務人個別予以評估。預期信貸虧損乃根據於報告日期基於債務人過往違約經驗得出的過往信貸虧損經驗、債務人經營所在行業的整體經濟環境及對目前及未來環境方向的評估而估計得出。信貸減值之貿易應收賬款的虧損撥備金額按資產賬面值與估計未來現金流量現值之間的差額，並考慮預期未來信貸虧損計量。

誠如綜合財務報表附註19A及19B所披露， 貴集團於本年度額外確認貿易應收賬款及合約資產減值金額人民幣8,875,000元，而 貴集團於二零一八年十二月三十一日貿易應收賬款及合約資產之全期預期信貸虧損為人民幣47,161,000元。

#### 吾等之審核如何處理關鍵審核事項

吾等有關貿易應收賬款及合約資產預期信貸虧損之虧損撥備的程序包括：

- 了解對貿易應收賬款及合約資產減值評估的關鍵控制，包括但不限於 貴集團管理層對手方信用評級的評估；
- 抽樣將 貴公司財務系統生成的二零一八年十二月三十一日貿易應收賬款的賬齡報告中個別項目與相關銷售協議、銷售發票及其他支持文件進行比對，對賬齡報告進行測試；
- 評估 貴集團管理層於釐定二零一八年十二月三十一日貿易應收賬款及合約資產的信貸虧損撥備時採用的基準及作出的判斷，包括彼等對個別評估貿易應收賬款及合約資產的識別及評估、 貴集團管理層對剩餘貿易應收賬款在撥備矩陣中分為不同類別的合理性及在矩陣撥備中應用於各類別的估計虧損率的基準（參照歷史違約率及前瞻性資料）；及
- 評價於綜合財務報表附註19A、19B及39中有關貿易應收賬款及合約資產減值評估之披露。

致友佳國際控股有限公司股東

(於開曼群島註冊成立之有限公司) (續)

## 關鍵審核事項 (續)

### 關鍵審核事項

### 吾等之審核如何處理關鍵審核事項

#### 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22所披露，於二零一八年十二月三十一日，存貨賬面值為約人民幣524,752,000元（扣除存貨撥備人民幣23,629,000元），佔 貴集團資產總值約23.74%。誠如綜合財務報表附註4所披露，在評估可變現淨值及就存貨作出恰當撥備時，管理層透過識別滯銷或陳舊存貨估計存貨減值撥備，並考慮存貨的實質狀況、賬齡、市況及類似項目的市場價格。

吾等有關存貨減值評估的程序包括：

- 了解 貴集團管理層對存貨減值評估的關鍵控制；
- 參與 貴集團管理層進行的存貨盤點，以評估減值評估所依據的陳舊存貨是否被恰當識別；
- 根據採購及／或生產紀錄抽樣核對存貨賬齡報告；
- 依據賬齡報告及存貨後續變動評估存貨減值撥備的合理性；
- 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

致友佳國際控股有限公司股東

(於開曼群島註冊成立之有限公司) (續)

### 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會計師公會頒佈之香港財務報告準則及香港公司條例之披露規定編製及真實而公允地列報綜合財務報表，並負責董事認為就確保綜合財務報表之編製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，貴公司之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。

致友佳國際控股有限公司股東

(於開曼群島註冊成立之有限公司) (續)

## 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。
- 對貴公司董事採用持續經營會計基礎的恰當性作出結論，並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

致友佳國際控股有限公司股東

(於開曼群島註冊成立之有限公司) (續)

### 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陳永明先生。

德勤•關黃陳方會計師行

執業會計師

香港

二零一九年三月二十九日

## 綜合損益及其他全面收益表

	附註	二零一八年 人民幣千元	二零一七年 人民幣千元
收益	5A	1,090,693	1,294,801
收益成本	5B	(799,966)	(982,286)
<b>毛利</b>		<b>290,727</b>	312,515
其他收入	6A	84,483	83,483
分銷及銷售費用		(132,609)	(139,925)
行政費用		(64,137)	(71,006)
研發成本		(37,087)	(43,796)
貿易應收賬款及合約資產之減值虧損		(8,875)	(5,505)
其他收益及虧損	6B	(28,321)	883
其他開支	6C	(87,968)	(35,517)
其他營運費用		(1,458)	(1,612)
財務費用	9	(14,180)	(8,803)
分佔合營企業溢利	17	2,118	1,893
分佔聯營公司虧損	18	(45,423)	(7,544)
除所得稅前(虧損)溢利	7	(42,730)	85,066
所得稅開支	10	(14,994)	(19,376)
本公司權益持有人應佔(虧損)溢利		(57,724)	65,690
<b>其他全面收益(開支)：</b>			
<b>不會重新分類至損益的項目：</b>			
分佔聯營公司其他全面收益(開支)	18	1,021	(522)
<b>其後可能重新分類至損益的項目：</b>			
分佔聯營公司其他全面收益(開支)	18	17,228	(47,272)
換算海外業務產生之匯兌差額		2,664	25,600
按公平值計入其他全面收益(「按公平值計入其他全面收益」) 的應收款項公平值收益淨額		1,999	—
		21,891	(21,672)
<b>本公司擁有人應佔全面(開支)收益總額</b>		<b>(34,812)</b>	43,496
<b>每股(虧損)盈利(以每股人民幣元列示)</b>			
—基本	11	(0.14)	0.16
股息	12	44,352	20,160

# 綜合財務狀況表

	附註	二零一八年 人民幣千元	二零一七年 人民幣千元
<b>非流動資產</b>			
物業、廠房及設備	14	204,710	180,401
預付租賃款項	13	120,147	123,052
無形資產	15	2,215	3,203
於合營企業的投資	17	20,505	18,387
於聯營公司的投資	18	331,323	355,917
遞延所得稅資產	32	27,520	22,401
		<b>706,420</b>	703,361
<b>流動資產</b>			
存貨	22	524,752	345,626
貿易應收賬款及其他應收款項及預付款項	19A	345,810	541,941
合約資產	19B	46,727	—
應收貸款	20	35,627	—
按公平值計入其他全面收益的應收款項	21	106,400	—
應收客戶合約工程款項	23	—	50,270
預付租賃款項	13	2,905	2,905
應收最終控股公司款項	40	—	1,053
應收同系附屬公司及最終控股公司的聯營公司的款項	40	23	1,476
應收合營企業款項	40	461	852
應收聯營公司及一間聯營公司的附屬公司款項	40	151,059	119,083
限制性銀行存款及銀行結餘	24	69,987	32,716
結構性存款	25	—	76,140
按公平值計入損益（「按公平值計入損益」）的金融資產	25	108,020	—
銀行結餘及現金	26	112,673	98,071
		<b>1,504,444</b>	1,270,133

## 綜合財務狀況表

	附註	二零一八年 人民幣千元	二零一七年 人民幣千元
<b>流動負債</b>			
貿易應付賬款及其他應付款項及應計開支	28	242,969	589,692
合約負債	29	358,751	—
應付客戶合約工程款項	23	—	42,813
應付最終控股公司款項	40	638	7,400
應付直接控股公司款項	40	2,832	2,123
應付同系附屬公司及最終控股公司的聯營公司款項	40	3,637	3,673
應付合營企業款項	40	362	608
應付一間聯營公司及一間聯營公司的附屬公司款項	40	28,435	37,327
訴訟申索撥備	36	60,117	—
退貨負債	36	100,903	—
即期所得稅負債		21,979	28,091
銀行借貸	31	563,239	367,428
保證撥備	30	5,311	5,755
		<b>1,389,173</b>	1,084,910
<b>流動資產淨值</b>		<b>115,271</b>	185,223
<b>總資產減流動負債</b>		<b>821,691</b>	888,584
<b>非流動負債</b>			
其他借貸	31	35,093	—
遞延收益	33	70,192	61,180
		<b>105,285</b>	61,180
<b>資產淨值</b>		<b>716,406</b>	827,404
<b>資本及儲備</b>			
股本	27	4,022	4,022
股份溢價		82,281	82,281
資本儲備		77,338	77,338
其他儲備		58,361	39,576
保留盈利		494,404	624,187
<b>總權益</b>		<b>716,406</b>	827,404

第80至189頁的綜合財務報表已於二零一九年三月二十九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

溫吉堂  
董事



## 綜合權益變動表

	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	總計 人民幣千元
於二零一七年一月一日	4,022	82,281	77,338	61,248	579,179	804,068
年內溢利	—	—	—	—	65,690	65,690
<b>其他全面（開支）收益</b>						
分佔聯營公司的其他全面開支	—	—	—	(47,272)	(522)	(47,794)
換算海外業務產生之匯兌差額	—	—	—	25,600	—	25,600
	—	—	—	(21,672)	(522)	(22,194)
<b>全面（開支）收益總額</b>	—	—	—	(21,672)	65,168	43,496
已確認用於分派的股息（附註12）	—	—	—	—	(20,160)	(20,160)
於二零一七十二月三十一日	4,022	82,281	77,338	39,576	624,187	827,404
採納香港財務報告準則第9號 產生之影響	—	—	—	(3,106)	(5,755)	(8,861)
採納香港財務報告準則第15號 產生之影響	—	—	—	—	(22,973)	(22,973)
於二零一八年一月一日之經調整結餘	4,022	82,281	77,338	36,470	595,459	795,570
年內虧損	—	—	—	—	(57,724)	(57,724)
<b>其他全面收益</b>						
分佔聯營公司的其他全面收入	—	—	—	17,228	1,021	18,249
換算海外業務產生之匯兌差額	—	—	—	2,664	—	2,664
按公平值計入其他全面收益之應收款項 之公平值收益淨額	—	—	—	1,999	—	1,999
	—	—	—	21,891	1,021	22,912
<b>全面收入（開支）總額</b>	—	—	—	21,891	(56,703)	(34,812)
已確認用於分派的股息（附註12）	—	—	—	—	(44,352)	(44,352)
於二零一八年十二月三十一日	4,022	82,281	77,338	58,361	494,404	716,406

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**

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

# 綜合現金流量表

	附註	二零一八年 人民幣千元	二零一七年 人民幣千元
<b>經營活動</b>			
營運（所用）所得現金	34	(25,120)	124,789
已繳所得稅及預扣稅		(21,905)	(18,204)
經營活動（所用）所得現金淨額		(47,025)	106,585
<b>投資活動</b>			
聯營公司及一間聯營公司的附屬公司還款		10,320	70,287
向聯營公司及一間聯營公司的附屬公司作出的墊款		(15,048)	(154,283)
本集團一間聯營公司之附屬公司的一名非控股股東之貸款		(35,627)	—
收購物業、廠房及設備		(44,922)	(8,476)
收購預付租賃款項		—	(5,134)
出售物業、廠房及設備所得款項	34	519	1,027
購買無形資產		(264)	(1,175)
已收利息		4,496	4,261
提取限制性銀行存款		32,716	33,163
存入限制性銀行存款		(15,180)	(32,716)
提取按公平值計入損益之金融資產		507,800	—
購入按公允值計入損益之金融資產		(539,680)	—
提取結構性存款		—	507,080
購入結構性存款		—	(583,220)
投資活動所用現金淨額		(94,870)	(169,186)
<b>融資活動</b>			
銀行及其他借貸所得款項		3,390,069	602,194
償還銀行借貸		(3,184,943)	(590,223)
已收政府補貼		9,012	—
已付股息		(44,352)	(20,160)
已付利息		(14,180)	(8,803)
融資活動所得（所用）現金淨額	35	155,606	(16,992)
現金及現金等值物增加／（減少）淨額		13,711	(79,593)
年初現金及現金等值物		98,071	177,946
匯率變動之影響		891	(282)
年終現金及現金等值物，指銀行結餘及現金		112,673	98,071

## 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。本公司之註冊辦事處及主要營業地點於年報公司資料一節披露。

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（「友嘉」）（一間在台灣註冊成立的公司）分別為直接控股公司及最終控股公司。

該等綜合財務報表均以人民幣（「人民幣」）呈報，其亦為本公司之功能貨幣。

## 2. 應用香港財務報告準則（「香港財務報告準則」）之新訂準則及修訂本

於本年度強制生效之香港財務報告準則之新訂準則及修訂本

於本年度，本集團已初次應用以下由香港會計師公會（「香港會計師公會」）頒佈之香港財務報告準則之新訂準則及修訂本：

香港財務報告準則第9號	金融工具
香港財務報告準則第15號	客戶合約收益及相關修訂
香港（國際財務報告詮釋委員會） — 詮釋第22號	外幣交易及墊付代價
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
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
香港會計準則第28號（修訂本）	作為香港財務報告準則二零一四年至二零一六年週期之 年度改進之一部分
香港會計準則第40號（修訂本）	投資物業轉撥

除下文所述者外，於本年度採納香港財務報告準則之新訂準則及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。

## 2. 應用香港財務報告準則（「香港財務報告準則」）之新訂準則及修訂本（續）

### 2.1 應用香港財務報告準則第15號「客戶合約收益」

本集團於本期間已首次應用香港財務報告準則第15號。香港財務報告準則第15號取代香港會計準則第18號「收入」、香港會計準則第11號「建築合同」及相關詮釋。

本集團已追溯應用香港財務報告準則第15號，而首次應用此準則的累計影響於二零一八年一月一日首次應用日期確認。於首次應用日期的任何差額於期初保留溢利（或權益的其他部分（如適當））確認，惟並無重列比較資料。此外，根據香港財務報告準則第15號的過渡條文，本集團選擇僅就於二零一八年一月一日尚未完成的合約追溯應用該準則。因此，若干比較資料未必可與根據香港會計準則第18號「收入」及香港會計準則第11號「建築合同」以及相關詮釋編製的比較資料作比較。

本集團確認來自以下各項設計及生產的收益：

- 工具機
- 停車設備
- 叉車

有關本集團履約責任及因應用香港財務報告準則第15號而產生的會計政策的資料分別披露於附註5A及3。

#### 首次應用香港財務報告準則第15號的影響概要

下表概列於二零一八年一月一日過渡至香港財務報告準則第15號對保留盈利的影響。

	附註	於二零一八年 一月一日採納 香港財務報告 準則第15號 的影響 人民幣千元
<b>保留盈利</b>		
於某一時間點確認來自停車設備的收益	(a)	147,884
收益成本確認	(a)	(120,857)
遞延所得稅項影響	(a)	(4,054)
於二零一八年一月一日的影響		22,973

## 2. 應用香港財務報告準則（「香港財務報告準則」）之新訂準則及修訂本（續）

### 2.1 應用香港財務報告準則第15號「客戶合約收益」（續）

#### 首次應用香港財務報告準則第15號的影響概要（續）

於二零一八年一月一日對綜合財務狀況報表內確認的金額作出以下調整，不包括此欄未受變動影響的項目。

	附註	過往於 二零一七年 十二月三十一日 呈報的賬面值 人民幣千元	重新分類 人民幣千元	重新計量 人民幣千元	於二零一八年 一月一日根據 香港財務報告 準則第15號 得出的賬面值* 人民幣千元
遞延所得稅資產	(a)	22,401	—	4,054	26,455
存貨	(a)	345,626	—	120,857	466,483
合約資產	(d)	—	46,703	—	46,703
貿易及其他應收賬款及預付款項	(d)	541,941	(46,703)	—	495,238
應收客戶合約工程款項	(a)	50,270	—	(50,270)	—
貿易應付賬款及其他應付款項及 應計開支	(c)	(589,692)	296,284	—	(293,408)
合約負債	(a) (b) (c)	—	(339,097)	(97,614)	(436,711)
應付客戶合約工程款項	(b)	(42,813)	42,813	—	—

\* 本欄所載金額未就應用香港財務報告準則第9號作出調整。

附註：

- (a) 就截至二零一八年一月一日未完成的停車設備合約而言，先前於二零一八年一月一日前在損益確認的收益人民幣147,884,000元分別調整至應收客戶合約工程款項人民幣50,270,000元及合約負債人民幣97,614,000元。先前於二零一八年一月一日前在損益確認的收益之相應成本人民幣120,857,000元調整至存貨。遞延所得稅影響人民幣4,054,000元調整至遞延所得稅資產。
- (b) 就先前根據香港會計準則第11號入賬之停車設備合約而言，應付客戶合約工程款項人民幣42,813,000元重新分類至合約負債。
- (c) 截至二零一八年一月一日，本集團已收來自客戶的預付按金人民幣296,284,000元於採納香港財務報告準則第15號後重新分類至合約負債。
- (d) 截至二零一八年一月一日，本集團有保留金人民幣46,217,000元，於採納香港財務報告準則第15號後，其收款權仍須以指定付款里程碑為條件，重新分類為合約資產。



## 2. 應用香港財務報告準則（「香港財務報告準則」）之新訂準則及修訂本（續）

### 2.1 應用香港財務報告準則第15號「客戶合約收益」（續）

#### 首次應用香港財務報告準則第15號的影響概要（續）

就受影響的各個項目而言，下表概述了應用香港財務報告準則第15號對本集團截至二零一八年十二月三十一日之綜合財務狀況表及本年度綜合損益及其他全面收益表及綜合現金流量表的影響。不受有關變動影響的項目不包括在內。

#### 對綜合財務狀況表的影響

	如呈報 人民幣千元	調整 人民幣千元	未應用香港 財務報告準則 第15號的金額 人民幣千元
<b>非流動資產</b>			
遞延所得稅資產	27,520	(4,054)	23,466
<b>流動資產</b>			
存貨	524,752	(163,656)	361,096
貿易及其他應收賬款及預付款項	345,810	46,727	392,537
合約資產	46,727	(46,727)	—
應收客戶合約工程款項	—	71,782	71,782
<b>流動負債</b>			
貿易應付賬款及其他應付款項及應計開支	242,969	278,541	521,510
合約負債	358,751	(358,751)	—
應付客戶合約工程款項	—	59,458	59,458
退款負債	100,903	(100,903)	—
即期所得稅負債	21,979	413	22,392
<b>權益</b>			
保留盈利	494,404	25,314	519,718

## 2. 應用香港財務報告準則（「香港財務報告準則」）之新訂準則及修訂本（續）

### 2.1 應用香港財務報告準則第15號「客戶合約收益」（續）

#### 對綜合損益及其他全面收益表的影響

	如呈報 人民幣千元	調整 人民幣千元	未應用香港 財務報告準則 第15號的金額 人民幣千元
收益	1,090,693	45,553	1,136,246
收益成本	(799,966)	(42,799)	(842,765)
毛利	290,727	2,754	293,481
除稅前虧損	(42,730)	2,754	(39,976)
所得稅開支	(14,994)	(413)	(15,407)
本公司擁有人應佔虧損	(57,724)	2,341	(55,383)
本公司擁有人應佔全面開支總額	(34,812)	2,341	(32,471)

#### 對綜合現金流量表的影響

	如呈報 人民幣千元	調整 人民幣千元	未應用香港 財務報告準則 第15號的金額 人民幣千元
除所得稅前虧損	(42,730)	2,754	(39,976)
存貨	11,468	42,799	54,267
貿易及其他應收賬款及預付款項	20,400	(254)	20,146
合約資產	(254)	254	—
應收客戶合約工程款項	—	(21,512)	(21,512)
應付客戶合約工程款項	—	16,645	16,645
貿易應付賬款及其他應付款項及應計開支	(7,382)	(118,646)	(126,028)
合約負債	(77,960)	77,960	—

## 2. 應用香港財務報告準則（「香港財務報告準則」）之新訂準則及修訂本（續）

### 2.2 香港財務報告準則第9號「金融工具」

於本年度，本集團已應用香港財務報告準則第9號「金融工具」及對其他香港財務報告準則作出的有關相應修訂。香港財務報告準則第9號引進有關1)金融資產及金融負債的分類及計量，2)金融資產及其他須評估預期信貸虧損的項目的預期信貸虧損（「預期信貸虧損」）及3)一般對沖會計的新規定。

本集團已按香港財務報告準則第9號所載的過渡條文應用香港財務報告準則第9號，即對於二零一八年一月一日（首次應用日期）並無終止確認的工具追溯應用分類及計量規定（包括減值），而並無對已於二零一八年一月一日終止確認的工具應用有關規定。截至二零一七年十二月三十一日之賬面值與截至二零一八年一月一日的賬面值之間的差額乃於期初保留溢利及權益的其他組成部分確認，並不重列比較資料。

由於比較資料為根據香港會計準則第39號金融工具：確認及計量編製，因此，若干比較資料可能無法比較。

因應用香港財務報告準則第9號而產生的會計政策披露於附註3。

## 2. 應用香港財務報告準則（「香港財務報告準則」）之新訂準則及修訂本（續）

### 2.2 香港財務報告準則第9號「金融工具」（續）

#### 首次應用香港財務報告準則第9號產生的影響概述

下表說明於首次應用日期二零一八年一月一日根據香港財務報告準則第9號及香港會計準則第39號面臨預期信貸虧損的金融資產及其他項目的分類及計量。

	附註	按公平值 計入其他 全面收益之 應收款項 人民幣千元	合約資產 人民幣千元	攤銷成本 （先前分類 為貸款及 應收款項） 人民幣千元	遞延 所得稅資產 人民幣千元	結構性存款 人民幣千元	按公平值 計入損益之 金融資產 人民幣千元	其他儲備 人民幣千元	保留盈利 人民幣千元
截至二零一七年十二月三十一日之期末結餘									
— 香港會計準則第39號		—	—	541,941	22,401	76,140	—	39,576	624,187
首次應用香港財務報告準則第15號產生的影響		—	46,703	(46,703)	4,054	—	—	—	(22,973)
<b>重新分類</b>									
自貸款及應收款項		128,054	—	(128,054)	—	—	—	—	—
自結構性存款		—	—	—	—	(76,140)	76,140	—	—
<b>重新計量</b>									
自攤銷成本至公平值	(i)	(3,654)	—	—	548	—	—	(3,106)	—
預期信貸虧損模式下的減值	(ii)	—	(486)	(5,340)	71	—	—	—	(5,755)
截至二零一八年一月一日之期初結餘		124,400	46,217	361,844	27,074	—	76,140	36,470	595,459

#### (i) 應收票據自貸款及應收款項重新分類至按公平值計入其他全面收益

作為本集團現金流量管理其中一環，本集團的慣例為於應收票據到期支付前對部分票據背書。因此，本集團的應收票據人民幣128,054,000元被視為在收取合約現金流量及出售業務模式內持有，並重新分類為按公平值計入其他全面收益之應收款項。截至二零一八年一月一日，相關公平值虧損人民幣3,654,000元及相關遞延所得稅資產人民幣548,000元已調整至按公平值計入其他全面收益之應收款項及其他儲備。

#### (ii) 預期信貸虧損模式下的減值

本集團應用香港財務報告準則第9號簡化方式計量預期信貸虧損，即運用所有貿易應收賬款、合約資產及來自最終控股公司、合營企業、同系附屬公司、最終控股公司的聯營公司、聯營公司及一間聯營公司的附屬公司款項的貿易性質的應收賬款的全期預期信貸虧損。貿易應收賬款、合約資產及來自最終控股公司、合營企業、同系附屬公司、最終控股公司的聯營公司、聯營公司及一間聯營公司的附屬公司款項的貿易性質的應收賬款乃就具有巨額結餘或信貸減值的債務人個別及／或使用具有合適分組的撥備組合集體予以評估，以計量預期信貸虧損。

## 2. 應用香港財務報告準則（「香港財務報告準則」）之新訂準則及修訂本（續）

### 2.2 香港財務報告準則第9號「金融工具」（續）

#### 首次應用香港財務報告準則第9號產生的影響概述（續）

#### (ii) 預期信貸虧損模式下的減值（續）

按公平值計入其他全面收益之應收款項及其他按攤銷成本計量金融資產的虧損撥備主要包括其他應收款項、受限制銀行存款及銀行結餘、來自最終控股公司、合營企業、同系附屬公司、最終控股公司的聯營公司、聯營公司、一間聯營公司的附屬公司的非貿易性質的應收款項、按公平值計入其他全面收益之應收款項及銀行結餘，乃按十二個月預期信貸虧損（「十二個月預期信貸虧損」）基準計量，且信貸風險自初始確認起並無大幅增加。

就向聯營公司及其附屬公司提供的未償還財務擔保13,129,000歐元（相當於人民幣102,405,000元）而言，本集團認為自初始確認以來信貸風險並無顯著增加，因此虧損撥備按十二個月預期信貸虧損計量。

於二零一八年一月一日，額外信貸虧損撥備人民幣5,826,000元，連同確認的相關遞延所得稅資產人民幣71,000元已於保留盈利確認。額外虧損撥備已計入相關資產。

於二零一七年十二月三十一日按攤銷成本計量的金融資產、貿易應收賬款及合約資產的虧損撥備與二零一八年一月一日期初虧損撥備對賬如下：

	貿易應收賬款 人民幣千元	合約資產 人民幣千元	總計 人民幣千元
於二零一七年十二月三十一日			
— 香港會計準則第39號	(37,811)	—	(37,811)
透過期初保留盈利重新計量之金額	(5,340)	(486)	(5,826)
於二零一八年一月一日	(43,151)	(486)	(43,637)

## 2. 應用香港財務報告準則（「香港財務報告準則」）之新訂準則及修訂本（續）

### 2.3 應用所有新準則、修訂及詮釋對期初綜合財務狀況表的影響

由於本集團上述會計政策變動，必須重列期初綜合財務狀況表。下表顯示就各受影響的項目確認的調整。未受變動影響的項目並不包括在內。

	二零一七年 十二月三十一日 (經審核) 人民幣千元	香港財務報告 準則第9號 人民幣千元	香港財務報告 準則第15號 人民幣千元	二零一八年 一月一日 (經重列) 人民幣千元
<b>非流動資產</b>				
遞延所得稅資產	22,401	619	4,054	<b>27,074</b>
其他未經調整項目	680,960	—	—	<b>680,960</b>
	703,361	619	4,054	<b>708,034</b>
<b>流動資產</b>				
存貨	345,626	—	120,857	<b>466,483</b>
貿易應收賬款及其他應收款項及 預付款項	541,941	(133,394)	(46,703)	<b>361,844</b>
按公平值計入其他全面收益的 應收款項	—	124,400	—	<b>124,400</b>
合約資產	—	(486)	46,703	<b>46,217</b>
應收客戶合約工程款項	50,270	—	(50,270)	<b>—</b>
結構性存款	76,140	(76,140)	—	<b>—</b>
按公平值計入損益之金融資產	—	76,140	—	<b>76,140</b>
其他未經調整項目	256,156	—	—	<b>256,156</b>
	1,270,133	(9,480)	70,587	<b>1,331,240</b>



## 2. 應用香港財務報告準則（「香港財務報告準則」）之新訂準則及修訂本（續）

### 2.3 應用所有新準則、修訂及詮釋對期初綜合財務狀況表的影響（續）

	二零一七年 十二月三十一日 (經審核) 人民幣千元	香港財務報告 準則第9號 人民幣千元	香港財務報告 準則第15號 人民幣千元	二零一八年 一月一日 (經重列) 人民幣千元
<b>流動負債</b>				
貿易應付賬款及其他應付款項及 應計開支	589,692	—	(296,284)	<b>293,408</b>
合約負債	—	—	436,711	<b>436,711</b>
應付客戶合約工程款項	42,813	—	(42,813)	<b>—</b>
其他未經調整項目	452,405	—	—	<b>452,405</b>
	1,084,910	—	97,614	<b>1,182,524</b>
<b>流動資產淨值</b>	185,223	(9,480)	(27,027)	<b>148,716</b>
<b>總資產減流動負債</b>	888,584	(8,861)	(22,973)	<b>856,750</b>
<b>非流動負債</b>				
遞延收益	61,180	—	—	<b>61,180</b>
<b>資產淨值</b>	827,404	(8,861)	(22,973)	<b>795,570</b>
<b>資本及儲備</b>				
其他儲備	39,576	(3,106)	—	<b>36,470</b>
保留盈利	624,187	(5,755)	(22,973)	<b>595,459</b>
其他未經調整項目	163,641	—	—	<b>163,641</b>
<b>總權益</b>	827,404	(8,861)	(22,973)	<b>795,570</b>

附註：就按間接方法呈報截至二零一八年十二月三十一日止年度的經營活動現金流量而言，營運資金變動乃根據上文所披露的二零一八年一月一日的期初綜合財務狀況表計算。

## 2. 應用香港財務報告準則（「香港財務報告準則」）之新訂準則及修訂本（續）

### 已頒佈但未生效之新訂及經修訂香港財務報告準則

本集團並無提前應用下列已頒佈但未生效之新訂及經修訂香港財務報告準則：

香港財務報告準則第16號	租賃 <sup>1</sup>
香港財務報告準則第17號	保險合約 <sup>2</sup>
香港（國際財務報告詮釋委員會） — 詮釋第23號	所得稅處理之不確定性 <sup>1</sup>
香港會計準則第1號及香港會計準則 第8號（修訂本）	重大之定義 <sup>5</sup>
香港財務報告準則第3號（修訂本）	業務之定義 <sup>4</sup>
香港財務報告準則第9號（修訂本）	負值補償之預付特點 <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19號（修訂本）	計劃修訂、縮減及結清 <sup>1</sup>
香港會計準則第28號（修訂本）	於聯營公司及合營企業之長期權益 <sup>1</sup>
香港財務報告準則（修訂本）	香港財務報告準則二零一五年至二零一七年週期之年度改進 <sup>1</sup>

<sup>1</sup> 於二零一九年一月一日或之後開始的年度期間生效。

<sup>2</sup> 於二零二一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> 對收購日期為二零二零年一月一日或之後開始的首個年度期間初或之後的業務合併及資產收購生效。

<sup>5</sup> 於二零二零年一月一日或之後開始的年度期間生效。

除下文所述之新訂香港財務報告準則外，本公司董事預期，應用所有其他新訂及經修訂之香港財務報告準則於可見將來不會對綜合財務報表造成重大影響。

## 2. 應用香港財務報告準則（「香港財務報告準則」）之新訂準則及修訂本（續）

已頒佈但未生效之新訂及經修訂香港財務報告準則（續）

### 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號以可識別資產是否由客戶控制為基礎區分租賃和服務合同。此外，香港財務報告準則第16號規定售後租回交易根據香港財務報告準則第15號有關轉讓相關資產是否應作為銷售入賬的規定而釐定。香港財務報告準則第16號亦包括有關分租及租賃修改的規定。

除短期租賃及低值資產租賃外，經營租賃及融資租賃的差異自承租人會計處理中移除，並由承租人須就所有租賃確認使用權資產及相應負債的模式替代。

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。就現金流量的分類而言，本集團現時將預付租賃付款呈列為有關自用租賃土地的投資現金流量，而其他經營租賃付款則呈列為經營現金流量。於應用香港財務報告準則第16號後，與租賃負債有關的租賃付款將分為本金及利息部分，並將呈列為本集團融資現金流量。前期預付租賃款項將繼續根據性質（如適用）呈列為投資或經營現金流量。

根據香港會計準則第17號，本集團已就其作為承租人的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使用權資產單獨呈列或於相應相關資產呈列的同一項目（若擁有相關資產）呈列而定。

除亦適用於出租人的若干規定外，香港財務報告準則第16號大致保留香港會計準則第17號內出租人會計規定，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號要求作出更廣泛的披露。

## 2. 應用香港財務報告準則（「香港財務報告準則」）之新訂準則及修訂本（續）

已頒佈但未生效之新訂及經修訂香港財務報告準則（續）

### 香港財務報告準則第16號租賃（續）

於二零一八年十二月三十一日，本集團有不可撤銷經營租賃承擔人民幣6,245,000元（如附註37(b)所披露）。初步評估顯示此等安排將符合租賃的定義。應用香港財務報告準則第16號後，本集團將確認所有此等租賃的使用權資產及相應負債，除非其符合低值或短期租賃則除外。

此外，本集團目前將已支付的可退還租賃按金人民幣886,000元，視為香港會計準則第17號適用的租賃下的權利及義務。根據香港財務報告準則第16號下租賃款項的定義，有關按金並非與相關資產使用權有關的款項，因此，該等按金的賬面值可能會調整為攤銷成本。對已支付的可退還租賃按金作出的調整將被視為額外租賃款項並計入使用權資產的賬面值。

應用新規定可能導致計量、呈列及披露會出現如上所述的變動。本集團選擇可行權宜方法，就先前應用香港會計準則第17號及香港（國際財務報告詮釋委員會）－詮釋第4號釐定安排是否包括租賃獲識別為租賃的合約應用香港財務報告準則第16號，且並無對先前應用香港會計準則第17號及香港（國際財務報告詮釋委員會）－詮釋第4號並無獲識別為包括租賃的合約應用該準則。因此，本集團並無重新評估合約是否屬於或包含在初次應用日期之前已存在的租賃。此外，本集團選擇採用單一折現率計算具有合理相似特點的租賃組合。此外，本集團（作為承租人）選擇經修訂追溯法應用香港財務報告準則第16號，並將在重列比較資料的情況下確認初次應用對期初保留盈利的累計影響。

## 3. 主要會計政策

綜合財務報表乃根據香港會計師公會頒佈之香港財務報告準則編製。此外，綜合財務報表包括香港聯合交易所有限公司證券上市規則（「上市規則」）及香港公司條例規定之適用披露。

於各報告期末，除若干金融工具按公平值計量外，綜合財務報表乃以歷史成本基準編製，詳情見下文所載會計政策。

歷史成本通常按換取貨品及服務所付代價之公平值計算。

### 3. 主要會計政策 (續)

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。於此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，惟香港財務報告準則第2號以股份為基礎的付款範圍內的以股份為基礎的支付交易、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號存貨或香港會計準則第36號資產減值中的可變現淨值）除外。

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。

主要會計政策載列如下。

#### 合併基準

綜合財務報表載有本公司及本公司控制實體（其附屬公司）的財務報表。本公司在下列情況下被視為取得控制權：

- 可對投資對象行使權力；
- 因參與投資對象業務而承擔浮動回報風險或有權獲得浮動回報；及
- 有能力使用其權力影響其回報。

倘有事實及情況顯示上述三項控制權要素有一項或以上出現變動，本集團會重新評估其是否對投資對象擁有控制權。

附屬公司自本集團取得其控制權起綜合入賬，並於本集團失去其控制權時停止綜合入賬。

### 3. 主要會計政策 (續)

#### 合併基準 (續)

損益及其他全面收益各項目歸屬於本公司擁有人及非控股權益。附屬公司的全面收益總額歸於本公司擁有人及非控股權益內，即使此舉會導致非控股權益產生虧絀結餘。

附屬公司的財務報表會作必要調整，以使其會計政策與本集團的會計政策貫徹一致。

所有集團內公司間資產、負債、權益、收入、支出及與集團內公司間交易有關的現金流量均於綜合入賬時全數對銷。

#### 於聯營公司及合營企業的投資

聯營公司為本集團可對其實施重大影響力之實體。重大影響力乃有權參與投資對象之財務及經營政策決定而非控制或共同控制該等政策。

合營企業指一種合營安排，對安排擁有共同控制權之訂約方據此對合營安排之資產淨值擁有權利。共同控制指按照合約協定對一項安排所共有之控制，共同控制僅在有關活動要求享有控制權之訂約方作出一致同意之決定時存在。

聯營公司及合營企業的業績、資產及負債採用權益會計法計入綜合財務報表。為權益會計法目的而使用的聯營公司及合營企業財務報表，採用與本集團對相類的交易及於相似情況下發生的事項的財務報表相同的會計政策編製。根據權益法，於聯營公司或合營企業的投資初步按成本於綜合財務狀況表確認，並於其後就確認本集團應佔該聯營公司或合營企業的損益及其他全面收益而作出調整。聯營公司／合營企業資產淨值（損益及其他全面收益除外）的變動不予入賬，除非該等變動導致本集團所持有的擁有權權益產生變動。當本集團分佔聯營公司或合營企業的虧損超出本集團於該聯營公司或合營企業的權益時（包括實質上成為本集團於該聯營公司或合營企業投資淨額一部分的任何長期權益），本集團終止確認其所佔進一步虧損。僅於本集團已產生法律或推定責任，或已代表該聯營公司或合營企業支付款項的情況下，方會進一步確認虧損。



### 3. 主要會計政策 (續)

#### 於聯營公司及合營企業的投資 (續)

於聯營公司或合營企業的投資自投資對象成為聯營公司或合營企業當日起採用權益法入賬。收購於聯營公司或合營企業之投資時，投資成本超出本集團分佔該投資對象可識別資產及負債之公平淨值之任何部分乃確認為商譽，並計入投資之賬面值。於投資被收購期間，本集團分佔可識別資產及負債之公平淨值超出投資成本之任何部分在重新估值後即時於損益內確認。

本集團評估是否存在客觀證據顯示於一間聯營公司或合營企業的權益可能存在任何減值。如存在任何客觀證據，該項投資（包括商譽）的全部賬面值將根據香港會計準則第36號以單一資產方式進行減值測試，方法是比較其可收回金額（即使用價值與公平值減出售成本的較高者）與其賬面值。任何已確認減值虧損均構成該項投資賬面值的一部分。有關減值虧損的任何撥回乃於該項投資的可收回金額其後增加時根據香港會計準則第36號確認。

當本集團對聯營公司喪失重大影響力或對合營企業喪失共同控制權時，則被視為出售於該投資對象的全數權益，而由此產生的收益或虧損於損益內確認。倘本集團保留於前聯營公司或合營企業之權益且該保留權益為香港財務報告準則第9號／香港會計準則第39號範圍內之金融資產，則本集團會於該日按公平值計量保留權益，而該公平值被視為於初步確認時之公平值。該聯營公司或合營企業之賬面值與任何保留權益及出售該聯營公司或合營企業相關權益之任何所得款項之公平值間之差額，會於釐定出售聯營公司或合營企業之收益或虧損時入賬。此外，本集團會將先前在其他全面收益就該聯營公司或合營企業確認之所有金額入賬，基準與倘該聯營公司或合營企業直接出售相關資產或負債時所需基準相同。因此，倘該聯營公司或合營企業先前已於其他全面收益確認之收益或虧損，會於出售相關資產或負債時重新分類至損益，則本集團會於出售／部分出售相關聯營公司或合營企業時將收益或虧損由權益重新分類至損益（作為重新分類調整）。

當於聯營公司之投資成為對合營企業之投資或於合營企業之投資成為對聯營公司之投資時，本集團繼續使用權益法。於發生該等擁有權權益變動時，不會對公平值進行重新計量。

### 3. 主要會計政策 (續)

#### 於聯營公司及合營企業的投資 (續)

當本集團削減於聯營公司或合營企業之擁有權權益但繼續使用權益法時，倘以往於其他全面收益確認有關削減擁有權權益之盈虧部分將於出售相關資產或負債時重新分類至損益，則本集團會將該盈虧重新分類至損益。

當集團實體與本集團一間聯營公司或合營企業進行交易時，則與該聯營公司或合營企業交易所產生之損益僅於該聯營公司或合營企業之權益與本集團無關時，方於本集團之綜合財務報表確認。

#### 客戶合約收益 (根據附註2之過渡應用香港財務報告準則第15號)

根據香港財務報告準則第15號，本集團於(或因)完成履約責任時(即當特定履約責任相關的貨品或服務的「控制權」轉移予客戶時)確認收益。

履約責任指一項明確貨品或服務(或一批貨品或服務)或一系列大致相同的明確貨品或服務。

倘滿足以下其中一項標準，則控制權會隨時間轉移，而收益乃參照完全滿足相關履約責任的進度而隨時間確認：

- 於本集團履約時客戶同時取得並耗用本集團履約所提供的利益；
- 本集團的履約行為創造或提升客戶於本集團履約時已控制的資產；或
- 本集團的履約行為並無創造對本集團而言有其他用途的資產，且本集團擁有就迄今為止已完成的履約部分獲付款的可強行執行權利。

否則，收益於客戶取得明確貨品或服務控制權的時間點確認。

合約資產指本集團就換取本集團已向客戶轉移之貨品或服務而收取代價之權利(尚未成為無條件)，其根據香港財務報告準則第9號評估減值。相反，應收款項指本集團收取代價之無條件權利，即代價到期付款前僅需時間推移。

合約負債指本集團因已自客戶收取代價(或代價金額已到期)，而須向客戶轉移貨品或服務之責任。

與合約有關的合約資產及合約負債以淨額基準列賬並呈列。

### 3. 主要會計政策 (續)

#### 客戶合約收益 (根據附註2之過渡應用香港財務報告準則第15號) (續)

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

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

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

#### 具有多項履約責任的合約 (包括分配交易價)

就包含多於一項履約責任的合約而言，本集團按照相對獨立售價基準將交易價分配至各履約責任。

有關各履約責任的明確貨品或服務的獨立售價於合約開始時釐定。該價格指本集團將單獨向客戶出售承諾貨品或服務的價格。倘獨立售價不可直接觀察，本集團將使用適當技術進行估計，以使得最終分配至任何履約責任的交易價可反映本集團向客戶轉讓承諾貨品或服務預期有權獲得的代價金額。

#### 保證

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

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

### 3. 主要會計政策 (續)

#### 收益確認 (於二零一八年一月一日前)

收益按已收或應收代價之公平值計量。收益已就估計客戶退貨、回扣及其他類似備抵作出扣減。

於本集團各項業務的收益金額能夠可靠地計量、未來經濟利益將可能流入本集團及符合特定準則時，即確認收益，有關描述見下文。

#### 貨品、服務、權益及股息

來自銷售工具機及叉車之收益於貨品交付及所有權轉移及客戶檢查及接收貨品時確認。

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將產生的總成本來估計。可預見虧損在管理層預計會出現時便即時作出撥備。

利息收入以時間基準參照未償還本金並按適用實際利率累計，實際利率乃將估計未來現金收入按金融資產預計年期準確貼現至該資產於初步確認時之賬面淨值之利率。

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。

### 3. 主要會計政策 (續)

收益確認 (於二零一八年一月一日前) (續)

#### 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在有關金額能可靠計量且有可能收回時計算在內。

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。

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貿易應收賬款及其他應收賬款及預付款項。

#### 租賃

凡租賃條款規定將所有權之絕大部分風險及回報轉讓予承租人之租賃均列作融資租賃。所有其他租賃則分類作經營租賃。

#### 本集團作為出租人

經營租賃之租金收入按相關租期以直線法於損益確認。

#### 本集團作為承租人

經營租賃付款 (包括收購經營租賃項下持有土地之成本) 按直線基準於租期內確認為開支。

### 3. 主要會計政策 (續)

#### 租賃 (續)

##### 租賃土地及樓宇

當本集團就一項包括租賃土地及樓宇元素的物業權益付款時，本集團根據對於各元素所有權附帶的絕大部分風險及回報是否已轉移至本集團之評估而將各元素分別作出分類，除非明確顯示兩項元素均屬經營租賃則除外，其時整項物業入賬列作經營租賃。具體而言，整項代價（包括任何一次性預付款項）按土地及樓宇元素於初步確認時之租賃權益相對公平值之比例在租賃土地與樓宇元素之間分配。

倘能夠可靠地分配有關付款，則入賬列作經營租賃的租賃土地權益於綜合財務狀況表內呈列為「預付租賃款項」，並於租期內按直線法攤銷。倘若無法在租賃土地與樓宇元素之間可靠地分配付款，則整項物業一般會按租賃土地屬融資租賃之方式分類。

#### 外幣

於編製各個別集團實體的財務報表時，以該實體功能貨幣以外貨幣（外幣）進行的交易乃按交易日期當時的匯率確認。於報告期末，以外幣列值的貨幣項目以該日的匯率重新換算。以外幣歷史成本計算的非貨幣項目不予重新換算。

因結算貨幣項目及換算貨幣項目而產生之匯兌差額於產生期間在損益確認。

就呈列綜合財務報表而言，本集團海外業務的資產及負債均按各報告期末的匯率換算為本集團的呈列貨幣（即人民幣）。收入及開支項目乃按期間平均匯率換算。所產生匯兌差額（如有）於其他全面收益中確認，並於權益中在其他儲備項下累計。

於出售海外業務（即出售本集團於海外業務的全部權益，或出售涉及失去對一間具有海外業務的附屬公司的控制權，或部分出售一間具有海外業務的合營安排或聯營公司（其保留權益成為一項金融資產）的權益）時，就本公司擁有人應佔該業務而於權益內累計的所有匯兌差額重新分類至損益。



### 3. 主要會計政策 (續)

#### 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。

所有其他借貸成本於產生期間內在損益確認。

#### 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，附帶的主要條件為本集團應購買、興建或收購非流動資產的政府補貼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。

#### 退休福利成本

界定供款退休福利計劃之供款於僱員提供服務以享有該等供款時確認為開支。

#### 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。

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。

### 3. 主要會計政策 (續)

#### 退休福利成本 (續)

##### 短期僱員福利

短期僱員福利乃於僱員提供有關服務時，按預期支付的未折現福利金額確認。所有短期僱員福利確認為開支，除非另一香港財務報告準則規定或批准福利納入資產成本。

僱員的應計福利（如工資及薪金、年假及病假）乃於扣除任何已付金額後確認負債。

##### 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，故與除所得稅前溢利不同。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。

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，則不會確認有關遞延稅項資產及負債。

本集團會就與於附屬公司及聯營公司的投資及於合營企業的權益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，且預期於可見將來撥回者為限。

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

遞延稅項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。

### 3. 主要會計政策 (續)

#### 稅項 (續)

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。

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

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。

#### 物業、廠房及設備

物業、廠房及設備（包括持有作生產或提供貨品或服務或作行政用途之樓宇，但不包括在建工程）按成本減其後累計折舊及其後累計減值虧損（如有）於綜合財務狀況表列賬。

為生產、供應或行政用途而建之在建物業按成本減任何已確認減值虧損列賬。成本包括專業費用及按本集團會計政策就合資格資產資本化之借貸成本。物業於落成及可作擬定用途時分類為物業、廠房及設備之適當類別。該等資產按與其他物業資產相同之基準於資產可作擬定用途時開始折舊。

折舊按資產（不包括在建物業）估計可使用年期，以直線法撇銷其成本減其剩餘價值後確認。估計可使用年期、剩餘價值及折舊方法於各報告期末審閱，而任何估計變動影響則按未來適用基準列賬。

物業、廠房及設備項目於出售時或預期日後將不會自持續使用資產獲得經濟利益時終止確認。出售或廢棄物業、廠房及設備項目產生之任何收益或虧損按出售所得款項與資產賬面值間之差額釐定，並於損益內確認。

### 3. 主要會計政策 (續)

#### 物業、廠房及設備 (續)

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	3-5年
— 汽車	4年

#### 無形資產

##### 獨立收購之無形資產

獨立收購及有限定可使用年期之無形資產按成本減累計攤銷及任何累計減值虧損列賬。有限定可使用年期之無形資產攤銷於其估計可使用年期以直線基準確認。估計可使用年期及攤銷方法於各報告期末審閱，而估計變動影響按未來適用基準列賬。

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3至5年估計可使用年限攤銷。

無形資產於出售時或於預期使用或出售並無產生未來經濟利益時終止確認。無形資產終止確認時所產生之收益或虧損按出售所得款項淨額與資產賬面值之間之差額計量，並於資產終止確認期間於損益確認。

#### 研究開支

研究活動開支於其產生年度確認為開支。

### 3. 主要會計政策 (續)

#### 有形及無形資產之減值

於報告期末，本集團檢討其有限定可使用年期之有形及無形資產賬面值，以釐定是否有跡象顯示該等資產出現減值虧損。倘出現任何有關跡象，則估計有關資產之可收回金額，以釐定減值虧損之程度（如有）。

有形及無形資產之可收回金額單獨估計，倘不大可能估計個別資產的可收回金額，則本集團會估計該資產所屬現金產生單位的可收回金額。倘可確定合理及一致的分配基準，企業資產亦可分配至個別現金產生單位，否則將企業資產分配至能確定合理及一致的分配基準的最小組別現金產生單位。

可收回金額為公平值減銷售成本與使用價值之較高者。於評估使用價值時，估計未來現金流量將使用反映目前貨幣時間價值之市場估量及估計未來現金流量未經調整對該資產（或現金產生單位）特定風險之稅前貼現率貼現至其現值。

倘估計資產（或現金產生單位）之可收回金額低於其賬面值，則資產（或現金產生單位）賬面值將減少至其可收回金額。在分配減值虧損時，減值虧損會首先分配扣減任何商譽（如適用）之賬面值，然後根據單位內各資產的賬面值按比例分配至其他資產。資產之賬面值不得扣減至低於其公平值減出售成本（如可計量）、其使用價值（如可釐定）及零三者之最高者。原分配至資產的減值虧損金額按比例分配至單位內的其他資產。減值虧損即時於損益確認。

倘其後撥回減值虧損，則該項資產（或現金產生單位）賬面值乃增加至其經修訂估計可收回金額，惟增加後之賬面值不得超出過往年度並無就該項資產（或現金產生單位）確認減值虧損原應釐定之賬面值。減值虧損撥回即時於損益確認。

### 3. 主要會計政策 (續)

#### 存貨

存貨按成本及可變現淨值兩者之較低者列賬。存貨成本以加權平均法計算。可變現淨值乃存貨之估計售價減去所有估計完成成本及銷售所需成本。

#### 撥備

如本集團因過往事件須承擔現時法定或推定責任，而本集團極有可能須履行該責任且可就責任金額作出可靠估計，則確認撥備。

確認為撥備的金額乃於報告期末計及責任相關風險及不確定性後對須履行現時責任代價的最佳估計。倘使用就履行現時責任估計的現金流量計量撥備，其賬面值為該等現金流量的現值（倘貨幣時間價值的影響屬重大）。

#### 金融工具

當集團實體成為工具合約條文之訂約方時，須確認金融資產及金融負債。所有常規方式購買或出售金融資產均按交易日確認及終止確認。常規方式購買或出售指要求在市場規則或慣例規定的時限內交付資產的金融資產購買或出售。

金融資產及金融負債初步按公平值計量，惟自二零一八年一月一日起根據香港財務報告準則第15號初步計量之來自客戶合約之貿易應收賬款則作別論。收購或發行金融資產及金融負債（按公平值計入損益之金融資產除外）直接應佔之交易成本於初步確認時在該項金融資產或金融負債之公平值加入或扣除（如適用）。收購按公平值計入損益之金融資產直接應佔之交易成本即時於損益確認。

實際利率法是一種計算金融資產或金融負債的攤銷成本以及將利息收入及利息開支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及付款（包括所有構成實際利率整體部分的支付或收到的費用及點數、交易費用及其他溢價或折價）透過金融資產或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。



### 3. 主要會計政策 (續)

#### 金融工具 (續)

##### 金融資產

金融資產的分類及其後計量 (根據附註2之過渡應用香港財務報告準則第9號)

符合下列條件的金融資產其後按攤銷成本計量：

- 於目標是持有金融資產以收取合約現金流的業務模式內持有的金融資產；及
- 合約條款令於特定日期產生之現金流量僅為支付本金及未償還本金之利息。

符合下列條件的金融資產其後按公平值計入其他全面收益計量：

- 於目標是同時收取合約現金流及出售金融資產的業務模式內持有的金融資產；及
- 合約條款令於特定日期產生之現金流量僅為支付本金及未償還本金之利息。

所有其他金融資產其後按公平值計入損益計量。

此外，本集團可不可撤銷地指定一項須按攤銷成本或按公平值計入其他全面收益計量之金融資產以按公平值計入損益計量，前提為有關指定可消除或大幅減少會計錯配。

#### (i) 攤銷成本及利息收入

就其後按攤銷成本計量的金融資產及其後按公平值計入其他全面收益計量的應收款項而言，利息收入採用實際利率法確認。利息收入透過對金融資產的賬面總值應用實際利率計算，惟其後出現信貸減值的金融資產（見下文）除外。就其後出現信貸減值的金融資產而言，利息收入自下個報告期間起透過對金融資產的攤銷成本應用實際利率確認。倘信貸減值金融工具的信貸風險得以改善，使金融資產不再信貸減值，利息收入自釐定該資產不再出現信貸減值隨後的報告期初起透過對金融資產的賬面總值應用實際利率確認。

### 3. 主要會計政策 (續)

#### 金融工具 (續)

#### 金融資產 (續)

金融資產的分類及其後計量 (根據附註2之過渡應用香港財務報告準則第9號) (續)

#### (ii) 分類為按公平值計入其他全面收益的應收款項

由於按實際利率法計算的利息收入而引致的分類為按公平值計入其他全面收益的應收款項的賬面值其後變動於損益中確認。該等應收款項的賬面值的所有其他變動均於其他全面收益中確認，並於其他儲備項下累計。減值撥備於損益中確認，並在不減少該等應收款項賬面值的情況下對其他全面收益作出相應調整。在損益中確認的金額相當於倘該等應收款項按攤銷成本計量而本應在損益中確認的金額。當該等應收款項終止確認時，先前於其他全面收益中確認的累計收益或虧損將重新分類至損益。

#### (iii) 按公平值計入損益的金融資產

不符合按攤銷成本或按公平值計入其他全面收益或指定為按公平值計入其他全面收益計量的準則的金融資產按公平值計入損益計量。

按公平值計入損益的金融資產按各報告期末的公平值計量，任何公平值收益或虧損於損益中確認。於損益中確認的損益淨額不包括該金融資產所賺取的任何利息，並計入「其他收益及虧損」一項。

金融資產減值 (根據附註2之過渡應用香港財務報告準則第9號)

本集團就根據香港財務報告準則第9號須予減值的金融資產及其他資產 (包括貿易應收賬款、合約資產、應收貸款、其他應收款項、受限制銀行存款及銀行結餘、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之聯營公司款項、應收合營企業款項、應收聯營公司及一間聯營公司之附屬公司款項以及銀行結餘) 以及財務擔保合約的預期信貸虧損確認虧損撥備。預期信貸虧損的金額於各報告日期更新，以反映信貸風險自首次確認以來的變動。

全期預期信貸虧損指於相關工具的預計年期內所有可能的違約事件將導致的預期信貸虧損。相反，十二個月預期信貸虧損 (「十二個月預期信貸虧損」) 指預計於報告日期後十二個月內可能發生的違約事件導致的部分全期預期信貸虧損。評估乃根據本集團過往信貸虧損經驗，並就債務人特定因素、一般經濟狀況以及對於報告日期之當時狀況及未來狀況預測的評估作出調整。

### 3. 主要會計政策 (續)

#### 金融工具 (續)

#### 金融資產 (續)

#### 金融資產減值 (根據附註2之過渡應用香港財務報告準則第9號) (續)

本集團始終就貿易應收賬款、合約資產及來自最終控股公司、合營企業、同系附屬公司、最終控股公司的聯營公司、聯營公司及一間聯營公司的附屬公司的貿易應收賬款確認全期預期信貸虧損。該等資產的預期信貸虧損乃就擁有重大結餘或信貸減值的債務人進行個別評估及／或使用具有適當分組的撥備矩陣進行共同評估。就共同評估而言，本集團使用應收賬款之賬齡評估客戶減值情況，原因為該等客戶乃由數量眾多的小客戶組成，而該等客戶具有可反映彼等根據合約條款償還所有到期款項之能力的共同風險特性。預期信貸虧損乃根據於報告日期基於債務人過往違約經驗得出的過往信貸虧損經驗、債務人經營所在行業的整體經濟環境及對目前及未來環境方向的評估而估計得出。

就所有其他工具而言，本集團計量等於十二個月預期信貸虧損的虧損撥備，除非當信貸風險自首次確認以來顯著上升，則本集團確認全期預期信貸虧損。評估是否應確認全期預期信貸虧損乃根據自首次確認以來發生違約的可能性或風險是否顯著上升。

#### (i) 信貸風險顯著上升

於評估信貸風險是否自首次確認以來顯著上升時，本集團比較金融工具於報告日期出現違約的風險與該金融工具於首次確認日期出現違約的風險。作此評估時，本集團會考慮合理及有理據的定量及定性資料，包括歷史經驗及毋須花費不必要成本或精力即可獲得的前瞻性資料。

尤其是，評估信貸風險是否顯著上升時會考慮下列資料：

- 金融工具外部 (如有) 或內部信貸評級的實際或預期重大惡化；
- 信貸風險的外界市場指標的重大惡化，例如信貸息差、債務人的信貸違約掉期價大幅增加；
- 預期將導致債務人履行其債務責任的能力大幅下降的業務、財務或經濟狀況的現有或預測不利變動；
- 債務人經營業績的實際或預期重大惡化；
- 導致債務人履行其債務責任的能力大幅下降的債務人監管、經濟或技術環境的實際或預期重大不利變動。

### 3. 主要會計政策 (續)

#### 金融工具 (續)

#### 金融資產 (續)

金融資產減值 (根據附註2之過渡應用香港財務報告準則第9號) (續)

##### (i) 信貸風險顯著上升 (續)

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

儘管存在上述情況，倘債務工具於報告日期展示為具有低信貸風險，本集團假設債務工具的信貸風險自初步確認起並無大幅增加。倘i)其違約風險偏低，ii)借方有強大能力於短期滿足其合約現金流量責任，及iii)較長期的經濟及業務狀況存在不利變動，惟將未必削弱借方達成其合約現金流量責任的能力，則債務工具的信貸風險會被釐定為偏低。當債務工具的內部或外部信貸評級為「投資級別」（按照全球理解的釋義），則本集團會視該債務工具的信貸風險偏低。

由於本集團成為財務擔保合約一方的日期被視為就財務擔保合約減值評估進行首次確認之日期，故於評估信貸風險自財務擔保合約首次確認起是否有顯著上升時，本集團會考慮指定債務人違背合約的風險的變動。

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

##### (ii) 違約的定義

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

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

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

### 3. 主要會計政策 (續)

#### 金融工具 (續)

#### 金融資產 (續)

金融資產減值 (根據附註2之過渡應用香港財務報告準則第9號) (續)

#### (iii) 信貸減值金融資產

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

- a) 發行人或借款人出現重大財務困難；
- b) 違反合約，如違約或逾期事件；
- c) 借款人的貸款人因有關借款人財務困難的經濟或合約原因向借款人授出貸款人不會另作考慮的特權；或
- d) 借款人很可能將破產或進行其他財務重組。

#### (iv) 撤銷政策

當有資料顯示對手方陷入嚴重財政困難，且並無實際收回款項的可能時（例如對手方被清盤或進入破產程序），本集團會撤銷金融資產。經計及在適當情況下之法律意見後，已撤銷之金融資產可能仍可於本集團收回程序下被強制執行。撤銷構成終止確認事件。其後收回之任何款項於損益內確認。

#### (v) 預期信貸虧損的計量及確認

預期信貸虧損的計量為違約概率、違約損失率（即違約時的損失程度）及違約風險敞口的函數。評估違約概率及違約損失率的依據是過往數據，並按前瞻性資料調整。預期信貸虧損之估計反映無偏頗及概率加權數額，其乃根據加權之相應違約風險而釐定。

一般而言，預期信貸虧損按根據合約應付本集團之所有合約現金流量與本集團將收取之所有現金流量之間之差額估計，並按首次確認時釐定之實際利率貼現。

### 3. 主要會計政策 (續)

#### 金融工具 (續)

#### 金融資產 (續)

金融資產減值 (根據附註2之過渡應用香港財務報告準則第9號) (續)

#### (v) 預期信貸虧損的計量及確認 (續)

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

倘按集體基準計量預期信貸虧損，以處理於個別工具層面出現信貸風險顯著上升之證據尚未獲得之情況，金融工具乃按以下基準分組：

- 金融工具的性質 (即本集團的貿易應收賬款、合約資產、其他應收款項、受限制銀行存款及銀行結餘及銀行結餘各自獨立評估)；
- 逾期狀況；
- 債務人的性質、規模及行業；及
- 外部信貸評級 (倘有)。

管理層定期檢討分組方法，以確保各組別之組成項目繼續具有相似之信貸風險特徵。

利息收入乃根據金融資產的賬面總值計算，除非金融資產發生信貸減值，在此情況下，利息收入根據金融資產的攤銷成本計算。

就財務擔保合約而言，虧損撥備按根據香港財務報告準則第9號釐定的虧損撥備金額與初始確認金額減 (如適用) 擔保期內確認的累計收入金額，兩者較高者確認。

除按公平值計入其他全面收益的應收款項及財務擔保合約外，本集團就所有金融工具於損益確認減值收益或虧損，而對其賬面值的相應調整乃透過虧損撥備賬確認。就按公平值計入其他全面收益的應收款項而言，虧損撥備於其他全面收益確認並於其他儲備累計，而並無削減該等應收款項的賬面值。



### 3. 主要會計政策 (續)

#### 金融工具 (續)

#### 金融資產 (續)

金融資產的分類及其後計量 (於二零一八年一月一日應用香港財務報告準則第9號前)

金融資產分類為下列特定類別：按公平值計入損益之金融資產及貸款及應收款項。有關分類取決於金融資產的性質及目的而定，並於初步確認時釐定。所有以常規方式購入或出售金融資產乃按交易日期基準確認及終止確認。以常規方式購入或出售指須於市場規定或慣例所訂時限內交付資產的金融資產購入或出售。

#### 按公平值計入損益之金融資產

當金融資產(i)持作買賣或(ii)指定為按公平值計入損益時，金融資產分類為按公平值計入損益。

倘屬以下情況，金融資產被分類為持作買賣：

- 其主要為於不久將來出售而購買；或
- 在初步確認時，其為本集團所集中管理，並擁有短期獲利之近期實際模式之已識別金融工具組合的一部分；或
- 其為並非指定及有效作對沖工具的衍生工具。

按公平值計入損益的金融資產乃按公平值列賬，而重新計量產生之收益或虧損於損益中確認。於損益確認的淨收益或虧損包括就金融資產所賺取的任何股息或利息，並已計入「其他收益及虧損」項目。公平值按附註39所述之方式釐定。

#### 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。於初步確認後，貸款及應收款項（包括貿易應收賬款、應收貸款、其他應收款項、受限制銀行存款及銀行結餘、應收最終控股公司、合營企業、同系附屬公司、最終控股公司的聯營公司、聯營公司及聯營公司的附屬公司款項以及銀行結餘）使用實際利率法按攤銷成本減任何減值計量。

利息收入乃按實際利率法確認，惟利息確認將屬不重大的短期應收款項除外。

### 3. 主要會計政策 (續)

#### 金融工具 (續)

#### 金融資產 (續)

金融資產減值 (於二零一八年一月一日應用香港財務報告準則第9號前)

除按公平值計入損益者外，金融資產會於各報告期末評定是否有減值跡象。於有客觀證據顯示金融資產的估計未來現金流量因於初步確認該金融資產後發生的一件或多件事件而受到影響時，金融資產會被視作已減值。

就所有金融資產而言，減值的客觀證據可能包括：

- 發行人或交易對手出現重大財政困難；或
- 違反合約，如不能履行或拖欠支付利息或本金；或
- 借貸人很有可能面臨破產或財務重組。

應收款項組合之客觀減值證據可包括本集團之過往收款經驗、組合內超過平均信貸期30至180天的延遲還款次數增加及與應收款項逾期有關之全國或地方經濟狀況的明顯改變。

就按攤銷成本列賬之金融資產而言，所確認的減值虧損金額為資產賬面值與以金融資產原實際利率貼現的估計未來現金流量現值間的差額。

金融資產賬面值會直接就所有金融資產之減值虧損扣減，惟貿易應收賬款除外，其賬面值透過使用撥備賬扣減。撥備賬之賬面值變動於損益確認。倘貿易應收賬款被視為不可收回，則其於撥備賬撇銷。其後收回過往撇銷之款項會計入損益。

就按攤銷成本計量之金融資產而言，倘減值虧損金額於往後期間減少，而該減少客觀上與確認減值後發生之事件有關，則先前確認之減值虧損透過損益撥回，惟投資於撥回減值當日之賬面值不得超過在並無確認減值之情況下原有之攤銷成本。

### 3. 主要會計政策 (續)

#### 金融工具 (續)

##### 金融資產 (續)

##### 終止確認金融資產

僅在獲取資產所產生現金流量的合同權利到期，或將金融資產及該資產所有權的幾乎所有風險及回報轉讓予另一實體的情況下，本集團方會終止確認一項金融資產。

於終止確認一項按攤銷成本計量的金融資產時，資產的賬面值與已收及應收代價的差額會在損益中確認。

於應用香港財務報告準則第9號後終止確認按公平值計入其他全面收益的應收款項時，先前於其他儲備累計的累計收益或虧損重新分類至損益。

##### 金融負債及權益

##### 分類為債務或權益

債務及權益工具根據合約安排之內容及金融負債與權益工具之釋義分類為金融負債或權益。

##### 權益工具

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

##### 金融負債

金融負債（包括貿易應付賬款及其他應付款項及應計費用、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及其他借貸）其後採用實際利率法按攤銷成本計量。

##### 財務擔保合約

財務擔保合約為一項要求發行人作出指定付款，以償還持有人因特定債務人無法按照債務工具之條款支付到期款項而由此產生之損失。財務擔保合約負債初步按其公平值計量，其後按根據香港會計準則第37號「撥備、或然負債及或然資產」釐定之合約責任金額；及初步確認金額減（如適用）於擔保期間確認之累計攤銷兩者中之較高者計量。

### 3. 主要會計政策 (續)

#### 金融工具 (續)

#### 金融負債及權益 (續)

#### 取消確認金融負債

本集團於且僅於本集團的責任獲解除、取消或屆滿時取消確認金融負債。已取消確認的金融負債賬面值與已付及應付代價間的差額於損益中確認。

### 4. 關鍵會計判斷及估計不確定因素之主要來源

於應用本集團之會計政策 (載述於附註3) 時，本公司董事須對無法從其他途徑得知之資產及負債賬面值作出判斷、估計及假設。該等估計及相關假設乃根據以往經驗及多項認為相關的其他因素而作出。實際結果可能有別於該等估計。

估計及相關假設會持續檢討。倘會計估計修訂僅影響修訂估計期間，則有關修訂於該期間確認；或倘有關修訂影響目前及未來期間，則有關修訂於修訂期間及未來期間確認。

#### 應用會計政策時的關鍵判斷

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

#### 評估釐定履行履約責任的時間

確認本集團之收益流需要本集團管理層就釐定履行履約責任的時間作出評估。

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

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

#### 4. 關鍵會計判斷及估計不確定因素之主要來源 (續)

##### 應用會計政策時的關鍵判斷 (續)

##### 評估釐定履行履約責任的時間 (續)

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

##### 估計不確定因素之主要來源

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

##### 訴訟申索撥備

於二零一八年十二月三十一日，結算訴訟的預期虧損為人民幣60,117,000元，其於綜合財務狀況表的「訴訟申索撥備」列賬，亦計入綜合損益及其他全面收益表的「其他開支」內。有關於二零一八年十二月三十一日的訴訟申索撥備的詳情載於附註36。

由於現階段無法確定向最高人民法院提起上訴的結果，就訴訟申索作出的撥備在獲得判決結果時可能為超額或不足。

##### 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。

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。

於二零一八年十二月三十一日，物業、廠房及設備的賬面值為人民幣204,710,000元（二零一七年：人民幣180,401,000元）。截至二零一八年及二零一七年十二月三十一日止年度，概無確認減值虧損。

#### 4. 關鍵會計判斷及估計不確定因素之主要來源 (續)

##### 估計不確定因素之主要來源 (續)

##### 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。就評估可變現淨值及作出適當撥備，管理層通過識別滯銷或陳舊存貨，並考慮存貨的實際狀況、賬齡、市場條件及類似項目的市場價格估計存貨減值撥備。

於二零一八年十二月三十一日，本集團存貨賬面值為人民幣524,752,000元（扣除存貨撥備人民幣23,629,000元）（二零一七年：人民幣345,626,000元（扣除存貨撥備人民幣22,026,000元））。

##### 保修撥備

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

於二零一八年十二月三十一日，本集團保修撥備賬面值為人民幣5,311,000元（二零一七年：人民幣5,755,000元）。

##### 金融資產及合約資產減值

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

自二零一八年一月一日採納香港財務報告準則第9號以來，本集團管理層根據金融資產之信貸風險估計貿易應收賬款、合約資產、應收貸款、其他應收款項、受限制銀行存款及銀行結餘、按公平值計入其他全面收益的應收款項及應收最終控股公司、合營企業、同系附屬公司、最終控股公司之聯營公司、一間聯營公司之聯營公司及附屬公司之款項以及銀行結餘的預期信貸虧損之虧損撥備。估計金融資產及合約資產之信貸風險涉及高水平的估計及不確定性。當實際未來現金流量少於預期或高於預期，則可能會出現重大減值虧損或重大減值虧損撥回。



## 5A. 收入

收入的細分

截至二零一八年十二月三十一日止年度

	總計 人民幣千元
工具機	928,341
停車設備	89,814
叉車	72,538
	1,090,693

### 分配至客戶合約剩餘履約義務的交易價格

由於本集團合約的原預期期限少於一年，因此本集團應用實際權宜作法，不披露分配至未履行履約義務的交易價格。

## 5B. 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經營及應呈報分類：(1)工具機；(2)停車設備；及(3)叉車。本集團於劃分應呈報分類時並無合併經營分類。

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

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

	工具機 人民幣千元	停車設備 人民幣千元	叉車 人民幣千元	總計 人民幣千元
<b>截至二零一八年十二月三十一日止年度</b>				
收益（均來自外部銷售）	<b>928,341</b>	<b>89,814</b>	<b>72,538</b>	<b>1,090,693</b>
收益成本	<b>(665,102)</b>	<b>(70,291)</b>	<b>(64,573)</b>	<b>(799,966)</b>
分類溢利	<b>263,239</b>	<b>19,523</b>	<b>7,965</b>	<b>290,727</b>

## 5B. 分類資料 (續)

	工具機 人民幣千元	停車設備 人民幣千元	叉車 人民幣千元	總計 人民幣千元
<b>截至二零一七年十二月三十一日止年度</b>				
收益 (均來自外部銷售)	1,009,354	186,165	99,282	1,294,801
收益成本	(737,198)	(154,055)	(91,033)	(982,286)
分類溢利	272,156	32,110	8,249	312,515

本集團大部分業務及可識別非流動資產位於中國，及本集團主要向中國市場出售產品。各年度概無客戶貢獻本集團收益總額10%以上。

## 6A. 其他收入

	二零一八年 人民幣千元	二零一七年 人民幣千元
銷售廢料	38,055	44,572
諮詢收入	2,629	—
與收入相關的政府補貼及補助*	22,787	22,182
維修收入	13,780	10,888
租金收入	460	220
利息收入	4,496	4,261
其他	2,276	1,360
	<b>84,483</b>	<b>83,483</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）。

## 6B. 其他收益及虧損

	二零一八年 人民幣千元	二零一七年 人民幣千元
出售物業、廠房及設備收益(虧損)	118	(37)
匯兌(虧損)收益淨額	(28,439)	920
	(28,321)	883

## 6C. 其他開支

	二零一八年 人民幣千元	二零一七年 人民幣千元
訴訟申索撥備(附註36)	60,117	—
已售廢料成本	27,851	35,517
	87,968	35,517

## 7. 除所得稅前（虧損）溢利

除所得稅前（虧損）溢利已扣除下列各項：

	二零一八年 人民幣千元	二零一七年 人民幣千元
董事及高級行政人員酬金	1,690	1,839
其他員工成本	145,906	151,001
其他員工退休福利計劃供款	4,910	5,036
員工成本總額	152,506	157,876
資本化於存貨	(55,746)	(61,632)
	96,760	96,244
對下列各項進行分析：		
於銷售費用扣除	60,992	65,325
於行政費用扣除	23,987	19,057
於研發成本扣除	11,781	11,862
	96,760	96,244
物業、廠房及設備折舊	20,795	22,343
預付租賃款項攤銷	2,905	3,032
無形資產攤銷	1,252	1,403
折舊及攤銷總額	24,952	26,778
資本化於存貨	(10,967)	(10,583)
	13,985	16,195
對下列各項進行分析：		
於銷售費用扣除	1,261	1,326
於行政費用扣除	9,357	11,321
於其他營運費用扣除	2,263	2,258
於研發成本扣除	1,104	1,290
	13,985	16,195
核數師酬金	1,808	1,984
確認為開支的存貨成本	765,594	884,532
存貨撇減（撥回）	2,087	(2,981)
保證撥備	4,983	6,282
產生租金收入的直接經營開支	330	137
研發成本		
員工成本	11,781	11,862
折舊及攤銷	1,104	1,290
確認為研究支出的存貨成本	21,076	19,971
其他	3,126	10,673
	37,087	43,796

## 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根據適用上市規則及公司條例披露載列如下：

#### 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
截至二零一八年 十二月三十一日止年度						
袍金	—	—	—	144	144	288
薪金及其他福利	—	—	—	—	—	—
退休福利計劃供款	—	—	—	—	—	—
酌情表現花紅	1,051	—	—	—	—	1,051
總額	1,051	—	—	144	144	1,339
截至二零一七年 十二月三十一日止年度						
薪金及其他福利	—	180	—	144	144	468
退休福利計劃供款	—	—	—	—	—	—
酌情表現花紅	518	518	—	—	—	1,036
總額	518	698	—	144	144	1,504

<sup>#</sup> 主席，及於二零一八年十二月七日獲委任為行政總裁

<sup>\*</sup> 行政總裁，於二零一八年十一月八日離世



## 8. 董事及行政總裁之酬金 (續)

### (a) 董事及行政總裁之酬金 (續)

#### 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
截至二零一八年 十二月三十一日止年度 袍金	175	88	88	351
截至二零一七年 十二月三十一日止年度 袍金	167	84	84	335

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行政總裁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。

### (b) 五名最高薪人士

本集團五名最高薪酬人士當中，一名（二零一七年：一名）為本公司董事。剩餘四名（二零一七年：四名）既非公司董事亦非行政總裁的最高薪人士的酬金如下：

	二零一八年 人民幣千元	二零一七年 人民幣千元
薪金及補貼	1,987	1,902
酌情表現花紅	1,992	1,928
退休福利計劃供款	165	110
	4,144	3,940

## 8. 董事及行政總裁之酬金 (續)

### (b) 五名最高薪人士 (續)

並非本公司董事之五名最高薪僱員薪酬介乎以下範圍之人數如下：

	二零一八年 僱員人數	二零一七年 僱員人數
零至1,000,000港元	2	1
1,000,001港元至1,500,000港元	2	3

於本年度，本集團並無向本公司任何董事及行政總裁或五名最高薪人士支付任何酬金以作為彼等加入本集團或於加入本集團時之獎勵或作為離職補償。於本年度，本公司董事或行政總裁概無放棄任何酬金。

## 9. 財務費用

	二零一八年 人民幣千元	二零一七年 人民幣千元
利息開支：		
— 銀行借貸	14,180	8,803
— 其他借貸	583	—
總借貸成本	14,763	8,803
減：資本化為合資格資產成本之金額	(583)	—
	14,180	8,803

於年內資本化之借貸成本產生自其他借貸，並按每年4.75%的資本化率計算。

## 10. 所得稅開支

	二零一八年 人民幣千元	二零一七年 人民幣千元
即期企業所得稅（「企業所得稅」）		
— 本年度	16,403	18,347
— 過往年度（超額撥備）撥備不足	(610)	1,729
	15,793	20,076
遞延稅項抵免（附註32）	(799)	(700)
	14,994	19,376

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。於二零一八年，杭州友佳獲相關政府當局批准延續其高新技術企業稱號，有權於二零一八年起計的三年期間享有15%的優惠稅率。因此，杭州友佳於二零一八年的適用稅率為15%（二零一七年：15%）。

根據二零零七年十二月六日頒佈的《中國企業所得稅法實施條例》，自二零零八年一月一日起於中國成立的公司向其當時海外投資者匯付的股息應按10%的稅率繳納預扣稅。倘中國內地與海外投資者所在司法權區訂有稅項安排，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。

截至二零一八年十二月三十一日止年度，本公司董事已評定任何中國附屬公司將不會於可見將來宣派任何股息。由於本集團有能力控制撥回該等暫時性差額之時間且該等暫時性差額不大可能於可見將來撥回，因此，本公司董事認為毋須就本集團中國附屬公司之未分配保留盈利人民幣237,377,000元（二零一七年：人民幣182,730,000元）繳納預扣稅。於本年度，任何中國附屬公司概無宣派或派付任何股息。

## 10. 所得稅開支(續)

年內所得稅開支與綜合損益及其他全面收益表之除所得稅前(虧損)溢利對賬如下：

	二零一八年 人民幣千元	二零一七年 人民幣千元
除所得稅前(虧損)/溢利	(42,730)	85,066
加：分佔合營企業及聯營公司之虧損	43,305	5,651
	575	90,717
按適用於本集團主要營運實體的稅率(15%)計算的稅項	86	13,608
以下之稅項影響：		
不可扣稅開支	8,018	5,440
動用先前未確認稅項虧損	(1,467)	(547)
並無確認遞延所得稅資產之稅項虧損	12,048	2,117
未確認之可扣減暫時差額	1,043	31
動用以往未確認之可扣減暫時差異	—	(661)
附屬公司之不同稅率	(62)	394
授予杭州友佳之稅率減免	(4,062)	(2,735)
過往年度(超額撥備)撥備不足	(610)	1,729
	14,994	19,376

## 11. 每股(虧損)盈利

每股基本(虧損)盈利乃按本公司擁有人應佔虧損人民幣57,724,000元(二零一七年：本公司擁有人應佔溢利人民幣65,690,000元)除以年內已發行普通股403,200,000股(二零一七年：403,200,000股)計算。

	二零一八年	二零一七年
每股基本(虧損)盈利(每股人民幣元)	(0.14)	0.16

由於兩個年度內並無已發行潛在攤薄普通股，故並無呈列每股攤薄(虧損)盈利。

## 12. 股息

	二零一八年 人民幣千元	二零一七年 人民幣千元
年內確認為分派之本公司普通股股東之股息：		
二零一八年中中期股息－每股人民幣0.05元及		
二零一七年末期股息－每股人民幣0.06元		
（二零一七年：二零一七年中中期股息－每股人民幣0.05元）	<b>44,352</b>	20,160

截至二零一八年十二月三十一日止年度，並無建議就本公司普通股股東派付股息。

## 13. 預付租賃款項

	二零一八年 人民幣千元	二零一七年 人民幣千元
賬面值		
年初	<b>125,957</b>	123,855
添置	–	5,134
攤銷至損益	<b>(2,905)</b>	(3,032)
年終	<b>123,052</b>	125,957
減：於一年內將予攤銷之金額	<b>(2,905)</b>	(2,905)
非流動部分	<b>120,147</b>	123,052

誠如附註42所披露，於二零一八年十二月三十一日，本集團以賬面值約人民幣87,600,000元（二零一七年：人民幣3,352,000元）之預付租賃款項為本集團獲授一般銀行信貸額度作抵押。

## 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>						
於二零一七年一月一日	204,107	169,702	31,422	21,431	3,216	429,878
添置	1,532	1,399	862	984	3,699	8,476
轉撥	145	–	78	–	(223)	–
出售	(562)	(2,279)	(812)	(1,844)	–	(5,497)
於二零一七年十二月三十一日	205,222	168,822	31,550	20,571	6,692	432,857
添置	272	1,863	667	2,317	40,386	45,505
轉撥	–	172	57	–	(229)	–
出售	–	(840)	(427)	(2,769)	–	(4,036)
於二零一八年十二月三十一日	205,494	170,017	31,847	20,119	46,849	474,326
<b>折舊及減值</b>						
於二零一七年一月一日	76,812	114,538	24,059	19,137	–	234,546
年度撥備	9,398	10,684	1,137	1,124	–	22,343
出售	(67)	(1,953)	(753)	(1,660)	–	(4,433)
於二零一七年十二月三十一日	86,143	123,269	24,443	18,601	–	252,456
年度撥備	9,157	9,524	992	1,122	–	20,795
出售	–	(751)	(392)	(2,492)	–	(3,635)
於二零一八年十二月三十一日	95,300	132,042	25,043	17,231	–	269,616
<b>賬面值</b>						
於二零一八年十二月三十一日	110,194	37,975	6,804	2,888	46,849	204,710
於二零一七年十二月三十一日	119,079	45,553	7,107	1,970	6,692	180,401

誠如附註42所披露，於二零一八年十二月三十一日，本集團以賬面值約人民幣7,763,000元（二零一七年：人民幣8,428,000元）之樓宇為本集團獲授一般銀行信貸額度作抵押。



## 15. 無形資產

	軟件 人民幣千元
<b>成本</b>	
於二零一七年一月一日	14,482
添置	1,175
於二零一七年十二月三十一日	15,657
添置	264
於二零一八年十二月三十一日	15,921
<b>攤銷</b>	
於二零一七年一月一日	11,051
年度支出	1,403
於二零一七年十二月三十一日	12,454
年度支出	1,252
於二零一八年十二月三十一日	13,706
<b>賬面值</b>	
於二零一八年十二月三十一日	2,215
於二零一七年十二月三十一日	3,203

## 16. 附屬公司詳情

於二零一八年及二零一七年十二月三十一日，本集團的附屬公司如下：

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	
				二零一八年	二零一七年
直接持有附屬公司					
永達有限公司	英屬處女群島 （「英屬處女 群島」）	投資控股	普通股110美元	100%	100%
友華控股有限公司	英屬處女群島	投資控股	普通股1,500,000美元	100%	100%
海盛國際控股有限公司	英屬處女群島	投資控股	普通股200,000美元	100%	100%
天盛投資有限公司	英屬處女群島	投資控股	普通股5,000,000美元	100%	100%
佳勝集團有限公司	英屬處女群島	投資控股	普通股1美元	100%	100%
永達香港發展有限公司	香港	貿易及投資控股	普通股1,000港元	100%	100%
忠盛實業有限公司	香港	暫無營業	普通股2港元	100%	100%
友華香港實業有限公司	香港	投資控股	普通股1,000港元	100%	100%
海盛國際香港有限公司	香港	投資控股	普通股1,000港元	100%	100%
天盛香港實業有限公司（「天盛」）	香港	投資控股	普通股1,000港元	100%	100%

## 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	
				二零一八年	二零一七年
間接持有附屬公司					
杭州友佳	中國	設計及生產電腦數控工具機、 設計工具機及建造立體停車設備	註冊資本11,000,000美元	100%	100%
杭州友高精密機械有限公司	中國	設計及組裝叉車	註冊資本10,000,000美元	100%	100%
杭州友華精密機械有限公司	中國	設計及生產電腦數控工具機	註冊資本30,000,000美元	100%	100%
杭州友達機械科技有限公司	中國	加工電腦數控工具機	註冊資本15,000,000美元	100%	100%
上海友盛精密機械有限公司	中國	買賣電腦數控工具機	註冊資本200,000美元	100%	100%
上海顯德精密機械有限公司(「顯德」)	中國	高端工具機貿易	註冊資本1,000,000美元	100%	100%
友嘉(河南)精密機械有限公司	中國	設計及生產電腦數控工具機、設計 工具機及建造立體停車設備	註冊資本30,000,000美元	100%	100%

## 17. 於合營企業的投資

	二零一八年 人民幣千元	二零一七年 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	(7,161)	(9,279)
	20,505	18,387

本集團各合營企業於報告期末詳情如下：

實體名稱	註冊成立／ 登記國家	主要營業地點	本集團所持 所有權權益比例		本集團所持 投票權比例		主要業務
			二零一八年	二零一七年	二零一八年	二零一七年	
Anest Iwata Feeler Corporation (「AIF」)	中國	中國	35%	35%	35%	35%	製造及銷售氣壓機和零件
Hangzhou Nippon Cable Feeler Corporation (「Nippon Cable Feeler」)	中國	中國	50%	50%	50%	50%	批發及出口停車設備
Hangzhou Feeler Mectron Machinery	中國	中國	45%	45%	45%	45%	製造及銷售工具機及有關產品
Hangzhou Union Friend Machinery Co., Ltd. (「UFM」)	中國	中國	55%	55%	55%	55%	製造及銷售工具機及有關產品

## 17. 於合營企業的投資 (續)

### 主要合營企業之財務資料概要

有關本集團主要合營企業之財務資料概要載於下文。以下財務資料代表合營企業財務報表之金額是按香港財務準則編製。

合營企業於該等綜合財務報表內乃以權益法入賬。

### AIF

	二零一八年 人民幣千元	二零一七年 人民幣千元
流動資產	48,455	42,979
非流動資產	28,681	30,547
流動負債	(23,764)	(24,024)
非流動負債	(7,065)	(6,544)
上述資產及負債金額包括以下各項：		
現金及現金等值物	8,990	6,149
流動金融負債（不包括應付賬款及其他應付款及撥備）	(8,403)	(9,468)
	二零一八年 人民幣千元	二零一七年 人民幣千元
收益	102,765	93,267
年內溢利及全面收益總額	3,349	6,134

## 17. 於合營企業的投資 (續)

## 主要合營企業之財務資料概要 (續)

上述本年度溢利及全面收益包括以下各項：

	二零一八年 人民幣千元	二零一七年 人民幣千元
折舊及攤銷	2,971	3,031
利息收入	(10)	(8)
利息開支	405	400
所得稅開支	—	—

上述財務資料概要與綜合財務報表內所確認於AIF之權益之賬面值對賬：

	二零一八年 人民幣千元	二零一七年 人民幣千元
AIF之資產淨值	46,307	42,958
本集團於AIF之擁有權權益之比例	35%	35%
本集團於AIF之權益之賬面值	16,207	15,035

## 個別不屬於重大合營公司之資料匯總

	二零一八年 人民幣千元	二零一七年 人民幣千元
本集團應佔本年度溢利(虧損)及全面收益(開支)總額	946	(254)
本集團於該等合營公司權益之總賬面值	4,298	3,352



## 18. 於聯營公司的投資

	二零一八年 人民幣千元	二零一七年 人民幣千元
於聯營公司非上市投資的成本	<b>415,701</b>	415,701
分佔收購後虧損及其他全面虧損	<b>(119,317)</b>	(92,143)
換算海外業務產生之匯兌差額	<b>34,939</b>	32,359
	<b>331,323</b>	355,917

於二零一八年及二零一七年十二月三十一日，本集團於下列聯營公司擁有權益：

實體名稱	註冊成立／ 登記國家	主要營業地點	本集團所持 所有權權益比例		本集團所持 投票權比例		主要業務
			二零一八年	二零一七年	二零一八年	二零一七年	
FFG Europe S.p.A. (「FFG Europe」)	意大利	意大利	<b>30.16%</b>	30.16%	<b>30.16%</b>	30.16%	製造及銷售工具機及有關產品
FFG Werke GmbH (「FFG Werke」)	德國	德國	<b>39.00%</b>	39.00%	<b>39.00%</b>	39.00%	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
FFG European and American Holdings GmbH (「FFG EA」)	德國	德國	<b>81.37%</b>	81.37%	<b>33.33%</b>	33.33%	投資控股公司

### FFG Europe

FFG Europe由天盛、金友國際有限公司(「金友」)(友嘉之全資附屬公司，且並不構成本集團之一部分)、和騰有限公司(「和騰」)(其16.24%已發行股本由友嘉間接持有)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。

## 18. 於聯營公司的投資 (續)

### FFG Werke

FFG Werke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37.00%、10.00%、39.00%及14.00%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、台灣麗偉電腦機械股份有限公司(其16.24%已發行股本由友嘉持有)及友嘉擁有約81.37%、12.12%及6.51%股權。

FFG EA股東已同意成立股東委員會，據此三名股東均有權指定一名成員於股東委員會投票。股東委員會將掌管對FFG EA之全部控制權，且任何決議案須由股東委員會按簡單多數通過。本集團能夠對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(「MAG」)及其附屬公司(統稱「MAG集團」)之100%股權。FFG European剩餘之44.70%股權分別由萬佳有限公司(「萬佳」，一名獨立第三方)、富聯投資有限公司(「富聯」，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。

## 18. 於聯營公司的投資 (續)

### 財務狀況表摘要

	FFG Europe		FFG Werke		FFG EA		總計	
	二零一八年 人民幣千元	二零一七年 人民幣千元	二零一八年 人民幣千元	二零一七年 人民幣千元	二零一八年 人民幣千元	二零一七年 人民幣千元	二零一八年 人民幣千元	二零一七年 人民幣千元
現金	13,723	32,535	13,456	4,697	188,920	257,687	216,099	294,919
其他流動資產	607,796	488,518	468,078	545,100	2,057,476	1,927,309	3,133,350	2,960,927
流動資產總值	621,519	521,053	481,534	549,797	2,246,396	2,184,996	3,349,449	3,255,846
短期銀行借貸	(123,572)	(100,985)	(237,945)	(177,916)	(207,568)	(254,488)	(569,085)	(533,389)
其他金融負債	(473,612)	(400,297)	(397,572)	(375,056)	(1,835,053)	(1,648,361)	(2,706,237)	(2,423,714)
流動負債總額	(597,184)	(501,282)	(635,517)	(552,972)	(2,042,621)	(1,902,849)	(3,275,322)	(2,957,103)
非流動資產	190,028	181,887	138,068	236,230	1,743,790	1,875,938	2,071,886	2,294,055
非流動負債	(232,226)	(211,887)	(212,408)	(294,685)	(1,205,208)	(1,366,409)	(1,649,842)	(1,872,981)
(虧絀)資產淨值	(17,863)	(10,229)	(228,323)	(61,630)	742,357	791,676	496,171	719,817
減：非控股權益	—	—	—	—	335,177	354,271	335,177	354,271
聯營公司擁有人應佔之(虧絀)資產淨值	(17,863)	(10,229)	(228,323)	(61,630)	407,180	437,405	160,994	365,546

## 18. 於聯營公司的投資 (續)

## 損益及其他全面收益表摘要

	FFG Europe		FFG Werke		FFG EA		總計	
	二零一八年 人民幣千元	二零一七年 人民幣千元	二零一八年 人民幣千元	二零一七年 人民幣千元	二零一八年 人民幣千元	二零一七年 人民幣千元	二零一八年 人民幣千元	二零一七年 人民幣千元
收益	631,160	563,027	532,846	703,335	3,572,255	3,432,545	4,736,261	4,698,907
收益成本	(375,777)	(335,689)	(437,216)	(665,341)	(3,077,960)	(2,879,477)	(3,890,953)	(3,880,507)
其他開支	(257,321)	(256,374)	(251,882)	(121,598)	(535,239)	(593,710)	(1,044,442)	(971,682)
除稅前虧損	(1,938)	(29,036)	(156,252)	(83,604)	(40,944)	(40,642)	(199,134)	(153,282)
所得稅抵免 (開支)	969	7,150	(14,603)	(12,095)	(42,263)	73,065	(55,897)	68,120
年內 (虧損) 溢利	(969)	(21,886)	(170,855)	(95,699)	(83,207)	32,423	(255,031)	(85,162)
減：非控股權益	-	-	-	-	(27,384)	10,637	(27,384)	10,637
聯營公司擁有人應佔年內 (虧損) 溢利	(969)	(21,886)	(170,855)	(95,699)	(55,823)	21,786	(227,647)	(95,799)
聯營公司擁有人應佔年內其他全面開支	-	-	-	(2,185)	22,427	(57,690)	22,427	(59,875)
分佔聯營公司 (虧損) 溢利	(292)	(6,601)	(66,634)	(37,322)	(45,423)	17,726	(112,349)	(26,197)
減：未確認分佔聯營公司虧損	(292)	(3,085)	(66,634)	(15,568)	-	-	(66,926)	(18,653)
已確認分佔聯營公司 (虧損) 溢利	-	(3,516)	-	(21,754)	(45,423)	17,726	(45,423)	(7,544)
分佔聯營公司其他全面 (開支) 收入	-	-	-	(852)	18,249	(46,942)	18,249	(47,794)

## 18. 於聯營公司的投資 (續)

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。

### 財務資料摘要

	FFG Europe		FFG Werke		FFG EA		總計	
	二零一八年 人民幣千元	二零一七年 人民幣千元	二零一八年 人民幣千元	二零一七年 人民幣千元	二零一八年 人民幣千元	二零一七年 人民幣千元	二零一八年 人民幣千元	二零一七年 人民幣千元
期初資產淨值	(10,229)	13,846	(61,630)	35,964	437,405	441,177	365,546	490,987
匯兌差額	(6,665)	(2,189)	4,162	290	3,171	32,132	668	30,233
年內其他全面(開支)收入	-	-	-	(2,185)	22,427	(57,690)	22,427	(59,875)
聯營公司擁有人應佔年內(虧損)溢利	(969)	(21,886)	(170,855)	(95,699)	(55,823)	21,786	(227,647)	(95,799)
於十二月三十一日聯營公司擁有人 應佔之期末資產淨值	(17,863)	(10,229)	(228,323)	(61,630)	407,180	437,405	160,994	365,546
股本權益	30.16%	30.16%	39.00%	39.00%	81.37%	81.37%		
分佔資產淨值	(5,387)	(3,085)	(89,047)	(24,036)	331,323	355,917	236,889	328,796
未確認分佔聯營公司虧損	5,387	3,085	80,579	15,568	-	-	85,966	18,653
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	6,017	-	-	6,017	6,017
於十二月三十一日的賬面值	-	-	-	-	331,323	355,917	331,323	355,917

附註：

- a. 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。

## 19A. 貿易應收賬款及其他應收賬款及預付款項

	二零一八年 人民幣千元	二零一七年 人民幣千元
貿易應收賬款	323,790	387,221
減：貿易應收賬款減值撥備	(46,931)	(37,811)
	276,859	349,410
應收票據	—	128,054
預付款項	44,713	41,662
其他	24,238	22,815
貿易應收賬款及其他應收賬款及預付款項總額	345,810	541,941

本集團一般給予其客戶30至180天信貸期。本集團亦允許其客戶保留若干比例的未償還結餘作為保留金，為數人民幣22,699,000元（二零一七年：人民幣22,487,000元），就該等款項而言收取代價權利的條件已獲達成並已成為無條件。

於二零一八年及二零一七年十二月三十一日，貿易應收賬款總額根據到期日的賬齡分析如下：

	二零一八年 人民幣千元	二零一七年 人民幣千元
即期－30天	207,953	269,787
31－60天	2,365	6,943
61－90天	4,568	8,576
91－180天	10,353	20,052
180天以上	98,551	81,863
	323,790	387,221



### 19A. 貿易應收賬款及其他應收賬款及預付款項 (續)

於二零一七年十二月三十一日，應收票據根據逾期日之賬齡分析如下：

	二零一七年 人民幣千元
即期－30天	128,054

於二零一八年十二月三十一日，本集團之貿易應收賬款結餘中包括賬面總值為人民幣108,904,000元於報告日期逾期90天以上之應收賬款。該等逾期結餘中，人民幣62,039,000元已逾期且並無爭議，該款項不視為拖欠，此乃由於本集團管理層已依照過往結算方式、行業慣例及本集團過往實際損失經驗就該等債務人評估客戶結算的應收賬款可能性為高。本集團管理層認為，當該等應收賬款已逾期1年以上或與本集團發生爭議時，拖欠風險變高並被視為拖欠。

於二零一七年十二月三十一日，本集團管理層評估是否有客觀證據表明貿易應收賬款發生減值。對於根據管理層於報告期末進行的評估被視為個別減值的應收款項，本集團會作出減值撥備。

於二零一七年十二月，本集團的貿易應收賬款包括已逾期的應收賬款賬面總值人民幣83,440,000元，而本集團並無就其作出減值虧損撥備。本集團並無就該等結餘持有任何抵押品。

已逾期但未減值的貿易應收賬款總額之賬齡分析：

	二零一七年 人民幣千元
1－30天	17,009
31－60天	6,567
61－90天	8,529
91－180天	13,981
180天以上	37,354
	83,440

## 19A. 貿易應收賬款及其他應收賬款及預付款項 (續)

本集團貿易應收賬款於二零一八年的減值撥備變動如下：

	二零一八年 人民幣千元
於一月一日	37,811
重新計量預期信貸虧損下的虧損撥備	5,340
於一月一日之經調整結餘	43,151
減值撥備	9,131
應收款項撤銷	(5,351)
於十二月三十一日	46,931

本集團貿易應收賬款於二零一七年的減值撥備變動如下：

	二零一七年 人民幣千元
於一月一日	33,792
減值撥備	5,505
撥回撤銷	(1,486)
於十二月三十一日	37,811

二零一七年的貿易應收賬款減值撥備結餘包括個別已減值的貿易應收賬款結餘總額為人民幣37,811,000元，經考慮過往收款經驗，該等貿易應收賬款被視為不可收回。本集團並無就該等結餘持有任何抵押品。

本集團以相關集團實體功能貨幣以外的貨幣計值的貿易應收賬款及其他應收款項及預付款項如下：

	二零一八年 人民幣千元	二零一七年 人民幣千元
美元	23,404	20,211
歐元	16,708	24,044
其他貨幣	1,508	1,170

## 19B. 合約資產

	二零一八年 十二月三十一日 人民幣千元	二零一八年 一月一日* 人民幣千元
工具機	30,692	32,237
停車設備	16,265	14,466
	46,957	46,703
減：合約資產虧損撥備	(230)	(486)
	46,727	46,217

\* 該列金額為應用香港財務報告準則第9號及第15號後調整之金額。

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

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

### 合約資產虧損撥備變動

截至二零一八年十二月三十一日止年度合約資產虧損撥備變動：

	二零一八年 人民幣千元
於一月一日	—
重新計量預期信貸虧損下的虧損撥備	486
於一月一日經調整結餘	486
虧損撥備回撥	(256)
於十二月三十一日	230

### 19C. 轉讓金融資產

於二零一八年十二月三十一日，本集團已通過背書票據向供應商轉讓人民幣75,770,000元（二零一七年：人民幣183,328,000元）。

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

### 20. 應收貸款

於二零一八年十二月三十一日，本集團授予萬佳的應收貸款為無抵押、免息、須於一年內償還。

本集團應收貸款以相關集團實體之功能貨幣以外之貨幣列值如下：

	二零一八年 人民幣千元	二零一七年 人民幣千元
歐元	35,627	—

### 21. 按公平值計入其他全面收益的應收款項

	二零一八年 人民幣千元
六個月內到期的應收票據（按應收票據發行日期呈列）	106,400

## 22. 存貨

	二零一八年 人民幣千元	二零一七年 人民幣千元
原材料	62,425	62,791
在製品	234,030	90,002
製成品	228,297	192,833
	524,752	345,626

於二零一八年，人民幣2,087,000元的存貨撇減已獲確認及計入銷售成本。於二零一七年，人民幣2,981,000元的存貨回撥獲確認及計入銷售成本，此乃主要由於研發項目中部分貨齡較長的部件被用於製造機械手。

## 23. 應收（應付）客戶合約工程款項

	二零一七年 人民幣千元
已產生合約成本加經確認溢利減經確認虧損 減：工程進度款項	913,875 (906,418)
	7,457
	二零一七年 人民幣千元
應收合約客戶款項	50,270
應付合約客戶款項	(42,813)
應收客戶合約工程款項淨額	7,457

## 24. 受限制銀行存款及銀行結餘

	二零一八年 人民幣千元	二零一七年 人民幣千元
受限制銀行存款	15,900	32,716
受限制銀行結餘(附註36)	54,087	—
	69,987	32,716

受限制銀行存款指為本集團獲授貿易融資信貸提供擔保而存入銀行的金額。該存款於一年內到期，按固定年利率0.3%(二零一七年:0.4%)計息。

## 25. 按公平值計入損益之金融資產／結構性存款

本集團已與多間銀行簽訂結構性存款，該等投資並無保證回報。

於二零一八年一月一日，本集團採納香港財務報告準則第9號，結構性存款為強制按公平值計入損益計量。

## 26. 銀行結餘及現金

銀行結餘按市場利率介乎每年0.35%至1.5%(二零一七年十二月三十一日:0.35%至1.5%)計息。

本集團以相關集團實體功能貨幣以外貨幣計值的銀行結餘及現金載列如下：

	二零一八年 人民幣千元	二零一七年 人民幣千元
美元	6,114	10,777
歐元	31,418	7,225
其他貨幣	7,248	1,097

## 27. 股本

	股份數目 千股	股本 千港元	股本 人民幣千元
<b>每股面值0.01港元的普通股</b>			
<b>法定：</b>			
於二零一七年一月一日、二零一七年十二月三十一日、 二零一八年一月一日及二零一八年十二月三十一日	1,000,000	10,000	10,211
<b>已發行及繳足：</b>			
於二零一七年一月一日、二零一七年十二月三十一日、 二零一八年一月一日及二零一八年十二月三十一日	403,200	4,032	4,022

## 28. 貿易應付賬款及其他應付款項及應計開支

	二零一八年 人民幣千元	二零一七年 人民幣千元
貿易應付賬款	163,957	196,462
來自客戶的預付按金	—	296,284
其他應付款項	32,474	54,170
應計開支	46,538	42,776
貿易應付賬款及其他應付款項及應計開支總額	242,969	589,692

貿易應付賬款根據到期日呈列的賬齡分析如下：

	二零一八年 人民幣千元	二零一七年 人民幣千元
即期－30天	92,947	113,021
31－60天	44,181	51,625
61－90天	5,447	7,592
91－180天	6,926	12,499
180天以上	14,456	11,725
	163,957	196,462



## 28. 貿易應付賬款及其他應付款項及應計開支 (續)

本集團一般獲得30至60天的信貸期。

本集團以相關集團實體功能貨幣以外貨幣計值的貿易應付賬款及其他應付款項及應計開支載列如下：

	二零一八年 人民幣千元	二零一七年 人民幣千元
美元	3,224	24,056
歐元	13,436	104,157
港元	2,111	2,054

## 29. 合約負債

	二零一八年 十二月三十一日 人民幣千元	二零一八年 一月一日* 人民幣千元
工具機	145,501	280,784
停車設備	205,920	149,490
叉車	7,330	6,437
	358,751	436,711

\* 該列金額為應用香港財務報告準則第15號後調整之金額。

預計於本集團正常營運週期內結算的合約負債分類為流動負債。

下表呈列於本年度確認的收益與結轉合約負債相關的數額。本年度並無確認任何與過往期間履行義務有關的收益。

## 29. 合約負債 (續)

年初計入合約負債結餘的已確認收益：

	人民幣千元
工具機	236,258
停車設備	149,490
叉車	6,437
	392,185

## 30. 保證撥備

	二零一八年 人民幣千元	二零一七年 人民幣千元
於一月一日	5,755	6,018
年度撥備	4,983	6,282
動用撥備	(5,427)	(6,545)
於十二月三十一日	5,311	5,755

保證撥備指管理層根據過往經驗及業內瑕疵產品之平均水平對本集團一至兩年之保證責任承擔作出之最佳估計。

## 31. 銀行及其他借款

	二零一八年 人民幣千元	二零一七年 人民幣千元
銀行借貸－浮動利率	563,239	367,428
其他借貸－免息	35,093	—
	598,332	367,428
有抵押	35,093	—
無抵押	563,239	367,428
	598,332	367,428
應償還賬面值*		
一年內	563,239	367,428
兩年以上但不超過五年	35,093	—
	598,332	367,428

\* 到期金額乃根據列於貸款協議的既定還款日期呈列。

本集團的浮動利率借貸按香港銀行同業拆息／倫敦銀行同業拆息／台北銀行同業拆息／歐元銀行同業拆息計息。

本集團其他借貸為從中國政府獲得的人民幣43,522,000元免息貸款。該筆貸款須於二零二三年悉數償還。按同等貸款的通行市場利率4.75%計算，貸款初始公平值為人民幣34,510,000元。其他借貸的總所得款項與公平值之間的差額人民幣9,012,000元為免息貸款所得利益，確認為遞延收入（附註33），並將按與相關物業、廠房及設備折舊相同之基準於損益中確認。

### 31. 銀行及其他借款 (續)

本集團銀行及其他借貸的實際利率範圍如下：

	二零一八年	二零一七年
實際利率	0.9%至4.75% 每年	1.20%至4.79% 每年

本集團以相關集團實體功能貨幣以外貨幣計值的銀行及其他借貸載列如下：

	二零一八年 人民幣千元	二零一七年 人民幣千元
美元	106,268	265,444
歐元	139,172	9,951
港元	305,014	92,033

附註：

- (a) 於二零一八年十二月三十一日，本集團已抵押其賬面值約人民幣3,262,000元（二零一七年：人民幣3,352,000元）之預付租賃款項及賬面值約人民幣7,763,000元（二零一七年：人民幣8,428,000元）之樓宇，作為其獲授一般銀行融資之擔保。於二零一八年十二月三十一日，本集團尚未動用有關有抵押銀行融資（二零一七年：無）。
- (b) 於二零一八年十二月三十一日，本集團概無銀行融資由不可撤回備用信用證作擔保，而於二零一七年十二月三十一日，本集團的銀行融資人民幣34,608,000元乃由銀行出具的不可撤回備用信用證作擔保，而該銀行融資並無獲動用。
- (c) 於二零一八年十二月三十一日，附屬公司相互作出擔保人民幣67,785,000元（二零一七年：人民幣108,000,000元），為銀行借貸提供擔保，有關借貸已動用人民幣22,302,000元（二零一七年：人民幣6,880,000元）。
- (d) 於二零一八年十二月三十一日，本公司一名董事及本集團一名關聯方就本集團的銀行融資人民幣96,085,000元（二零一七年：人民幣78,410,000元）提供個人擔保。
- (e) 於二零一八年十二月三十一日，本集團人民幣35,093,000元的其他借貸以賬面值約為人民幣84,338,000元的預付租賃付款作為抵押。

## 32. 遞延稅項

	二零一八年 人民幣千元	二零一七年 人民幣千元
遞延所得稅資產	27,520	22,401

年內，遞延所得稅資產的變動如下：

	應收款項 呆賬撥備 人民幣千元	存貨撥備 人民幣千元	保證撥備 人民幣千元	銷售佣金 人民幣千元	遞延收益 人民幣千元	其他 人民幣千元	總計 人民幣千元
於二零一七年一月一日	3,870	753	866	917	15,295	–	21,701
於損益內（扣除）計入	375	313	(47)	59	–	–	700
於二零一七年十二月三十一日	4,245	1,066	819	976	15,295	–	22,401
採納香港財務報告準則 第15號產生之影響	–	–	–	–	–	4,054	4,054
採納香港財務報告準則 第9號產生之影響	619	–	–	–	–	–	619
於二零一八年一月一日的 經調整結餘	4,864	1,066	819	976	15,295	4,054	27,074
於其他全面收益計入	(353)	–	–	–	–	–	(353)
於損益內（扣除）計入	233	129	(53)	490	–	–	799
於二零一八年十二月三十一日	4,744	1,195	766	1,466	15,295	4,054	27,520

於二零一八年十二月三十一日，本集團擁有未使用稅項虧損約人民幣130,086,000元（二零一七年：人民幣66,018,000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。

除上述未使用稅項虧損外，於二零一八年十二月三十一日，本集團擁有其他可扣減暫時差額人民幣166,345,000元（二零一七年：人民幣152,294,000元）可供抵銷未來溢利。於二零一八年十二月三十一日，可扣減暫時差額人民幣115,652,000元（二零一七年：人民幣108,553,000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50,693,000元（二零一七年：人民幣43,741,000元）。

### 32. 遞延稅項 (續)

該等稅項虧損將於如下年度結轉及屆滿：

	二零一八年 人民幣千元	二零一七年 人民幣千元
於下列年度屆滿：		
二零一八年	—	6,472
二零一九年	5,455	5,528
二零二零年	13,611	17,808
二零二一年	16,588	22,100
二零二二年	14,472	14,110
二零二三年	79,960	—
	<b>130,086</b>	<b>66,018</b>

### 33. 遞延收益

	二零一八年 人民幣千元	二零一七年 人民幣千元
與資產相關之政府補貼	<b>70,192</b>	<b>61,180</b>

於二零一六年十一月，友嘉河南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。該等補貼及補助將按相關資產的可使用年期於損益內確認。此外，於二零一八年四月，友嘉河南收到一筆利益金額為人民幣9,012,000元的政府補貼免息貸款（詳情見附註31）。直至綜合財務報表獲批准日期，廠房及設備之相關建設仍在施工，故遞延收益尚未於損益中確認。

## 34. 營運所得現金

	二零一八年 人民幣千元	二零一七年 人民幣千元
除所得稅前（虧損）溢利：	(42,730)	85,066
調整：		
— 預付租賃款項攤銷	2,905	3,032
— 物業、廠房及設備折舊	9,894	11,826
— 無形資產攤銷	1,186	1,337
— 貿易應收賬款及合約資產減值虧損	8,875	5,505
— 存貨撇減（撥回）	2,087	(2,981)
— 分佔合營企業溢利	(2,118)	(1,893)
— 分佔聯營公司虧損	45,423	7,544
— 出售物業、廠房及設備（收益）虧損	(118)	37
— 利息收入	(4,496)	(4,261)
— 利息開支	14,180	8,803
— 保證費用	4,983	6,282
— 未變現匯兌虧損淨額	25,195	4,685
— 訴訟申索撥備	60,117	—
— 銷售退回	3,037	—
營運資金變動：		
— 存貨	11,468	(129,234)
— 貿易應收賬款及其他應收款項及預付款項	20,400	(48,363)
— 合約資產	(254)	—
— 受限制銀行結餘	(54,807)	—
— 應收客戶合約工程款項	—	(9,578)
— 應收最終控股公司款項	1,053	1,057
— 應收同系附屬公司及最終控股公司的聯營公司款項	1,453	1,042
— 應收合營企業款項	391	70
— 應收一間聯營公司及一間聯營公司的附屬公司款項	(27,248)	46,542
— 貿易應付賬款及其他應付款項及應計開支	(7,382)	99,237
— 合約負債	(77,960)	—
— 應付客戶合約工程款項	—	11,131
— 應付最終控股公司款項	(6,762)	5,012
— 應付直接控股公司款項	709	1,504
— 應付合營企業款項	(246)	416
— 應付一間聯營公司及一間聯營公司的附屬公司款項	(8,892)	29,346
— 應付同系附屬公司及最終控股公司的聯營公司款項	(36)	(1,830)
— 保證撥備	(5,427)	(6,545)
營運（所用）所得現金	(25,120)	124,789



### 34. 營運所得現金 (續)

於綜合現金流量表內，出售物業、廠房及設備所得款項包括：

	二零一八年 人民幣千元	二零一七年 人民幣千元
出售日期賬面值：	401	1,064
出售物業、廠房及設備收益（虧損）	118	(37)
出售物業、廠房及設備所得款項	519	1,027

### 35. 融資活動產生之負債對賬

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

	應付股息 人民幣千元	銀行及 其他借貸 人民幣千元	遞延收益 人民幣千元	總計 人民幣千元
於二零一七年一月一日	—	350,772	61,180	411,952
融資現金流量（附註）	(20,160)	3,168	—	(16,992)
非現金變動				
外匯換算	—	4,685	—	4,685
利息開支	—	8,803	—	8,803
確認為分派之股息	20,160	—	—	20,160
於二零一七年十二月三十一日	—	367,428	61,180	428,608
融資現金流量（附註）	(44,352)	190,946	9,012	155,606
非現金變動				
外匯換算	—	25,195	—	25,195
利息開支	—	14,763	—	14,763
確認為分派之股息	44,352	—	—	44,352
於二零一八年十二月三十一日	—	598,332	70,192	668,524

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

### 36. 訴訟申索撥備

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

其後客戶向顥德提出，部分工具機之質量與合約所載產品質量要求不符。經過若干輪修正及與客戶進行協商，客戶與顥德仍未能就工具機之質量達成協議。最後客戶向安徽省高級人民法院提出訴訟。於二零一八年八月三十一日，安徽省高級人民法院作出有利於客戶之一審判決，當中判定客戶應向本集團退還七套工具機，而本集團應向客戶支付退款及賠償金共計人民幣161,020,000元。

於二零一八年十月，本集團向最高人民法院提出上訴（「二審」）。截至綜合財務報表獲批准日期，二審仍在進行中。

截至二零一八年十二月三十一日，由於銀行收到有關訴訟的法院通知，有關銀行凍結了杭州友佳銀行結餘人民幣54,087,000元。

經考慮獨立中國法律顧問之法律意見及當前訴訟狀況，本公司董事已對退還客戶之金額作出最佳估計，估計金額為人民幣100,903,000元，其已於綜合財務狀況報表中確認為「退款負債」，並於綜合財務狀況報表中的「訴訟申索撥備」計提有關解決訴訟的預期損失撥備人民幣60,117,000元，及於綜合損益及其他全面收益表中列為「其他開支」。

### 37 承擔

#### (a) 資本承擔

	二零一八年 人民幣千元	二零一七年 人民幣千元
就下列各項已訂約，但尚未於綜合財務報表撥備的資本支出：		
— 廠房建設	53,134	2,615

#### (b) 經營租賃承擔

##### 本集團作為承租人

	二零一八年 人民幣千元	二零一七年 人民幣千元
年內根據經營租賃已付最低租金	8,232	8,606

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：

	二零一八年 人民幣千元	二零一七年 人民幣千元
一年內	4,764	4,838
一年後及五年內	1,481	2,339
	6,245	7,177

### 38. 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（包括於附註31披露之銀行及其他借貸（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。

### 39. 金融工具

#### a. 金融工具類別

	二零一八年 人民幣千元	二零一七年 人民幣千元
<b>金融資產</b>		
按公平值計入其他全面收益之應收款項	106,400	—
按公平值計入損益之金融資產	108,020	—
結構性存款	—	76,140
貸款及應收款項（包括現金及現金等值物）	—	753,530
按攤銷成本計量之金融資產（包括現金及現金等值物）	670,927	—
	885,347	829,670
<b>金融負債</b>		
按攤銷成本計量之金融負債	830,667	669,191

### 39. 金融工具 (續)

#### b. 財務風險管理目標及政策

本集團主要金融工具包括按公平值計入損益之金融資產、貿易應收賬款、應收貸款、其他應收款項、按公平值計入其他全面收益之應收款項、應收關聯方（包括最終控股公司、同系附屬公司、最終控股公司的聯營公司、合營企業、聯營公司及一間聯營公司的附屬公司）款項、限制性銀行存款及銀行結餘、銀行結餘及現金、貿易應付賬款及其他應付款項以及銀行及其他借貸。有關金融工具的詳情載於各相關附註中。與該等金融工具相關之風險包括貨幣風險、信貸風險及流動資金風險。有關如何紓緩此類風險的政策載於下文。管理層管理及監察此等風險，以確保及時有效採取適當措施。

#### 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。

於截至二零一八年十二月三十一日止年度，本集團銷售額中約14.82%（二零一七年：19.12%）及本集團採購額中約6.56%（二零一七年：24.07%）乃以進行銷售之相關集團實體功能貨幣以外之貨幣計值。此外，本公司之附屬公司與其他附屬公司持有以外幣計值之集團內公司間結餘，這亦令本集團面臨外匯風險。

於各報告期末，本集團以相關集團實體功能貨幣以外之貨幣計值之貨幣資產及貨幣負債賬面值如下：

	負債		資產	
	二零一八年 人民幣千元	二零一七年 人民幣千元	二零一八年 人民幣千元	二零一七年 人民幣千元
美元	110,083	291,161	35,226	36,206
歐元	156,683	118,890	97,767	41,399
港元	307,125	94,087	7,598	7,065

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

### 39. 金融工具 (續)

#### b. 財務風險管理目標及政策 (續)

##### 外匯風險 (續)

##### 敏感度分析

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

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

	年內除稅後（虧損）溢利	
	二零一八年 人民幣千元	二零一七年 人民幣千元
美元	3,127	10,644
歐元	2,461	3,235
港元	12,510	3,633

此外，將人民幣兌換為外幣須遵守中國政府頒佈的外匯管制規則及法規。

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

### 39. 金融工具 (續)

#### b. 財務風險管理目標及政策 (續)

##### 利率風險

本集團所面對之公平值利率風險與限制性定息銀行存款有關 (詳情請參閱附註24)。本集團目前並無任何利率對沖政策。本集團管理層會按持續基準監察本集團面臨的風險, 並將在需要時考慮對沖利率風險。

本集團亦就浮息銀行借貸、限制性銀行結餘及銀行結餘, 承受現金流量利率風險。

本集團就金融負債而面對的利率風險詳情載於本附註流動資金風險管理一節。

##### 敏感度分析

以下敏感度分析乃基於報告期末浮動利率銀行借貸而釐定。分析乃假設於報告期末未償還之負債金額於整個年度仍未償還而編製。有關浮動利率銀行借貸適用之50個基點 (二零一七年: 50個基點) 之上升或下跌乃代表管理層對利率合理可能變動作出之評估。受限制銀行結餘及銀行結餘不獲納入敏感度分析, 原因為本公司董事認為因浮動利率受限制銀行結餘及銀行結餘而面臨所產生之現金流量利率風險屬極微。

倘有關浮動利率銀行借貸之利率上升/下跌50個基點 (二零一七年: 50個基點) 且其他變量維持不變, 本集團於截至二零一八年十二月三十一日止年度之除稅後虧損將增加/減少人民幣2,394,000元 (二零一七年: 年內除稅後溢利將減少/增加人民幣1,562,000元)。



### 39. 金融工具 (續)

#### b. 財務風險管理目標及政策 (續)

##### 其他價格風險

本集團因投資於結構性存款及按公平值計入損益的金融資產而面對其他價格風險。本公司董事認為，本集團無需就其他價格風險編製敏感度分析，原因為因其短期投資性質，其對本集團年內除稅後（虧損）溢利之影響屬極微。

##### 信貸風險及減值評估

於二零一八年十二月三十一日，倘於各報告期末對手方未能就各類已確認金融資產履行其責任，本集團面臨的最大信貸風險為綜合財務狀況表內所列該等資產的賬面值。

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，本集團於應用香港財務報告準則第9號後按預期信貸虧損模式（二零一七年：已產生虧損模式），對個別或基於撥備矩陣的貿易結餘執行減值評估。就此而言，本公司董事認為本集團的信貸風險大幅降低。

## 39. 金融工具 (續)

### b. 財務風險管理目標及政策 (續)

#### 信貸風險及減值評估 (續)

於採納香港財務報告準則第9號後本集團所承受的信貸風險

於採納香港財務報告準則第9號後，除上文所述信貸風險限額管理及其他緩解措施外，本集團監控所有受減值要求限制的金融資產及其他可能產生預期信貸虧損的項目（貿易應收賬款及合約資產除外），以評估自初步確認以來信貸風險有否顯著增加。倘信貸風險顯著增加，本集團將按全期（而非十二個月）的預期信貸虧損計量虧損撥備。

#### 貿易應收賬款及合約資產

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

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

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

信貸評級資料乃由獨立評級機構提供（如可獲得），而在無法獲得有關資料的情況下，經營管理委員會使用其他公開財務資料及本集團的自有交易記錄對其主要客戶及其他債務人進行評級。本集團的風險及其交易對手方的信貸評級將被持續監控，並將所完成交易的總值分攤至經批准的交易對手方。

## 39. 金融工具 (續)

## b. 財務風險管理目標及政策 (續)

## 信貸風險及減值評估 (續)

於採納香港財務報告準則第9號後本集團所承受的信貸風險 (續)

貿易應收賬款及合約資產 (續)

截至二零一八年十二月三十一日止年度，已就結餘達人民幣220,752,000元的應收賬款計提減值撥備人民幣47,161,000元，其中人民幣15,195,000元乃根據撥備矩陣作出，另人民幣31,966,000元則按個別基準評估。

下表詳述貿易應收賬款及合約資產基於撥備矩陣評估的風險情況：

於二零一八年十二月三十一日

	即期至30天 人民幣千元	31至60天 人民幣千元	61至90天 人民幣千元	91至180天 人民幣千元	180天以上 人民幣千元	總計 人民幣千元
加權平均預期信貸虧損率	0.23%	1.49%	1.89%	1.64%	47.24%	10.13%
賬面值總額	111,960	537	1,375	4,752	31,371	149,995
全期預期信貸虧損	(262)	(8)	(26)	(78)	(14,821)	(15,195)
	111,698	529	1,349	4,674	16,550	134,800

估計虧損率乃根據應收賬款預期年期內之歷史觀察違約率而估計，並就毋須付出不必要成本或努力即可取得之前瞻性資料作出調整。本集團定期審閱所作分類，以確保特定應收賬款之相關資料已作更新。

### 39. 金融工具 (續)

#### b. 財務風險管理目標及政策 (續)

##### 信貸風險及減值評估 (續)

於採納香港財務報告準則第9號後本集團所承受的信貸風險 (續)

下表載列本集團有關貿易應收賬款及合約資產以外金融資產的信貸風險分級框架：

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

### 39. 金融工具 (續)

#### b. 財務風險管理目標及政策 (續)

##### 信貸風險及減值評估 (續)

於採納香港財務報告準則第9號後本集團所承受的信貸風險 (續)

其他應收款項及應收貸款

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

按公平值計入其他全面收益的銀行結餘、限制性銀行存款及銀行結餘及應收款項

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

應收關聯方款項

經參考本集團最終控股公司、同系附屬公司、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所提供的歷史結算方式，本集團已評定應收該等關聯方款項的預期信貸虧損並不重大。因此，並無確認任何損失準備。

##### 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。

### 39. 金融工具 (續)

#### b. 財務風險管理目標及政策 (續)

##### 流動資金風險 (續)

	加權平均利率 %	按要求 償還或 少於一年 人民幣千元	二至五年 人民幣千元	未貼現 現金流量 總額 人民幣千元	賬面總值 人民幣千元
於二零一八年十二月三十一日					
貿易應付賬款及其他應付款項	不適用	196,431	–	196,431	196,431
銀行借貸					
– 浮動利率	2.84%	579,246	–	579,246	563,239
其他借貸	4.75%	–	43,522	43,522	35,093
應付最終控股公司款項	不適用	638	–	638	638
應付直接控股公司款項	不適用	2,832	–	2,832	2,832
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	3,637	–	3,637	3,637
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	28,435	–	28,435	28,435
應付合營企業款項	不適用	362	–	362	362
		811,581	43,522	855,103	830,667
於二零一七年十二月三十一日					
貿易應付賬款及其他應付款項	不適用	250,632	–	250,632	250,632
銀行借貸					
– 浮動利率	2.31%	376,316	–	376,316	367,428
應付最終控股公司款項	不適用	7,400	–	7,400	7,400
應付直接控股公司款項	不適用	2,123	–	2,123	2,123
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	3,673	–	3,673	3,673
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	37,327	–	37,327	37,327
應付合營企業款項	不適用	608	–	608	608
財務擔保合約	不適用	102,405	–	102,405	–
		780,484	–	780,484	669,191

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

## 39. 金融工具 (續)

## c. 金融工具之公平值計量

本附註提供有關本集團如何釐定各類金融資產及金融負債公平值之資料。

本公司董事認為，於綜合財務狀況表按攤銷成本列賬之金融資產及金融負債賬面值與其公平值相若。該等公平值乃根據公認定價模式按貼現現金流量分析釐定。

## 本集團按經常基準公平值計量之金融資產公平值

金融資產	公平值		公平值級別	估值技術及主要輸入數據	重大不可觀察輸入數據
	二零一八年 十二月三十一日	二零一七年 十二月三十一日			
按公平值計入其他 全面收益之應收 款項	按公平值計入 其他全面收益之應收款項 人民幣106,400,000元	-	第二級	使用貼現現金流量法獲得將自應收款項取得的現金流量的現值。	不適用
結構性存款	-	結構性存款 人民幣76,140,000元	第三級	使用貼現現金流量法獲得將自該等投資對象的擁有權取得的預期未來經濟利益的現值。(附註)	投資預測收益率
按公平值計入 損益之金融資產	非上市金融產品及 結構性存款： 人民幣108,020,000元	-	第三級	使用貼現現金流量法獲得將自該等投資對象的擁有權取得的預期未來經濟利益的現值。(附註)	投資預測收益率

附註：所採用的預測收益率減少將導致非上市金融產品及結構性存款之公平值計量減少，反之亦然。由於非上市金融產品及結構性存款於短期內到期，本公司董事認為，相關工具的預測收益率波動對其公平值的影響並不重大，因此並無列報任何敏感度分析。



### 39. 金融工具 (續)

#### c. 金融工具之公平值計量 (續)

##### 第3級公平值計量之對賬

本集團按公平值計入損益之金融資產乃屬值公平值第三層級。該等公平值乃根據貼現現金流量法釐定，估計未來現金流量已按反映截至結算日時間價值的貼現利率貼現。

	按公平值 計入損益之 金融資產 人民幣千元
於二零一七年十二月三十一日	—
採用香港財務報告準則第9號產生的影響	76,140
於二零一八年一月一日的經調整結餘	76,140
採購	539,680
結算	(507,800)
於二零一八年十二月三十一日	108,020

## 40. 關連人士交易

除附註31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	二零一八年 人民幣千元	二零一七年 人民幣千元
<b>最終控股公司</b>				
友嘉實業	最終控股公司	銷售貨品	711	191
		採購貨品	19,764	21,830
		購買服務	—	9,802
<b>直接控股公司</b>				
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	57,811	46,945
<b>同系附屬公司及最終控股公司之聯營公司</b>				
Equiptop Hitech Corp.	同系附屬公司	銷售貨品	—	1,420
池貝(上海)機械設備有限公司	同系附屬公司	採購貨品	1,463	—
SANCO Machine & Tools Co., Ltd. (「SANCO」)	同系附屬公司	採購貨品	—	8,654
友銓電子股份有限公司 (「友銓」)	最終控股公司之聯營公司	銷售貨品	2	3

#### 40. 關連人士交易 (續)

##### (a) 交易 (續)

公司名稱	關係	交易性質	二零一八年 人民幣千元	二零一七年 人民幣千元
杭州友嘉高松機械有限公司 (「友嘉高松」)	最終控股公司之聯營公司	採購貨品	113	1,519
		提供服務	1,322	1,027
		租金收入	68	3
FFG DMC Co., Ltd.	最終控股公司之附屬公司	採購貨品	—	3,757
<b>合營企業</b>				
AIF	合營企業	銷售貨品	43	8
		採購貨品	132	483
		購買服務	11	10
		提供服務	1,213	1,273
		租金收入	55	35
Hangzhou Feeler Mectron Machinery Co., Ltd. (「Feeler Mectron」)	合營企業	採購貨品	2,802	710
		提供服務	198	143
		租金收入	53	34

## 40. 關連人士交易 (續)

## (a) 交易 (續)

公司名稱	關係	交易性質	二零一八年 人民幣千元	二零一七年 人民幣千元
Hangzhou Nippon Cable Feeler Corporation (「Nippon Cable Feeler」)	合營企業	購買服務	68	63
		提供服務	20	21
		租金收入	8	6
Hangzhou Union Friend Machinery Co., Ltd (「UFM」)	合營企業	銷售貨品	10	15
		採購貨品	2,298	1,556
		提供服務	62	31
		利息收入	20	23
聯營公司及一間聯營公司之附屬公司				
FFG Werke	聯營公司	採購貨品	3,511	219,966
Jobs Automazione S.p.A. (「Jobs」)	本集團一間聯營公司之 附屬公司	採購貨品	—	44,450
SMS Holding Co.,Inc.	本集團一間聯營公司之 附屬公司	銷售貨品	6	12

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。

#### 40. 關連人士交易 (續)

(b) 結餘

公司名稱	關係	交易性質	二零一八年 人民幣千元	二零一七年 人民幣千元
<b>最終控股公司</b>				
友嘉實業	最終控股公司	貿易應付賬款 (附註(b))	(510)	(1,460)
		墊款 (附註(b))	—	1,053
		其他應付賬款 (附註(b))	—	(5,812)
		預收 (附註(b))	(128)	(128)
應收最終控股公司款項			—	1,053
應付最終控股公司款項			(638)	(7,400)
<b>最終控股公司</b>				
友佳實業香港	直接控股公司	貿易應付賬款 (附註(b))	(2,832)	(2,123)
<b>同系附屬公司及最終控股公司之聯營公司</b>				
杭州友維機電有限公司	同系附屬公司	貿易應收賬款 (附註(a))	—	1
EQUIPTOP HITECH CORP.	同系附屬公司	貿易應付賬款 (附註(b))	(144)	(144)
		預收 (附註(b))	(124)	(124)

## 40. 關連人士交易 (續)

## (b) 結餘 (續)

公司名稱	關係	交易性質	二零一八年 人民幣千元	二零一七年 人民幣千元
池貝(上海)機械設備有限公司	同系附屬公司	墊款 (附註(b))	—	734
SANCO	同系附屬公司	貿易應付賬款 (附註(b))	(3,253)	(3,405)
友銓	最終控股公司之 聯營公司	貿易應收賬款 (附註(a))	1	2
友嘉高松	最終控股公司之 聯營公司	其他應收賬款 (附註(b))	22	32
		墊款 (附註(b))	—	39
FFG DMC CO., LTD	最終控股公司之 附屬公司	墊款 (附註(b))	—	668
		預收 (附註(b))	(116)	—
應收同系附屬公司及最終控股公司之聯營公司款項			23	1,476
應付同系附屬公司及最終控股公司之聯營公司款項			(3,637)	(3,673)

#### 40. 關連人士交易 (續)

##### (b) 結餘 (續)

公司名稱	關係	交易性質	二零一八年 人民幣千元	二零一七年 人民幣千元
<b>合營企業</b>				
AIF	合營企業	貿易應收賬款 (附註(a))	—	1
		其他應收賬款 (附註(b))	127	114
		貿易應付賬款 (附註(b))	(42)	(191)
Feeler Mectron	合營企業	其他應收賬款 (附註(b))	—	22
		其他應付賬款 (附註(b))	—	(4)
		墊款 (附註(b))	—	98
		貿易應付賬款 (附註(b))	(33)	(116)
UFM	合營企業	貿易應付賬款 (附註(b))	(287)	(297)
		其他應收賬款 (附註(b))	319	612
		貿易應收賬款 (附註(a))	6	—
Nippon Cable Feeler	合營企業	其他應收賬款 (附註(b))	9	5
應收合營企業款項			461	852
應付合營企業款項			(362)	(608)



## 40. 關連人士交易 (續)

## (b) 結餘 (續)

公司名稱	關係	交易性質	二零一八年 人民幣千元	二零一七年 人民幣千元
<b>聯營公司及一間聯營公司之附屬公司</b>				
FFG Werke	聯營公司	墊款 (附註(b))	<b>1,357</b>	1,357
		貿易應付賬款 (附註(b))	<b>(24,679)</b>	(33,341)
		其他應收賬款 (附註(b))	<b>386</b>	904
		股東貸款 (附註(b))	<b>20,978</b>	41,473
FFG Europe	聯營公司	其他應收賬款 (附註(b))	<b>766</b>	766
		股東貸款 (附註(c))	<b>36,089</b>	16,505
FFG EA	聯營公司	其他應收賬款 (附註(b))	<b>54,791</b>	26,063
Grinding technology S.rl	本集團一間聯營公司之 附屬公司	其他應收賬款 (附註(b))	<b>9,463</b>	—
Jobs	本集團一間聯營公司之 附屬公司	其他應收賬款 (附註(c))	<b>17,333</b>	21,393
		貿易應付賬款 (附註(b))	<b>(2,844)</b>	(3,075)
		其他應付賬款 (附註(b))	<b>(912)</b>	(911)
		墊款 (附註(b))	<b>—</b>	737

#### 40. 關連人士交易 (續)

##### (b) 結餘 (續)

公司名稱	關係	交易性質	二零一八年 人民幣千元	二零一七年 人民幣千元
MAG	本集團一間聯營公司之 附屬公司	其他應收賬款 (附註(b))	575	575
SMS HOLDING CO.,INC.	本集團一間聯營公司之 附屬公司	貿易應收賬款 (附註(a))	—	4
Sky Thrive Rambaudi S.r.l	本集團一間聯營公司之 附屬公司	其他應收賬款 (附註(c))	3,239	3,234
		股東貸款 (附註(c))	6,082	6,072
應收聯營公司及一間聯營公司之附屬公司款項			151,059	119,083
應付一間聯營公司及一間聯營公司之附屬公司款項			(28,435)	(37,327)

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。於二零一八年及二零一七年十二月三十一日，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) 結餘為無抵押、免息及須按要求償還。友嘉已向該聯營公司及該聯營公司之附屬公司發出財務援助函件，以使彼等能履行到期財務責任。

## 40. 關連人士交易 (續)

## (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：

	二零一八年 人民幣千元	二零一七年 人民幣千元
薪金及補貼	2,090	2,656
酌情表現相關花紅	1,427	1,347
退休福利計劃供款	57	107
	3,574	4,110

## 41. 或然負債

除本綜合財務報表其他部分所披露者外，本集團於報告期末有以下或然負債：

- 1) 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。FFG Werke於二零一七年悉數償還該筆融資項下的借貸。於二零一八年並無獲知相關安排。
- 2) 於二零一七年，杭州友佳出具最大額度為人民幣34,000,000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。於二零一七年十二月三十一日，FFG Werke已提取合共4,000,000歐元（相當於人民幣31,209,000元）。於截至二零一八年十二月三十一日止年度，該品質保函已悉數解除。
- 3) 於二零一七年，杭州友佳出具最大額度為5,125,000歐元（約人民幣39,987,000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。於二零一七年十二月三十一日，FFG Europe已提取合共5,125,000歐元（相當於人民幣39,987,000元）。於截至二零一八年十二月三十一日止年度，該品質保函已悉數解除。

#### 41. 或然負債 (續)

- 4) 於二零一七年，杭州友佳出具最大額度為4,060,000歐元（約人民幣31,677,000元）之備用信用證，以擔保一家銀行將向MAG提供之相應金額之信貸額度。於二零一七年十二月三十一日，MAG已提取合共4,000,000歐元（相當於人民幣31,209,000元）。於截至二零一八年十二月三十一日止年度，該品質保函已悉數解除。
- 5) 於二零一七年九月，本公司代表MAG IAS GmbH（MAG之全資附屬公司）向其客戶出具為數2,475,000歐元（相當於人民幣19,311,000元）之品質保函。於截至二零一八年十二月三十一日止年度，該品質保函已悉數解除。

本集團管理層認為上述實體之違約風險甚微，故該等財務擔保產生之擔保負債風險並不重大且於二零一七年並無確認任何擔保負債。

#### 42. 資產抵押

	二零一八年 人民幣千元	二零一七年 人民幣千元
預付租賃款項	87,600	3,352
物業、廠房及設備	7,763	8,428
限制性銀行存款	15,900	32,716
	<b>111,263</b>	44,496

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及本集團其他借貸之擔保。本集團之限制性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。

## 43. 本公司財務狀況表資料

	二零一八年 人民幣千元	二零一七年 人民幣千元
<b>非流動資產</b>		
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	551,628	560,889
	632,131	641,392
<b>流動資產</b>		
貿易及其他應收賬款及預付款項	17,859	11,701
應收聯營公司及一間聯營公司之附屬公司款項	147,430	115,107
銀行結餘及現金	39,615	9,521
	204,904	136,329
<b>流動負債</b>		
其他應付款項及應計費用	15,546	7,243
應付附屬公司款項	3,543	—
應付一間聯營公司及一間聯營公司之附屬公司款項	2,513	3,657
應付最終控股公司款項	—	5,812
銀行借貸	550,454	367,428
	572,056	384,140
<b>流動負債淨額</b>	<b>(367,152)</b>	<b>(247,811)</b>
<b>總資產減流動負債</b>	<b>264,979</b>	<b>393,581</b>
<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	170,703	299,305
<b>總權益</b>	<b>264,979</b>	<b>393,581</b>

### 43. 本公司財務狀況表資料(續)

本公司截至二零一八年十二月三十一日止年度之儲備變動如下：

	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	總計 人民幣千元
於二零一七年一月一日	82,281	7,973	420,515	510,769
虧損及全面開支總額	—	—	(101,050)	(101,050)
確認為分派之股息	—	—	(20,160)	(20,160)
於二零一七年十二月三十一日	82,281	7,973	299,305	389,559
虧損及全面開支總額	—	—	(84,250)	(84,250)
確認為分派之股息	—	—	(44,352)	(44,352)
於二零一八年十二月三十一日	82,281	7,973	170,703	260,957

## 經營業績

截至十二月三十一日止年度

	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	二零一七年 人民幣千元	二零一八年 人民幣千元
收益	1,300,119	990,239	1,082,336	1,294,801	<b>1,090,693</b>
毛利	344,894	267,925	295,151	312,515	<b>290,727</b>
除所得稅前溢利(虧損)	125,071	55,952	87,650	85,066	<b>(42,730)</b>
本公司權益持有人應佔溢利(虧損)	101,313	46,097	60,749	65,690	<b>(57,724)</b>
每股盈利(虧損)－基本 (人民幣元)	0.25	0.11	0.15	0.16	<b>(0.14)</b>

## 資產與負債

於十二月三十一日

	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	二零一七年 人民幣千元	二零一八年 人民幣千元
非流動資產	309,492	589,531	743,761	703,361	<b>706,420</b>
流動資產淨值	433,321	154,908	121,487	185,223	<b>115,271</b>
非流動負債	(16,118)	–	(61,180)	(61,180)	<b>(105,285)</b>
<b>資產淨值</b>	<b>726,695</b>	<b>744,439</b>	<b>804,068</b>	<b>827,404</b>	<b>716,406</b>
股本	4,022	4,022	4,022	4,022	<b>4,022</b>
儲備	722,673	740,417	800,046	823,382	<b>712,384</b>
<b>股東權益</b>	<b>726,695</b>	<b>744,439</b>	<b>804,068</b>	<b>827,404</b>	<b>716,406</b>



## 附 件 五

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

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2398



# ANNUAL REPORT 2018



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# Corporate Information

## BOARD OF DIRECTORS

### *Executive Directors*

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

### *Independent Non-Executive Directors*

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

## COMPANY SECRETARY

LO Tai On

## AUTHORISED REPRESENTATIVES

CHU Chih-Yaung  
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  
YU Yu-Tang

## NOMINATION COMMITTEE

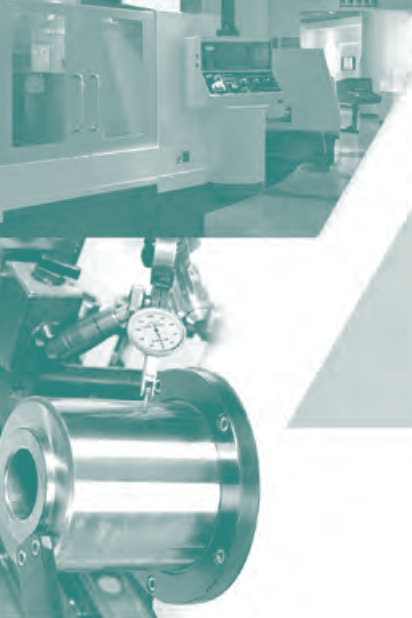
KOO Fook Sun, Louis *(Chairman of the Committee)*  
CHIANG Chun-Te  
YU Yu-Tang

## AUDITOR

Deloitte Touche Tohmatsu

## REGISTERED OFFICE

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



### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

### PRINCIPAL BANKERS

Bank of China  
Cathay United Bank  
Hang Seng Bank Limited  
Industrial and Commercial Bank of China  
KGI Bank  
Mega International Commercial Bank  
Taiwan Shin Kong Commercial Bank  
Bank SinoPac  
Bangkok Bank  
The Hongkong and Shanghai Banking Corporation  
Limited

### STOCK CODE

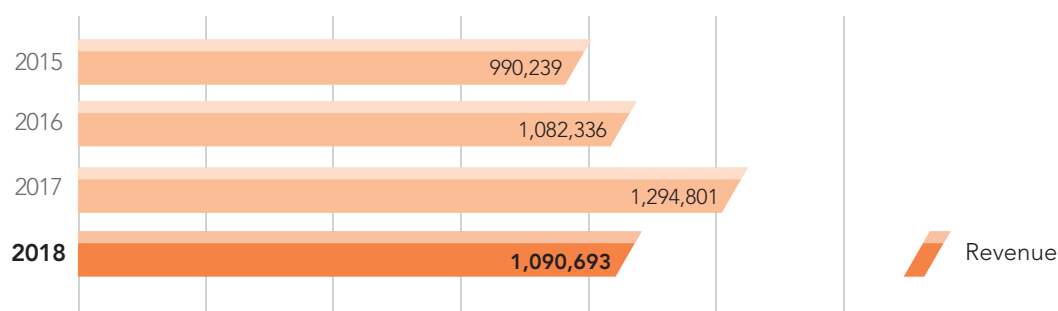
2398

### WEBSITE

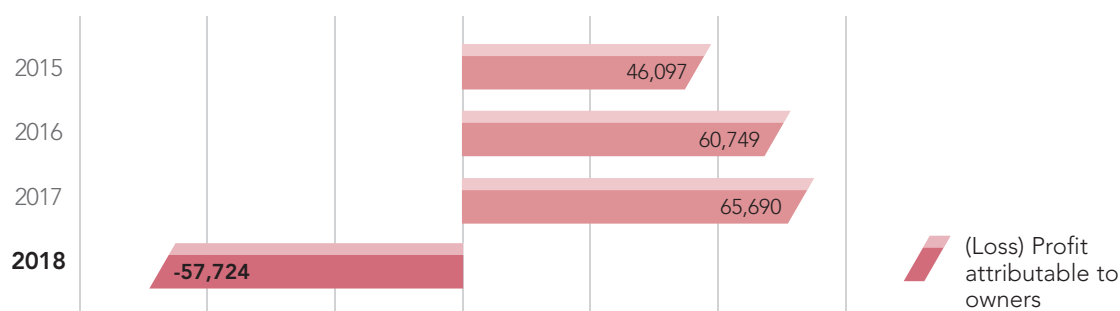
<http://www.goodfriend.hk>

# Financial Highlights

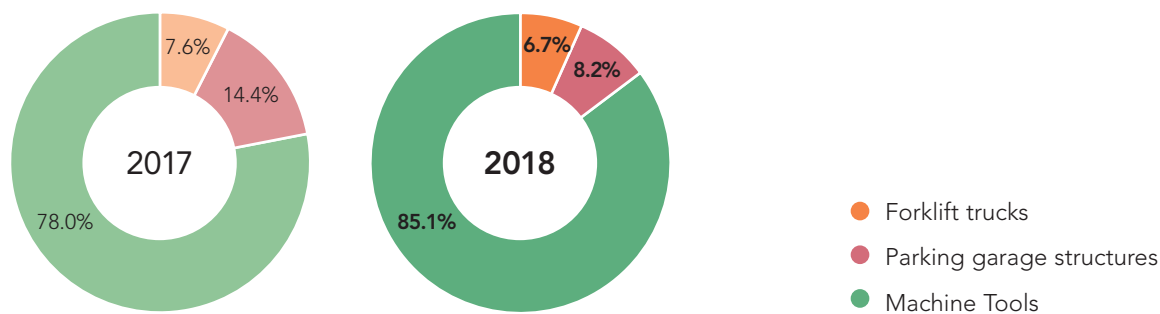
## REVENUE (RMB'000)



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



## BUSINESS SEGMENTS (In terms of revenue)





## TWO-YEAR COMPARISON OF FINANCIAL FIGURES

For the year ended 31 December

	2018 RMB'000	2017 RMB'000	Change (%)
Revenue	1,090,693	1,294,801	(15.8)%
Gross profit	290,727	312,515	(7.0)%
(Loss) Profit attributable to owners	(57,724)	65,690	(187.9)%
Shareholders' equity	716,406	827,404	(13.4)%
Total assets	2,210,864	1,973,494	12.0%
(Loss) Earnings per share – basic (RMB)	(0.14)	0.16	(187.5)%

## SUMMARY OF KEY FINANCIAL RATIOS

For the year ended 31 December

	2018	2017	Change (%)
Gross profit margin <sup>Note 1</sup>	26.7%	24.1%	10.8%
Net (loss) profit margin <sup>Note 2</sup>	(5.3)%	5.1%	(203.9)%
Inventory turnover days <sup>Note 3</sup>	239.4	128.4	86.4%
Debtors' turnover days <sup>Note 4</sup>	92.7	134.6	(31.1)%
Creditors' turnover days <sup>Note 5</sup>	74.8	73	2.5%
Current ratio (Times) <sup>Note 6</sup>	1.1	1.2	(8.3)%
Quick ratio (Times) <sup>Note 7</sup>	0.7	0.9	(22.2)%
Gearing ratio (%) <sup>Note 8</sup>	25.5%	18.6%	37.1%
Return on equity (%) <sup>Note 9</sup>	(8.1)%	7.9%	(202.5)%

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

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

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

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

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

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

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

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

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



# Chairman's Statement



I hereby present on behalf of the board (the "Board") of directors (the "Directors") to the shareholders the report on the results of Good Friend International Holdings Inc. (the "Company") and its subsidiaries (together referred to as the "Group") for the year ended 31 December 2018 (the "year").

## FINANCIAL PERFORMANCE

For the year ended 31 December 2018, the Group recorded revenue of approximately RMB1,090.69 million, representing a decrease of approximately 15.8% compared to 2017. Loss attributable to owners amounted to approximately RMB57.72 million was recorded in the current year; whilst in 2017 profit attributable to owners amounted to approximately RMB65.69 million.



## FINAL DIVIDEND

The Board resolved not to recommend a final dividend for the year ended 31 December 2018 (2017: RMB0.06 per ordinary share).

## BUSINESS REVIEW

According to the economic data released by the National Bureau of Statistics of China, China's gross domestic product (GDP) grew by a year-on-year rate of 6.6% in 2018, representing a generally stable economic development in China. For the year ended 31 December 2018, the Group's major products CNC machine tools recorded satisfactory results. Sales volume and sales revenue amounted to 2,028 units and RMB928.34 million respectively.

## PROSPECTS

China's economy continued to sail on against the wind. 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. 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, 29 March 2019

# Management Discussion and Analysis

## FINANCIAL REVIEW

### Revenue

For the year ended 31 December 2018, the Group recorded revenue of approximately RMB1,090.69 million, representing a decrease of approximately 15.8% as compared to 2017. During the year, sales volume of CNC machine tools, parking garage structures and forklift trucks amounted to 2,028 units, 10,902 units and 999 units respectively (2017 comparative figures: 2,067 units, 13,727 units and 1,679 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 RMB928.34 million, representing a decrease of approximately 8.0% as compared to 2017. Revenue of CNC machine tools accounted for approximately 85.1% of the Group's total revenue. On the other hand, sales revenue of the Group's parking garage structures business amounted to approximately RMB89.81 million during the year, representing a decrease of approximately 51.8% as compared to 2017 and accounted for approximately 8.2% of the total revenue. Moreover, sales revenue of the Group's forklift trucks business during the year decreased by approximately 26.9%, as compared to 2017, to approximately RMB72.54 million and approximately 6.7% of the Group's total revenue.

### Gross profit and margin

For the year ended 31 December 2018, gross profit of the Group amounted to approximately RMB290.73 million. Overall gross profit margin was approximately 26.7%, compared to 24.1% for 2017. The gross profit margin of CNC machine tools (the Group's major product) during the year increased to approximately 28.4%. As a result, the overall gross profit margin for the year increased compared to 2017.

### Distribution and selling expenses

Distribution and selling expenses, amounted to approximately RMB132.61 million for the year ended 31 December 2018, decreased by approximately 5.2% as compared to last year. During the year, distribution and selling expenses as a percentage of the Group's revenue amounted to approximately 12.2%, compared to approximately 10.8% for 2017.

### Administrative expenses

Administrative expenses for the year ended 31 December 2018 decreased by approximately 9.7% as compared to 2017. This was mainly attributable to the strengthen of the cost control measures by the management.





## *Management Discussion and Analysis*

### **Other gains and losses**

Other gains and losses represented mainly foreign exchange loss.

### **Other expenses**

For the year ended 31 December 2018, other expenses comprised mainly of approximately RMB60.12 million representing expected loss on settlement of the litigation raised by a customer to the Group's subsidiaries.

Moreover, the supplier (a connected party) of the corresponding products has undertaken in March 2019 that it will make reimbursement to the Group for the final loss on settlement of the litigation. This compensation income will be accounted for by the Group during the year ended 31 December 2019.

### **Finance costs**

During the year, finance costs increased to approximately RMB14.18 million. The increase was primarily due to the increase of average bank borrowings of the Group during 2018.

### **Share of loss of associates**

For the year ended 31 December 2018, share of loss of associates amounted to approximately RMB45.42 million. The amount represented the Group's share of operating results of "FFG European and American" (located in Germany) during the year.

### **Loss attributable to owners of the Company**

For the year ended 31 December 2018, loss attributable to owners of the Company amounted to approximately RMB57.72 million. For the year ended 31 December 2017, profit attributable to owners of the Company amounted to approximately RMB65.69 million.

### **Liquidity and financial resources**

As at 31 December 2018, the Group had net current assets of approximately RMB115.27 million (2017: RMB185.22 million), shareholders' fund of approximately RMB716.41 million (2017: RMB827.40 million) and short-term bank borrowings of approximately RMB563.24 million (2017: RMB367.43 million). The Group's working capital was financed by internal cash flows generated from its operation and existing banking facilities.

Bank balances and cash as at 31 December 2018 amounted to approximately RMB112.67 million (2017: RMB98.07 million). The current ratio (ratio of total current assets to total current liabilities) of the Group was approximately 1.1 times (2017: 1.2 times). The gearing ratio (ratio of total debts to total assets) was approximately 25.5% (2017: 18.6%), indicating that the Group continued to maintain solid financial position.

### Capital structure and treasury policies

The share capital of the Company as at 31 December 2018 was HK\$4,032,000 divided into 403,200,000 shares of HK\$0.01 each (at 31 December 2017: 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 2018, the total outstanding short-term borrowings stood at approximately RMB563.24 million (2017: RMB367.43 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 2018.

### MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

The Group had no material acquisitions or disposals of subsidiaries or associates during the year ended 31 December 2018.

### SEGMENTAL INFORMATION

Details of segmental information for the year ended 31 December 2018 are set out in note 5B to the consolidated financial statements.

### Staff and remuneration policies

As at 31 December 2018, the Group employed a total of 1,160 (2017: 1,240) full-time employees in Hong Kong and China. The total staff costs (including Directors' fee and emoluments) amounted to approximately RMB152.51 million (2017: RMB157.88 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 ended 31 December 2018, the Group contributed approximately RMB4.91 million (2017: RMB5.04 million) to the said schemes.





## Management Discussion and Analysis

### Capital commitments and contingencies

The Group's capital expenditure commitments for property, plant and equipment amounted to approximately RMB53.13 million (2017: RMB2.62 million) which are contracted but not provided in the consolidated financial statements for the year ended 31 December 2018. The Group had no material contingent liabilities as at 31 December 2018 (2017: Nil).

### Charges on the Group's assets

As at 31 December 2018, restricted bank deposits and bank balances with an amount of approximately RMB69.99 million (2017: RMB32.72 million) represented mainly bank balances of approximately RMB54.09 million being frozen by banks in relation to a litigation claim raised by a customer.

Meanwhile, subsidiaries of the Company pledged its land and buildings with an aggregate carrying amount of approximately RMB95.36 million (2017: RMB11.78 million) to secure general banking facilities granted to them. As at 31 December 2018, the subsidiary has utilized such secured bank facilities of approximately RMB35.09 million (2017: 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 2018. 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 2018, the Group collected most of its revenue in Renminbi, some of which were converted into foreign currencies such as Hong Kong dollars, United States dollars, Euro and other foreign currencies for the payment of imported parts and components. As such, the Group had a certain level of exposure to foreign exchange fluctuations. The Group had no hedging activities during the year. However, the management of the Group has been monitoring the exchange rate risk, and will consider hedging against major foreign currency risk when required.

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



## Biographical Details of Directors and Senior Management

### EXECUTIVE DIRECTORS

**Mr. Chu Chih-Yaung** (朱志洋先生), aged 72, was appointed as an executive Director in September 2005. He is the Chairman of the Board responsible for the Group's overall strategic planning, management, business development, and the formulation of the Group's corporate policies. He was appointed as the Chief Executive Officer of the Company on 7 December 2018. Mr. Chu has more than 30 years of experience in the mechanics, manufacturing and machine tools industry. Mr. Chu is also a director of Hangzhou Global Friend Precision Machinery Co., Ltd. and Hangzhou Ever Friend Precision Machinery Co., Ltd., both are wholly-owned subsidiaries of the Company.

**Mr. Chen Min-Ho** (陳明河先生), aged 68, 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 54, 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 33 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.

**Mr. Chiu Rung-Hsien** (邱榮賢先生), aged 61, 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 34 years of experience in the mechanics and manufacturing industry. He joined the Group in 2001.



## *Biographical Details of Directors and Senior Management*

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

**Mr. Koo Fook Sun, Louis (顧福身先生)**, aged 62, 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, Xingda International Holdings Limited and Winfull Group Holdings Limited, all of which are companies listed on the Main Board of the Stock Exchange. He acted as an independent non-executive director of Midland Holdings Limited, which is listed on the Main Board of the Stock Exchange until June 2017. He is a certified public accountant.

**Mr. Chiang Chun-Te (江俊德先生)**, aged 58, 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 director of Istra Corporation. 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. From 1995 to January 2018, he served as the president of Istra Corporation.



## *Biographical Details of Directors and Senior Management*

**Mr. Yu Yu-Tang** (余玉堂先生), aged 82, was appointed as an independent non-executive Director in December 2005 and is a member of the audit committee. He was appointed as member of the remuneration committee and the nomination committee of the Company on 7 December 2018. 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 60, 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 on 1 July 2000 and has over 33 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 57, 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 2015. He joined the Group in October 2000 and has over 34 years of experience in the machine tools industry.

**Mr. Lee Chung-Yi** (李仲益先生), aged 58, was appointed as the vice general manager of Hangzhou Good Friend and is responsible for the general administrative and management functions. Mr. Lee graduated from National Chengchi University in 1982 with a degree in Business Administration. Before he joined the Group in November 2017, he worked in Xander International Corp. from 1992 to 2015 and has over 34 years of experience in the fields of auditing, accounting and finance.

**Mr. Yip Sai Keung, Esmond** (葉世強先生), aged 53, was appointed as the financial controller of the Company and is responsible for the finance and accounting functions of the Group. Mr. Yip holds a Bachelor of Social Sciences degree from the University of Hong Kong. He is a fellow member of the Association of Chartered Certified Accountants and a fellow member of the Hong Kong Institute of Certified Public Accountants. Mr. Yip joined the Group in November 2007 and has about 30 years of experience in the fields of corporate finance, auditing and accounting.



# Report of the Directors

The Board is pleased to submit their report together with the audited consolidated financial statements of the Group for the year ended 31 December 2018.

## 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 2018 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 39 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.

## 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 2018 is set out in note 5B to the consolidated financial statements.

## RESULTS AND APPROPRIATIONS

The Group's profit for the year ended 31 December 2018 and the state of affairs of the Group as at that date are set out in the consolidated financial statements on pages 80 to 189.

The Directors declared an interim dividend of RMB0.05 (equivalent to approximately HK\$0.0576) per share to those shareholders whose names appeared on the register of members on 5 October 2018, amounting to approximately RMB20.16 million (equivalent to approximately HK\$23.22 million) which was paid on 25 October 2018.





The Directors resolved not to recommend a final dividend for the year ended 31 December 2018.

## RESERVES

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

## ANNUAL GENERAL MEETING

The 2019 annual general meeting will be held on Wednesday, 5 June 2019. Details of the 2019 annual general meeting, notice of annual general meeting and proxy form are set out in the circular of the Company dated 29 April 2019 which will be despatched to shareholders of the Company (the "Shareholders") together with the 2018 annual report.

## 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 2018 are set out in note 27 to the consolidated financial statements.

## BANK BORROWINGS

Details of bank borrowings of the Group as at 31 December 2018 are set out in note 31 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 and Chief Executive Officer)  
Mr. Chen Min-Ho  
Mr. Wen Chi-Tang  
Mr. Chiu Rung-Hsien  
Mr. Chen Hsiang-Jung  
(pass away on 8 November 2018)

### 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. Wen Chi-Tang, Chiu Rung-Hsien 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.

## 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 2018 with the Company for a term of three years commencing from 11 January 2018 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 2018, 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 2018, none of the Directors and their respective associates (as defined in the Listing Rules) had any interest in a business, which competes or may compete with the business of the Group in the PRC, Hong Kong and Macau.

## **SHARE OPTION SCHEME**

The Company adopted a share option scheme (the "Scheme") on 2 June 2016, i.e. the date on which the Scheme was adopted by resolution of the Shareholders at general meeting (the "Adoption Date"). The purpose of the Scheme is to motivate eligible persons to optimise their future contributions to the Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain ongoing relationship with such eligible persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group, and additionally in the case of executive (as defined below), to enable the Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions. Eligible persons of the Scheme include the Company's executive directors, managers, or other employees holding executive, managerial, supervisory or similar positions in any member of the Group ("Executives"), directors or proposed directors (including independent non-executive directors) of any member of the Group, consultant of any member of the Group, dependent of any of the foregoing persons, and such other persons as the Board may approve from time to time having contributed to the Company or the Group.

The principal terms of the Scheme are summarised as follows:

- (a) The maximum number of the Company's shares which may be issued upon exercise of all options to be granted under the Scheme and any other share option scheme(s) of the Company must not in aggregate exceed 10% of the number of the Company's shares in issue as at the Adoption Date (which were 403,200,000 shares) unless shareholders' approval has been obtained, and which must not exceed 30% of the total number of the Company's shares in issue from time to time (or such other percentage as may be allowed under the Listing Rules).
  - (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.
- 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*

- (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 2017.

No option has been granted since the adoption of the Scheme.

## DIRECTORS' INTEREST IN SHARES

As at 31 December 2018, the interests or short positions of the Directors or chief executive in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register of the Company required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code"), are set out below:

### 1(a). Long positions in shares, underlying shares and debentures of the Company

Name of director	Nature of interest	Number and class of securities	Approximate percentage of shareholding
Mr. Chu Chih-Yaung	Corporate interest	20,000,000 shares	4.96%

*Note:* These 20,000,000 shares were beneficially owned by Sunward Gold Global Investments Limited, a company in which Mr. Chu Chih-Yaung has an interest of approximately 72.22%.

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, 572,255 ordinary shares	15.20%
	Taiwan FF	Spouse interest (Note 1)	2,585,926 ordinary shares	2.52%
	Fair Fine (Hangzhou) Industrial Co., Ltd. (Note 2)	Beneficial owner	750 ordinary shares	0.03%

Notes:

1. Ms. Wang Tz-Ti (formerly known as Wang Jin-Zu) ("Ms. Wang"), the spouse of Mr. Chu Chih-Yaung, held 2.52% 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.
2. Fair Fine (Hangzhou) Industrial Co., Ltd. is a non-wholly-owned subsidiary of Taiwan FF and is therefore an associated corporation of the Company for the purpose of the SFO.

Save as disclosed above, as at 31 December 2018, none of the Directors or chief executive of the Company had any interest in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO), which were recorded in the register required to be kept under section 352 of the SFO or notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at 31 December 2018, 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 2018, the interests or short positions of every person, other than Director or chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO are set out below:

Aggregate long position in the shares and underlying shares of the Company

Name of shareholder	Nature of interest	Number of ordinary shares held	Approximate percentage of the Company's issued share capital
Good Friend (H.K.) Corporation Limited ("Hong Kong GF")	Beneficial owner	232,000,000 shares (Note)	57.54%
Taiwan FF	Interest of controlled corporation	232,208,000 shares (Note)	57.59%

Note: Hong Kong GF is owned as to approximately 99.99% by Taiwan FF. Accordingly, Taiwan FF was deemed to be interested in 232,000,000 shares of the Company held by Hong Kong GF under the SFO.

Save as disclosed above, no other parties were recorded in the register of the Company required to be kept under section 336 of the SFO as having interests or short positions in the shares or underlying shares of the Company as at 31 December 2018.





## 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 2018, they have complied with the required standards set out in the Model Code regarding securities transactions by the Directors.

## EMOLUMENT POLICY

The Company established a remuneration committee for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance and comparable market practices.

The Company had adopted a share option scheme as incentive to Directors and eligible employees, details of the Scheme are set out in the section headed "Share Option Scheme" above.

## REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and the top five highest paid individuals of the Group are set out in note 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 40 to the consolidated financial statements. Details of any related party transactions which also constitute connected transactions or continuing connected transactions not fully exempted under Rule 14A.73 of the Listing Rules are disclosed below. The Group has complied with the requirements in accordance with Chapter 14A of the Listing Rules in respect of such transactions.

### Non-exempt continuing connected transaction(s)

1. As disclosed in the announcement of the Company dated 26 May 2017 and the circular of the Company dated 27 June 2017, the Company had on 26 May 2017 entered into: (a) a components agreement (the "CKD Components Agreement") with Taiwan FF, pursuant to which the Group (and/or its permitted designates) (the "GF Parties") will supply CKD components to Taiwan FF and its subsidiaries (and/or its permitted designates) (the "FF Parties") and the FF Parties will supply CKD components to the GF Parties for a term of three years from 13 July 2017; and (b) a machine tools agreement (the "CNC Machine Tools Agreement") with Taiwan FF, pursuant to which the GF Parties can purchase from the FF Parties the designated CNC machine tools and have the right to designated CNC machine tools in the PRC, Hong Kong and Macau Special Administrative Region (the "Sales Region") on an exclusive basis, and the FF Parties will authorize the GF Parties to sell designated CNC machine tools in the Sales Region on an exclusive basis for a period of three years from 13 July 2017.

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 CKD Machine Tools Agreement and the CNC Machine Tools Agreement respectively constituted continuing connected transactions of the Company, and are subject to the reporting, announcement, independent shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

The resolutions approving the CKD Components Agreement and the CNC Machine Tools Agreement, the transactions contemplated thereunder and the annual caps thereof were duly passed by the independent Shareholders at the extraordinary general meeting held on 13 July 2017. The annual caps for the supply of CKD components to FF Parties by the GF Parties and the purchase of CKD components from the FF Parties by the GF Parties for the period from 1 January 2018 to 31 December 2018 under the CKD Components Agreement were RMB3.36 million and RMB98.21 million respectively and the actual supply amount and purchase amount of the period were RMB0.72 million and RMB60.79 million respectively. The annual cap for the purchase of CNC machine tools from the FF Parties by the GF Parties for the period from 1 January 2018 to 31 December 2018 under the CNC Machine Tools Agreement was RMB596.85 million and the actual purchase amount of the period was RMB20.3 million.

The independent non-executive Directors have reviewed the CKD Components Agreement and the CNC Machine Tools Agreement and the transactions thereunder conducted during the year and confirmed that they have been entered into, in all material respects:–

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms; and
- (iii) in accordance with the respective terms of the CKD Components Agreement and the CNC Machine Tools Agreement and on terms that were fair and reasonable and in the interests of the Shareholders 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.

### 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 2018.

### MAJOR CUSTOMERS AND SUPPLIERS

The five largest customers accounted for approximately 13.75% of the Group's total turnover for the year and the largest customer accounted for approximately 6.34% of the Group's total turnover. The five largest suppliers accounted for approximately 32.97% of the Group's total purchases for the year and the largest supplier accounted for approximately 18.58% of the Group's total purchases.

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

Save that Hong Kong GF was among the aforesaid five largest suppliers of the Group, to the knowledge of the Directors, none of the shareholders owning more than 5% of the Company's shares had any interest in the aforesaid customers and suppliers of the Group during the year.

### SUFFICIENCY OF PUBLIC FLOAT

As far as the information publicly available to the Company is concerned and to the best knowledge of the Directors 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 40 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.

## 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 2018.

## CORPORATE GOVERNANCE

A report on the principal corporate governance practices adopted by the Company is set out on pages 31 to 47.

## 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 190.

## AUDITOR

The financial statements for the year ended 31 December 2018 have been audited by the auditor of the Company, Deloitte Touche Tohmatsu who shall retire and, being eligible, offer themselves for re-appointment at the 2019 annual general meeting.

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, 29 March 2019



# 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. Mr. Chu Chih-Yaung, the Chairman of the Board was unable to attend the annual general meeting of the Company held on 7 June 2018 due to his business trip and Mr. Chen Hsiang-Jung, the then executive Director, took the chair of the annual general meeting pursuant to the articles of association of the Company ("Articles").

Code provision A.2.1 stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. Mr. Chen Hsiang-Jung, the then Chief Executive Officer and executive Director of the Company was pass away on 8 November 2018. Mr. Chu Chih-Yaung, the Chairman of the Board, was appointed as Chief Executive Officer on 7 December 2018. Although these two roles are performed by the same individual since 7 December 2018, certain responsibilities have been shared with other executive directors to balance the power and authority. In addition, all major decisions have been made in consultation with members of the Board as well as senior management. The Board has three independent non-executive directors who offer different independent perspectives. Therefore, the Board is of the view that there is adequate balance of power and safeguards in place. The Board would review and monitor the situation on a regular basis and would ensure that the present structure would not impair the balance of power in the Company.

## DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Listing Rules for securities transactions by the Directors. Upon enquiry by the Company, all Directors have confirmed that, for the year ended 31 December 2018, they have complied with the required standards set out in the Model Code regarding securities transactions by the Directors.



## BOARD OF DIRECTORS

The Board is responsible for the leadership and control of the Company and oversees the Group's budget, significant policies and transactions, financial results, businesses, strategic decisions and performance. The management was delegated the authority and responsibility by the Board for the day-to-day management of the Group. In addition, the Board has also delegated various responsibilities to the various board committees referred to below. Further details of these committees are set out in this report.

The Board currently comprises seven Directors with four executive Directors and three independent non-executive Directors:

### Executive Directors

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

### 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 of the Company (the "Shareholders") and the Group.

### Chairman and Chief Executive Officer

The Chairman of the Board, is in-charge of the leadership of the Board and strategies planning of the Group. The Chief Executive Officer of the Company is responsible for the day-to-day management of the Group's business.



## Corporate Governance Report

Mr. CHEN Hsiang-Jung, the then Chief Executive Officer and Executive Director of the Company, was pass away on 8 November 2018. Mr. CHU Chih-Yaung, the Chairman of the Board, was appointed as Chief Executive Officer on 7 December 2018.

The positions and roles of Chairman of the Board and Chief Executive Officer of the Company have been held and performed by same individual since 7 December 2018.

### 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



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 2018:

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 2018, 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
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Mr. CHU Chih-Yaung	4/4
Mr. CHEN Hsiang-Jung*	2/2
Mr. CHEN Min-Ho	2/4
Mr. WEN Chi-Tang	3/4
Mr. CHIU Rung-Hsien	2/4
Mr. KOO Fook Sun, Louis	4/4
Mr. CHIANG Chun-Te	2/4
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.

\* Pass away on 8 November 2018

\* Pass away on 8 November 2018



## 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, re-appointment and removal of the external auditor and approving the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal of such auditor; reviewing the interim and annual reports and accounts of the Group; and supervising the financial reporting process and effectiveness of the risk management and internal control systems of the Group. The Audit Committee had during the year performed such functions and reviewed the unaudited financial statements of the Company for the six months ended 30 June 2018. The audited financial statements of the Company for the year ended 31 December 2018 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 2018, the Audit Committee met three times, during which the management of the Company and the external auditor were also in attendance, if appropriate. Details of the attendance by members of the Audit Committee of such meetings are as follows:

Name of members	Number of attendance
Mr. KOO Fook Sun, Louis	3/3
Mr. CHIANG Chun-Te	1/3
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.

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

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.

Mr. CHEN Hsiang-Jung, the then Chief Executive Officer and executive Director, was pass away on 8 November 2018. The Nomination Committee had considered and recommended the appointment of Mr. CHU Chih-Yaung as the Chief Executive Officer of the Company on 7 December 2018. The Nomination Committee also 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 Article 87(1) of the Articles, Mr. Wen Chi-Tang, Mr. Chiu Rung-Hsien 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 two meetings during the year ended 31 December 2018 and details of the attendance of its meeting are as follows:

<b>Name of members</b>	<b>Number of attendance</b>
Mr. KOO Fook Sun, Louis	2/2
Mr. CHIANG Chun-Te	1/2
Mr. YU Yu-Tang	1/2

### 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.



## Corporate Governance Report

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.

The Nomination Committee of the Company has responsibility for identifying and nominating for approval by the Board, candidates for appointment to the Board. It takes responsibility in assessing the appropriate mix of experience, expertise, skills and diversity required on the Board and assessing the extent to which the required skills are represented on the Board and overseeing the Board succession. It is also responsible for reviewing and reporting to the Board in relation to Board diversity.

Board appointments will be based on merit and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. Selection of candidates to join the Board will be, in part, dependent on the pool of candidates with the necessary knowledge, experience, skills, educational background and other qualities. The final decision will be based on merit and contribution that the chosen candidate will bring to the Board.

At present, the Nomination Committee has not set any measurable objectives to implement the board diversity policy. However, it will consider and review the board diversity policy and setting of any measurable objectives from time to time.

### Nomination Policy

A Nomination Policy which sets out the criteria and procedures when identifying suitably qualified candidates to be appointed and re-elected as Directors, was adopted by the Board during the year.

The Nomination Committee will consider the following factors in assessing the proposed candidates:

- Character and integrity;
- Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;
- Willingness to devote adequate time to discharge duties as a member of the Board;
- Board Diversity Policy and any measurable objectives adopted for achieving diversity on the Board;
- Requirements for independent directors.
- Such other perspectives appropriate to the Company's business or as suggested by the Board.

Besides, the following procedures for nomination should be adopted:

1. The Nomination Committee reviews the structure, size and composition (including the skills, knowledge and experience) of the Board periodically and make recommendation on any proposed changes to the Board to complement the Company's corporate strategy;
2. When it is necessary to fill a causal vacancy or appoint an additional director, the Nomination Committee identifies or selects candidates as recommended to the Committee, with or without assistance from external agencies or the Company, pursuant to the criteria above;
3. If the process yields one or more desirable candidates, the Nomination Committee shall rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable);
4. The Nomination Committee makes recommendation to the Board including the terms and conditions of the appointment;
5. The Board deliberates and decides on the appointment based upon the recommendation of the Nomination Committee;



### **Dividend Policy**

Under the Companies Law of Cayman Islands and the Memorandum and Articles of Association of the Company, dividends may be paid out of the profits of the Company, or subject to solvency of the Company, out of sums standing to the credit of the share premium account of the Company. However, no dividend shall exceed the amount recommended by Directors.

Declaration and recommendation of payment of dividends of the Company is subject to the approval of the Directors, depending on results of operations, working capital, financial position, future prospects, and capital requirements, as well as any other factors which the Directors of the Company may consider relevant from time to time. Any future declaration, recommendation and payment of dividends of the Company may or may not reflect the historical declarations and payments of dividends and will be at the absolute discretion of the Directors. The Company does not have any predetermined dividend payout ratio.

### **REMUNERATION OF DIRECTORS**

The Company established a remuneration committee (the "Remuneration Committee") with written terms of reference in compliance with the CG Code and consists of three independent non-executive Directors, namely Mr. KOO Fook Sun, Louis (as chairman), Mr. CHIANG Chun-Te and Mr. YU Yu-Tang.

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 2018 to review the existing remuneration packages of each of the Directors and senior management of the Company and details of the attendance of its meeting are as follows:

Name of members	Number of attendance
Mr. KOO Fook Sun, Louis	1/1
Mr. CHIANG Chun-Te	0/1
Mr. YU Yu-Tang	1/1

### Emolument policy

The emolument policy of the employees of the Group is determined on the basis of their merit, qualifications and competence.

The emoluments of the Directors are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics. Each of the executive Directors is entitled to the respective basic salary which is reviewed annually. Details of the Directors' remuneration are set out in note 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 2018 is set out below:

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

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 consolidated financial statements, respectively.





## COMPANY SECRETARY

The Company has engaged and appointed Mr. Lo Tai On, a representative from an external secretarial services provider, as the company secretary of the Company. The primary contact person with the company secretary of the Company is Mr. Esmond Yip, the Financial Controller of the Company. Mr. Lo has duly complied with the relevant training requirement under Rule 3.29 of the Listing Rules.

## CONSTITUTIONAL DOCUMENTS

During the year under review, there was no change in the Company's constitutional documents.

## AUDITOR'S REMUNERATION

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	526

## RISK MANAGEMENT AND INTERNAL CONTROL

The Board has acknowledged its responsibility for the risk management and internal control systems of the Group, and has established and continuously supervised and reviewed the effectiveness of the systems operation as required in the Principle C.2 of the CG Code with the purpose of managing the risk of failure to achieve the business objective, enhancing the effective and efficient operation, reasonably guaranteeing the reliability of financial reporting as well as in compliance with applicable laws and regulations, and safeguarding the assets of the Group. However, such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

### Characteristics of Risk Management and Internal Control Organization Systems

The Company has established and improved the risk management and internal control organization systems comprising the Audit Committee of the Board, senior management and all the departments of the Company as required in the Principle C.2.2 of the CG Code in a bid to guarantee that the Company has sufficient resources, employee qualification, experience, training courses and relevant budgets in terms of the risk management and internal control. All the departments of the Company are the first defending line of the risk management and internal control, the senior management is the second, and the Audit Committee of the Board is the third. The Audit Committee and the Board are the top decision-making organs of the risk management and internal control systems of the Company.

### Internal Audit Function

In light of the size, nature and complexity of the Company business, it was decided that the Audit Committee would be directly responsible for the establishment and improvement of internal control of the Company and for reviewing its effectiveness. Every year the Company hires a third-party organization to confirm testing scope based on the annual risk evaluation result and carry out the internal control review according to the practical condition of the Company.

### Conducting Risk Management and Internal Control

The Company reviews the effectiveness of the risk management and internal control systems and evaluates all the significant monitoring aspects including the financial monitoring, operation monitoring and compliance monitoring on a yearly basis according to five internal control factors, namely, internal environment, risk evaluation, control activities, information & communication, and internal supervision.

In 2018, 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 2018, the Company carried out the basic risk response measures of internal control through specific business process on the basis of fully identifying and evaluating risks, established the management procedures and internal control measures for significant processes of the preparation and disclosure of financial reports, and finally confirmed the long-term mechanism of risk management with the Risk Management System (《風險管理制度》). The management procedures of relevant processes, the internal control measures and the Risk Management System have been implemented upon the approval and signature by the senior management.

*The Risk Management System* specifies the overall objective, basic principles, assignment of responsibilities, reporting channels, methodology, main job contents and daily work of the risk management. It is stipulated in the System that the senior management shall conduct the risk management annually, continuously monitor the major risks and risk changes in the operation and management of each risk responsible department, formulate the Risk List and Risk Management Framework (《風險清單及風險管理框架》), which shall be submitted to the senior management and the Audit Committee, and report the risk management framework and organization system construction of each risk responsible department, risk pre-warning mechanism, the identification, evaluation methods and results of the risk information during the current year, and the resources and matters to be co-ordinately solved.

It is also provided in the System that the senior management shall supervise and assess whether each department can conduct the risk management according to relevant regulations and their work efficiency on a regular or irregular basis (at least once a year), prepare the Risk Summary and Evaluation Report (《風險彙總評估報告》), and put forward improvement suggestions for the effectiveness of the risk management. Relevant departments shall formulate specific rectification proposals according to the improvement suggestions, appoint a specific person for the implementation of each task, and stipulate on the expected date of completion of rectification. The senior management shall continuously monitor the progress of rectification. The Risk Summary and Evaluation Report shall be directly submitted to the senior management and the Audit Committee of the Board.

The results of risk management and internal control in 2018 indicated that there weren't any material faults or weak points in the major risk monitoring. The management processes of the Company, such as financial reports and information disclosures, strictly complied with the provisions of the Listing Rules, and the risk management and internal control were effective according to the evaluation of the Board.

During the year, the Board also renewed and ensured the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function and their training programmes and budget.

## PROCEDURES AND INTERNAL CONTROLS FOR THE HANDLING AND DISSEMINATION OF INSIDE INFORMATION

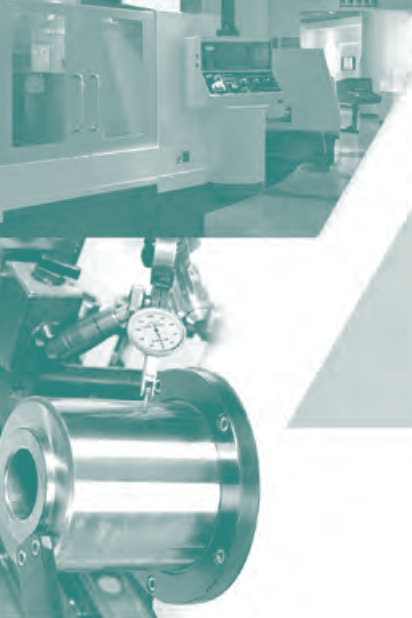
The Board has established the Inside Information Policy for the handling and dissemination of inside information. The Inside Information Policy stipulated the obligations of the Group, restriction on sharing non-public information, handling of rumours, unintentional selective disclosure, exemptions and waiver to the disclosure of inside information, external communication guidelines and compliance and reporting procedures. Management of the Company must take all reasonable measures from time to time to ensure that proper safeguards are in place to prevent a breach of a disclosure requirement in relation to the Company. They must promptly bring any possible leakage or divulgence of inside information to the attention of the Financial Controller who will notify the Board as soon as reasonably practicable accordingly for taking the appropriate prompt action. In the event that there is evidence of any material violation of the Inside Information Policy, the Board will decide, or designate appropriate persons to decide the course of actions for rectifying the problem and avoiding the likelihood of its recurrence.

## DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Board acknowledges its responsibility to prepare the Company's accounts for each financial period to give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing the financial statements for the year ended 31 December 2018, 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 7 June 2018 (the "2018 AGM"). A notice convening the 2018 AGM contained in the circular dated 27 April 2018 was dispatched to the Shareholders together with the 2017 Annual Report. The chairman of the Board was unable to attend the 2018 AGM due to his business trip. Mr. Chen Hsiang-Jung, the Executive Director, attended and chaired the 2018 AGM. Other directors were unable to attend the 2018 AGM due to their other business commitment.

The Chairman of the 2018 AGM explained detailed procedures for conduction a poll. All the resolutions proposed at the 2018 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.

The forthcoming annual general meeting of the Company will be held on 5 June 2019 (the "2019 AGM"). A notice convening 2019 AGM will be published on the websites of the Stock Exchange and the Company and dispatched together with the 2018 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)

## 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.

**Procedures for putting forward proposals at general meetings**

To put forward proposals at a general meeting of the Company, a shareholder should lodge a written request, duly signed by the shareholder concerned, setting out the proposals at the Company's principal place of business in Hong Kong for the attention of the Board and the Secretary of the Company with sufficient lead time in advance. The request will be verified with the Company's branch share registrar in Hong Kong and upon their confirmation that the request is proper and in order, the Secretary of the Company will pass the request to the Board. Whether a proposal will be put to a general meeting will be decided by the Board in its discretion.

The procedures for Shareholders to propose a person for election as director is posted on the Company's website at [www.goodfriend.hk](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 2018.

Hong Kong, 29 March 2019



# Environmental, Social and Governance Report

## ABOUT THE REPORT

Good Friend International Holdings Inc. (the “Company” or “we”) hereby presents the annual Environmental, Social and Governance (“ESG”) Report from 1 January 2018 to 31 December 2018 (“FY2018”) 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. It is to be read in conjunction with the Corporate Governance Report on page 31 of this document.

The report takes the activities of Good Friend International Holdings Inc. as the main line. After comprehensive consideration of a series of indicators such as sales, business type, profit amount and asset amount, the following entities are included in the scope of this Report: Hangzhou Good Friend Precision Machinery Precision Co., Ltd., Hangzhou Global Friend Precision Machinery Co., Ltd., Hangzhou Ever Friend Precision Machinery Co., Ltd. and Hangzhou Glory Friend Machinery Technology Co., Ltd.

The scope of environmental aspect ESG data has changed: the environmental aspect ESG data range covered Hangzhou Good Friend Precision Machinery Precision Co., Ltd. and Hangzhou Glory Friend Machinery Technology Co., Ltd. in the 2017 ESG Report. In the 2018 ESG Report, Hangzhou Global Friend Precision Machinery Co., Ltd. and Hangzhou Ever Friend Precision Machinery Co., Ltd. have been added. Meanwhile, we adjusted the 2017 environmental aspect ESG data and included Hangzhou Global Friend Precision Machinery Co., Ltd. and Hangzhou Ever Friend Precision Machinery Co., Ltd into the 2017 environmental aspect ESG data range to ensure comparability over time.

The Board of directors of the Company is responsible for the ESG strategy and reporting, including the assessment and determination of relevant risks in these aspects, and guarantee of proper ESG risk management and internal monitoring system. We have appointed the business and functional departments to identify the relevant ESG matters, and evaluate the significance of these matters to our business and interested parties by reviewing the Company’s operation and conducting internal discussions. The management has confirmed the effectiveness of the ESG risk management and internal monitoring system with the Board. In accordance with the general disclosure regulations in the *Guidance on the ESG Report*, the identified significant matters have been contained in this Report with the aim of disclosing the Company’s performance on these matters during its operation.

## SELECTION OF MAJOR ISSUES

### Communication with stakeholders

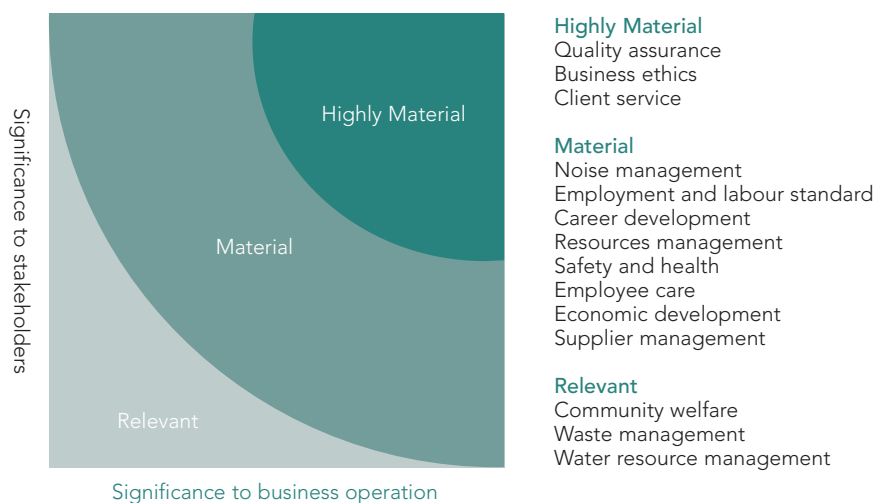
Judging from the characteristics of the business and operation, we categorize major stakeholders as investors, governments and regulators, employees, non-governmental organizations, clients, suppliers and communities.

Stakeholders	Expectation & requirement	Communication & responses
Investors	<ul style="list-style-type: none"> <li>Protection of shareholders' rights and interests</li> <li>Maintenance and appreciation of assets value</li> <li>Enterprise governance mechanism</li> <li>Authentic, accurate, prompt and complete disclosure of information</li> </ul>	<ul style="list-style-type: none"> <li>Shareholders' meeting</li> <li>Press releases and announcements</li> <li>Company reports</li> <li>Information on the company website</li> <li>Investors' meetings</li> </ul>
Governments and regulators	<ul style="list-style-type: none"> <li>Compliance with laws and regulations</li> <li>Pay taxes in accordance with law</li> <li>Protect the environment</li> <li>Industry development</li> <li>Give back to the community</li> </ul>	<ul style="list-style-type: none"> <li>Meeting</li> <li>Compliance report</li> <li>Onsite check</li> <li>Special investigation</li> <li>Proper submission of documents</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Equal employment</li> <li>Competitive salary system</li> <li>Employee training</li> <li>Career development</li> <li>Humanity care</li> <li>Health and safety protection</li> </ul>	<ul style="list-style-type: none"> <li>Labour contracts</li> <li>After-work activities</li> <li>Manager mail box</li> <li>Voluntary activities</li> <li>Daily communication</li> </ul>
Non-governmental organizations	<ul style="list-style-type: none"> <li>Investment for local development</li> <li>Participate in local community projects</li> <li>Take on environmental responsibility</li> <li>Human rights</li> <li>Fair share of benefits</li> </ul>	<ul style="list-style-type: none"> <li>Annual ESG report</li> <li>Direct communication</li> <li>Factory visit</li> </ul>
Clients	<ul style="list-style-type: none"> <li>Client satisfaction management</li> <li>Client complaint management</li> <li>Product responsibility</li> </ul>	<ul style="list-style-type: none"> <li>Daily communication</li> <li>Regular interviews and visits</li> <li>Client service center and hotline</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>Suppliers' code of conduct</li> <li>Supplier assessment</li> <li>Supplier cooperation</li> </ul>	<ul style="list-style-type: none"> <li>High-level meetings</li> <li>Workshop</li> <li>Suppliers' summits</li> <li>Supplier entry and assessment</li> <li>Field work</li> <li>Daily communication</li> </ul>
Communities	<ul style="list-style-type: none"> <li>Noise management</li> <li>Support economic development</li> <li>Enthusiasm towards public welfare</li> </ul>	<ul style="list-style-type: none"> <li>Charitable activities</li> <li>Community services</li> <li>Environmental protection activities</li> </ul>

### Assessment of major issues

After interviewing the internal and external stakeholders this year, we received several suggestions. We score and rank social responsibility issues of the Company according to two standards, namely their impact on business as well as the stakeholders' rights and interests, so as to reflect their influence on the environment and society, and better respond to the expectations and demands of the stakeholders. Our major issues are as below:

Matrix for material issues



### MARKET

Without the high standard which we set for ourselves, we cannot become the largest CNC machine tools manufacturer in China. Since the Company was founded, we have adhered to the business philosophy of sincerity and integrity. Therefore, in order to develop better and faster, we not only select our partners strictly and demand for high quality, but also do our best to serve our clients with enthusiasm.

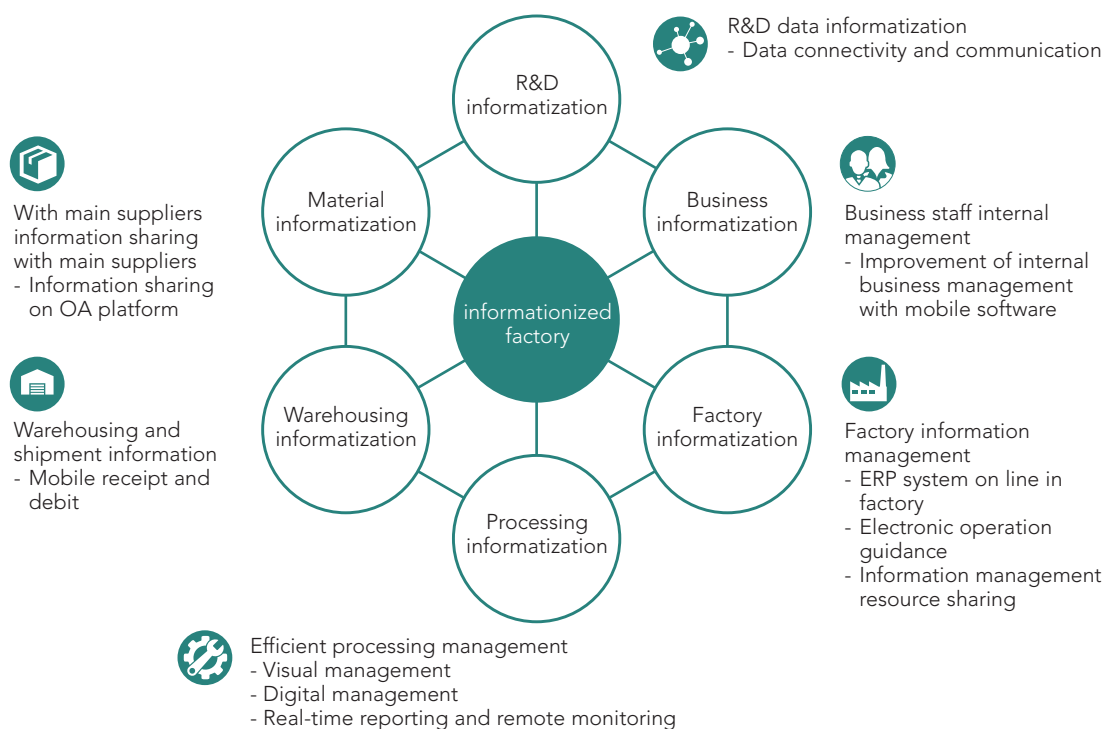
In FY2018, we did not find any products were returned due to safety or health problems.



### Quality assurance

The Company is specialized in manufacturing CNC machine tools, car parking garage structure and forklift trucks. We always insist that all products must pass strict quality control system to free our clients from worries. As for product quality, the Company has obtained the ISO 9001 quality management system and implemented a product safety management system covering material supply, production, packaging and delivery. Every year, we conduct self-inspection in the quality management in accordance with the established material supply inspection management, process inspection management, finished product inspection management, and defective product control management procedures, and organise the internal quality review.

Industry 4.0 enables each product to have uniform data accuracy, traceability, and high standards of quality. In order to improve the quality of products, we are building a factory that integrates information, visualization and information networks. In FY2018, we successfully applied six "information management" to the daily operation of the machine tool division based on clients demand, covering the whole process of CNC machine tool R&D, design, manufacturing, inspection, delivery and after-sales service, in order to enhance the product quality and to promote the development of CNC machine tools.





## Environmental, Social and Governance Report

In addition, we also contribute to improving the quality control of the industry. In order to improve the quality and technical requirements of Chinese industry, in FY2018, SAC/TC227 led the drafting of "Design Code for Mechanical Parking Equipment". As a participant, we were actively involved in the preparation of standard content.

Technology is important for quality improvement. We are committed to technological innovation and continuously improve the technical content of our products to enhance the quality of our products. Now we have owned 35 valid patents, among which are 6 software copyrights. The Company also formulate the Patent Management System, to regulate the patent development and protection processes.

### Client Service

During the life of an enterprise, quality is an essential factor for survival while the clients are the driving force for improvement. With a solid and stable client base, we can actively promote various activities to enable the enterprise to flourish.

We strive to provide high-quality services for clients. In order to timely submit clients orders and boost client satisfaction, we implement lean management internally, and set up a cross-sectoral subdivision and special investigation team. By summarizing and classifying business management data, we easily locate the occurrence points and detection points of problems, and promptly solve the problems in daily operation process. In addition, we regularly conducted satisfaction surveys on product quality and after-sales service. In FY2018, no client complaints occurred, our client satisfaction rate was 98%.

In addition, we set access control on client files to secure clients' privacy to the best.

### Supplier Management

The high-quality environmental-friendly products we provide to clients are inseparable from our excellent supplier management. We make strict demands on suppliers at source. We implement *the Supplier Management Procedures*, *the Supplier Management Process Flow Chart* and *Supplier Monthly Assessment Form*, and carry out strict and fair supplier access procedures and evaluation mechanism,. When choosing a new supplier, we will conduct a series of evaluation procedures based on these systems, including the on-site investigation, sampling, quality assurance, etc.

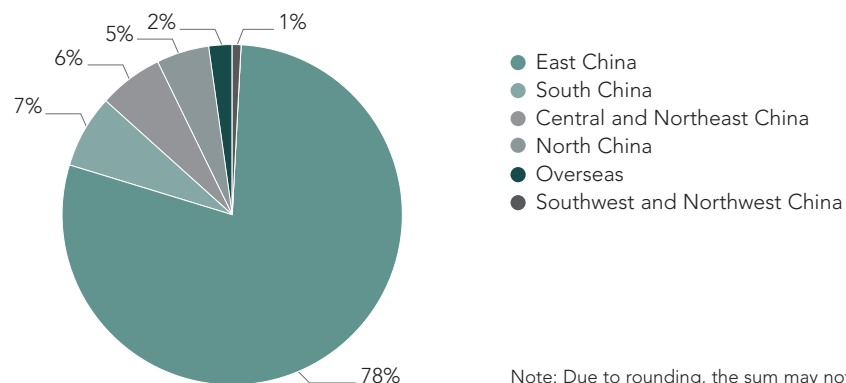


## Environmental, Social and Governance Report

At the same time, the Company continues enhancing environmental and social risk management of suppliers, requiring supplier qualifications to comply with relevant environmental protection requirements and supervising our suppliers to obtain accreditation under the ISO 14000 environmental management standard. When evaluating the suppliers, we take into consideration the environmental and social impacts, and select the suppliers with excellent quality and strong environmental awareness for cooperation.

We give priority to local suppliers in order to promote the development of the local economy. Currently, we are cooperating with 769 suppliers, which are mainly from Jiangsu, Zhejiang and Shanghai. The distribution is as follows.

Suppliers by region



Note: Due to rounding, the sum may not be 100%.

For qualified suppliers, we conduct monthly and annual review, and eliminate the suppliers who do not pass the review. For excellent suppliers, we issue the "excellent supplier award" at the end of the year.

### Business Ethics

In order to build a positive and healthy operation environment and guarantee the sound development of the Company, we establish the *Anti-Corruption Management Methods* and strictly comply with the laws and regulations. For suppliers, when signing the contract, we require them to sign the *Letter of Commitment of Manufacturer* to ensure the transparency of the whole transaction process. In addition, we provide various anonymous channels for reporting immoral matters.

In FY2018, we have not been involved in any lawsuits relating to corruption, bribery, blackmail, fraud, or money laundering.

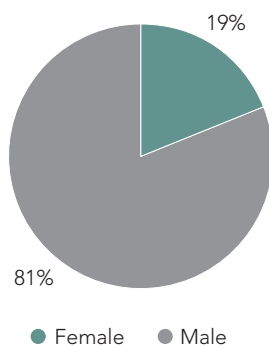
## EMPLOYEE

The Company 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.

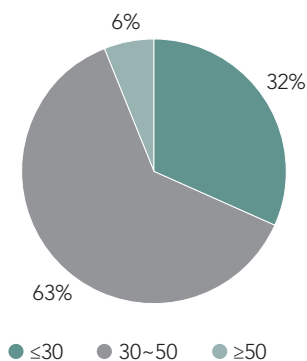
We are committed to creating an innovative, win-win and equitable working environment for our employees. While ensuring employees' occupational safety and health, we focus on taking care of our employees, and organize diverse activities to promote employees' physical and mental health. In order to realize the common development of enterprise and individuals, we improve the system of talent cultivation, set the channels for internal communication, and provide a good career development platform for our employees.

In FY2018, the total number of employees reached 1,147, among which 216 were female and they accounted for 19% of the total employees. The employee turnover ratio was 22%.

Percentage of employee by gender

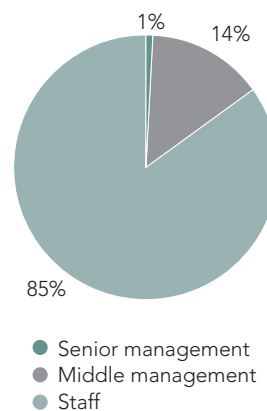


Percentage of employee by age



Note: Due to rounding, the sum may not be 100%.

Percentage of employee by category







## Environmental, Social and Governance Report

### Employment and Labour Standards

#### *Labour standards*

The Company persists in the equal employment, and prohibits employee discrimination in any form. We sign labour contracts with employees and ensure they will not suffer discrimination due to the race, nationality, complexion, religion, physical disability, gender, sexual orientation, club member or marital status.

The Company protects the entitlement of female employees to vocational development. We stipulate that female and male employees are equally entitled to promotion and professional training on technology and management skills. We require a certain proportion of female employees in the further education, business study, job training and overseas exchange on a field practice.

We strictly prohibited child labour and any form of coercion, harassment, physical punishment, psychological oppression, language assault. We respect the rights of all employees to freely join in associations or labour unions.

We did not involve in any child labour, forced labour and discrimination cases in FY2018.

#### *Salary and welfare*

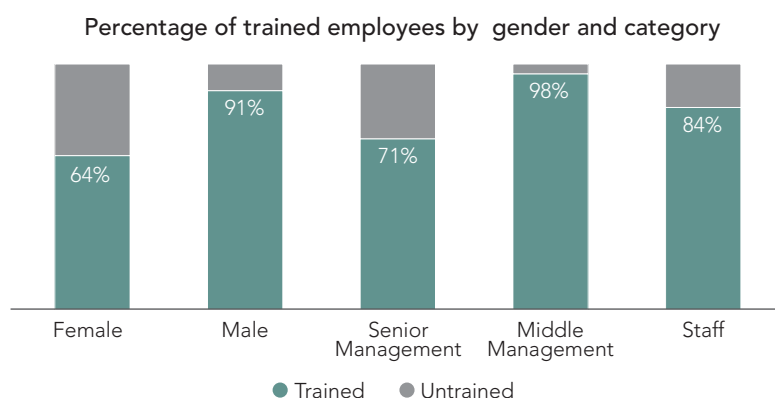
We comply with the *Labour Contract Law*. In China, according to the national social security policies, we timely pay social insurances including endowment insurance, medical insurance, unemployment insurance, work-related injury insurance and maternity insurance, as well as housing fund for employees in full. We also buy commercial insurances for our employees to improve their abilities to overcome the unexpected difficulties.

We established *Staff Management Policy*, which states that policies related to salary, insurance and welfare are timely adjustment based on the overall strength of employees' capability, performance and achievement. For example, in the first half of 2018, we awarded extra bonus to CNC machine tools division for staff who have no absenteeism or low absenteeism as well as supervisors with excellent performance on duty.

## Training and Development

The development of the enterprise is closely connected with the growth of the employees. The development of the technical level and ability of the employees represent the future of the enterprise. The key to our success is to ensure that each employee is equipped with the corresponding skills for their positions. We encourage our employees to continuously improve and develop themselves, and provide all employees with all kinds of training and skills related competition activities, so that employees can learn from each other, identify improvement areas and enhance themselves in competition.

In FY2018, the average training hours of each employee were 22 hours.



In addition, we cooperated with the Hangzhou Vocational & Technical College to establish the Fair Friend Institute of Electromechanical, which cultivates talents for us. Fair Friend Institute of Electromechanical is a key training base for advanced manufacturing talents in Zhejiang Province. It has advanced equipment of RMB130 million with 20 professors and associate professors as well as 50 full-time and part-time doctoral and master students. It provides employees with a platform for development and training.

## Safety and Health

Occupational safety and health of the employees is the foundation of the sustainable development of the Company. Although there is no significant occupational safety and health threat in our production and operation processes, we always focus on preventing disease from happening and ensuring occupational safety and health for our employees. 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, we also continuously perfects the health management of employees and formulates *the Occupational Safety and Health Education System*.



## *Environmental, Social and Governance Report*

We have obtained accreditation under the OHSAS18000 international safety and health management system. We constantly enhance the level of occupational health and safety management, forming a complete mechanism of self-monitoring, self-discovery and self-improvement. Every year, we carry out a complete and comprehensive test on the environment of all the plants to ensure the safety of the staff's working environment. In FY2018, we were not involved in death due to production accidents or any serious production accidents.

Dust and noise are the main factors that cause occupational health problems. To protect our employees' occupational health we take the actions below:

- **Decontamination of dust**

During the production of parking equipment, the dust produced by welding threatens the health of the employees. Therefore, we install 8 smoke purifiers which inhale smoke, dust and exhaust gas through the suction of the fan. Meanwhile, the flame arrester at the inlet prevents the entry of the spark generated by welding, filters the smoke etc. The purified gas is draught through the outlet. In this way, it not only ensures the safety of employees' working environment but also protects the natural environment.

- **Noise management**

The noise also affects the production line staffs' health therefore in order to reduce noise, our Processing Department invests RMB150,000 to build a vibration workshop, which can reduce the internal noise to 98 dB and the noise outside the closed room to 78 dB. We also require that our employee should wait outside the room during vibration process and should not go inside to install work pieces until the vibration is over. In that case, the possibility that the employees are physically injured during work is reduced.

- **Disease prevention**

We provide regular physical examination for employees to prevent the occurrence of diseases. Our staff canteens provide high-quality balanced diet with good nutrition for our employees.



## Environmental, Social and Governance Report

### Care for Employees

We often organize vivid recreational activities to help employees relieve the pressure of work so that they can better balance their lives and work. For example, the activity named “Walk with joy and perseverance” is held every year to enhance employees’ awareness of preserving nature and to relieve their work stress. We have successfully held parents and children activities for four years in order to create opportunities for strengthening family bonding. We regularly hold staff sporting events to strengthen the spirit of cooperation and solidarity among the employees. We also provide RMB16,000 for our amateur badminton teams and basketball teams to promote the development of sporting activities.

In addition, we help employees in difficulty to ease their economic pressures. For instance, we provide housing subsidy of RMB500 per month for employees with housing difficulties, which is intended to relieve the pressure of high rent. We encourage employees to help each other by sending consolation money in time to employees who have suffered from economic pressure due to special circumstances to help them get through the difficult times.

## ENVIRONMENT

The Company focuses on the sustainable development management and improving the utilization ratio of resources. We try to protect the environment in all of our operational processes. We have passed the ISO14001 Environment Management System Certification, and organized internal and external review of the corporate environment on a yearly basis, to ensure that the environment management system is manageable and long-term effectiveness.

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.

There were no environmental pollution accidents, illegal events or complaints from the surrounding residents in FY2018.

### Resources Management

We consume electricity, gasoline, diesel, steel and package wood in our operations and we take various actions to reduce our energy consumption.

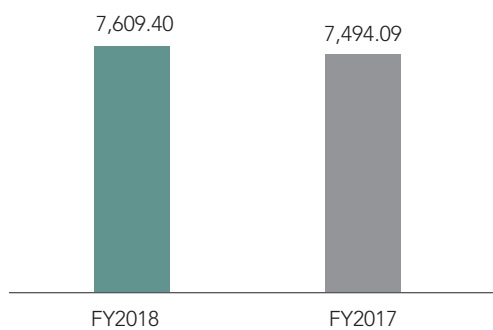


## Environmental, Social and Governance Report

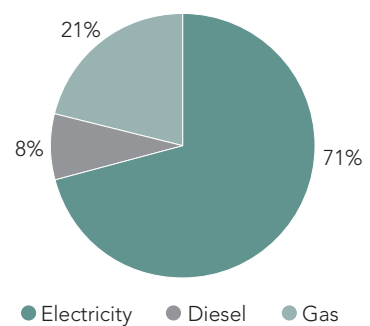
### Low-carbon production

The main source of energy consumption in our operation are electricity, gasoline, and diesel. In FY2018, we consumed 7,609.40 MWh of energy in total and the purchased electricity accounted for 71% of the total. In FY2018, we have 567.70 tons of direct greenhouse gas emissions (Scope 1) and 3,816.71 tons of indirect greenhouse gas emissions (Scope 2).

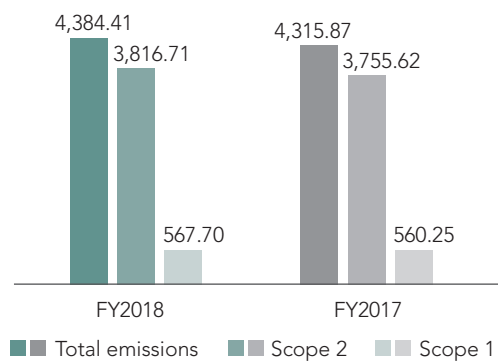
Total energy consumed (MWh)



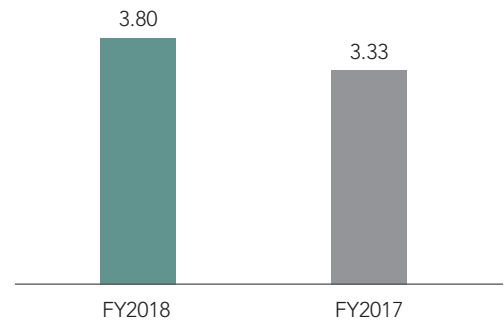
Energy consumed by category



Greenhouse gas emissions (tons)



Intensity of greenhouse emissions (tons/million yuan)



Note: Intensity of greenhouse gas emissions is the amount of greenhouse gas emissions per million yuan of revenue.

In order to reduce greenhouse gas emissions, we have taken a number of measures. In FY2018, We replaced the power-consuming lamps used in phase 1-4 of the CNC machine tools division with energy-saving LEDs, which has effectively reduced the use of electricity. Meanwhile, we carry out measures of transformer outage every year to reduce energy consumption.

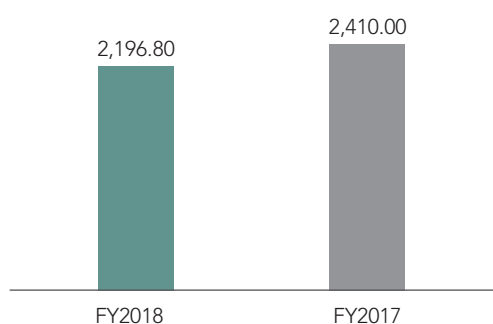
In the Parking Department, all the motors we use comply with the European Energy Standard. Although the purchase of the European standard motors will increase the cost, we uphold the concept of environmental friendliness and implement environmental protection measures at all costs.

### **Raw materials and packaging materials**

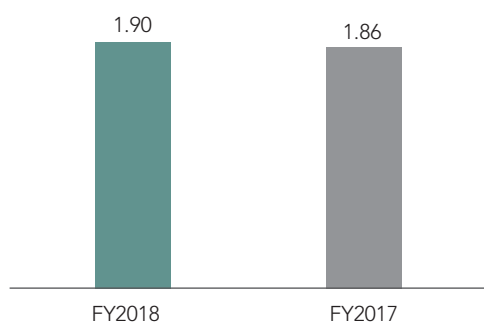
The Parking Department has a large demand for steel. In the past, we cut the standard steel on our own, which caused a lot of waste. So we signed an agreement with the steel suppliers who will customize the steel for us which can reduce unnecessary losses.

In the CNC Machine Tools Department, we try to reduce the use of packaging materials. Products shipped to clients are in wooden boxes and we signed an agreement with wood packaging enterprises for recycling of packaging materials, so as to reduce the consumption of timber and mitigate the impact on the environment. In FY2018, we consumed 2,196.80 tons of packaging materials, of which 2,066.30 tons are wood.

**Total packaging materials (tons)**



**Intensity of packaging materials consumed intensity (tons/million yuan)**



Note: Intensity of packaging materials is the amount of packaging materials per million yuan of revenue.



## Environmental, Social and Governance Report

### Waste Management

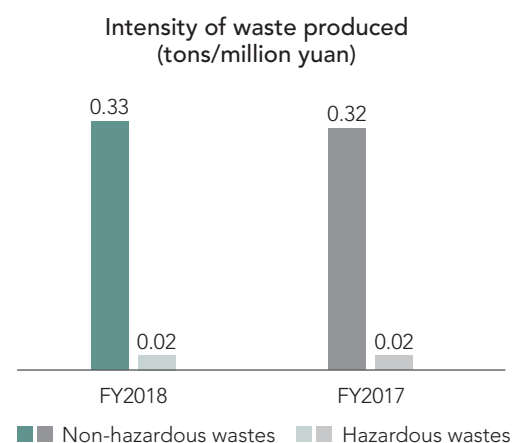
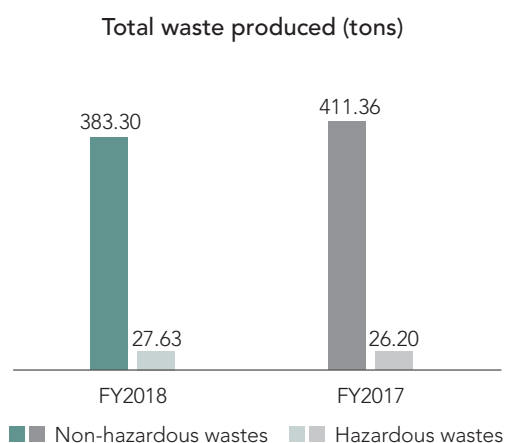
#### Waste gas

The main waste gas produced during the production include nitrogen oxide (NO<sub>x</sub>), sulphur oxide (SO<sub>x</sub>), particulate matter (PM) and VOCs. In order to improve the working environment and reduce the impact on the surrounding environment, we have established the waste gas treatment project with the support of leaders of the Company according to the requirement of the environmental protection project. The waste gas after treatment has reached the emission standard stipulated in the *Integrated Emission Standard of Air Pollutants* (GB16297-1996).

Dust produced in the production process has a significant impact on employees' health. It will not only do harm to the surrounding environment but also to the whole atmosphere if the emissions are not treated. So we put into 8 smoke recycling equipment and all the dust gas emissions released into the air again should be processed, which greatly reduce the production activities' impacts on the surrounding environment.

#### Solid wastes

The wastes generated in our production are mainly divided into hazardous wastes and non-hazardous wastes. Non-hazardous wastes mainly include living garbage, scrap iron, grinding wheel and office consumables. Hazardous wastes mainly include grinding mud, activated charcoal contaminated with paint, paint bucket, waste oil etc.



Note: Waste generation intensity is the amount of waste produced per million yuan of revenue.



We issued the *Regulations of Waste Discharge of Management* in the process of production and operation. We classified wastes according to the *National Catalogue of Hazardous Waste*, and made corresponding disposal guidelines according to different levels. Hazard wastes such as waste oil will be disposed by qualified and professional third parties appointed by the Company.

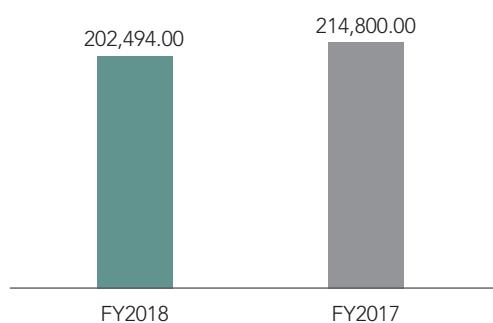
Great deal of heat is produced in production, which cannot be released from the machine, and we use cutting fluid (coolant) for cooling. During the cooling process, the cutting fluid will be mixed with waste oil from production process and other impurities. We introduced the cutting fluid recovery unit to treat and recycle cutting fluid.

### Water Resource Management

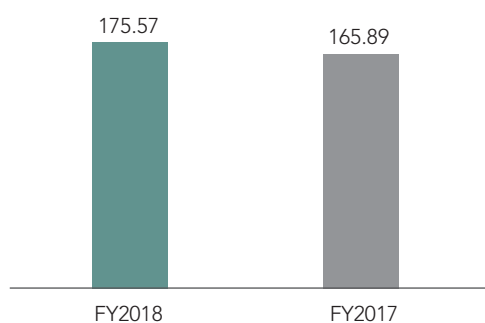
Our water is taken from the urban water supply system. In FY2018, we consumed 202,494.00 m<sup>3</sup> of water.

During production process, we produce small amounts of industrial and domestic wastewater. The domestic wastewater is mainly discharged from office toilets and kitchens without the discharge of poisonous, hazardous and special substance. Industrial wastewater is directly discharged through the municipal sewage pipe network and discharged by the municipal government's sewage treatment plant.

Total water consumed (m<sup>3</sup>)



Intensity of water consumed (m<sup>3</sup>/million yuan)



Note: Intensity of water consumed is the amount of water consumed per million yuan of revenue.



## COMMUNITY

We adhere to the concept of 'What comes from the people should be used for the people'. When running the business, we do not forget to repay the society, which is deeply rooted in the hearts of every staff in the Company. In addition, in the vicinity of the factory area, there are many residential areas. We always pay attention during the production activities to avoid disturbing our neighbour.

### Noise Management

The noise is mainly produced by power equipment such as the air compressors, planer type milling machines, horizontal boring machines and cranes. 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.

### Boosting Economic Growth

Fair Friend Institute of Electromechanical which we established through the cooperation with Hangzhou Vocational & Technical College not only brings to the Company the talented people who are proficient in both theoretical knowledge and practical operation, but also brings a large number of elites in the field of electro mechanics and provides the employment opportunities to some local students. In 1993, Hangzhou Good Friend Precision Machinery Co., Ltd. was established in Xiaoshan district. It has brought a lot of job opportunities to the local economy, promoted the local economic development, and been honored as one of the top 10 enterprises in the local economic development. Our high-quality CNC machine tools, forklifts and parking garage structures also provide strong support for local industrial upgrading and enterprise transformation.

### Community Dedication

We actively participate in various public welfare activities and charitable donations. In December 2018, we participated in the voluntary blood donation activity organized in the Development Area. At the Company's advocacy, a total of 9,620 milliliters of blood were donated. In order to help the poor and the disadvantaged, we donated RMB200, 000 in the "Spring Wind" activity organized by the Hangzhou municipal government.

### Education Development

We show great concern and support for the development of education. In 2018, we donated RMB300,000 to the Education Development Foundation of Hangzhou Vocational & Technical College. The funds are used to set up various funds such as student scholarships, teacher reward funds and academic research funds.

## ESG DATA OVERVIEW

Indicators	FY2018	FY2017
<b>Emissions</b>		
Greenhouse gas emissions in total (Scope 1&2) (tons)	<b>4,384.41</b>	4,315.87
Scope 1	<b>567.70</b>	560.25
Scope 2	<b>3,816.71</b>	3,755.62
Greenhouse gas emissions per million yuan of revenue (tons/million yuan)	<b>3.80</b>	3.33
Waste gas emissions in total (tons)	<b>14.66</b>	11.48
NOx	<b>0.15</b>	0.14
VOCs	<b>14.51</b>	11.34
Hazardous wastes produced in total (tons)	<b>27.63</b>	26.20
Grinding mud	<b>23.75</b>	24.06
Activated charcoal contaminated with paint	<b>2.00</b>	1.45
The paint bucket	<b>1.26</b>	0.57
Waste oil	<b>0.62</b>	0.12
Hazardous wastes produced per million yuan of revenue (tons/million yuan)	<b>0.02</b>	0.02
Non-hazardous wastes produced in total (tons)	<b>383.30</b>	411.36
Scrap iron	<b>208.67</b>	232.80
Living garbage	<b>173.00</b>	177.00
Grinding wheel	<b>0.52</b>	1.24
Office consumables	<b>1.11</b>	0.32
Non-hazardous wastes produced per million yuan of revenue (tons/million yuan)	<b>0.33</b>	0.32

## Environmental, Social and Governance Report

Indicators	FY2018	FY2017
<b>Water</b>		
Water consumed in total (m <sup>3</sup> )	202,494.00	214,800.00
Water consumed per million yuan of revenue (m <sup>3</sup> /million yuan)	175.57	165.89
<b>Energy</b>		
Energy consumed in total (MWh)	7,609.40	7,494.09
Electricity	5,425.32	5,338.48
Gasoline	1,610.64	1,546.80
Diesel	573.44	608.81
Energy consumed per million yuan of revenue (MWh/million yuan)	6.60	5.78
<b>Packaging materials</b>		
Packaging materials consumed in total (tons)	2,196.80	2,410.00
Packaging wood	2,066.30	2,323.00
Other	130.50	87.00
Packaging materials consumed per million yuan of revenue intensity (tons/million yuan)	1.90	1.86
<b>Employee</b>		
Total workforce	1,147	1,189
By gender		
Female	216	226
Male	931	963
By age group		
Under 30	363	417
From 30 to 50	717	699
Over 50	67	73
By employee category		
Senior management	7	11
Middle management	160	180
Staff	980	998
Employee turnover ratio	22%	23%

## Environmental, Social and Governance Report

Indicators	FY2018	FY2017
<b>Safety</b>		
Number of work-related fatalities.	0	0
Rate of work-related fatalities	0	0
Number of lost days due to work injury	450	2832
Male	91%	82%
<b>Development</b>		
The percentage of trained employees	86%	78%
By gender		
Female	64%	63%
Male	91%	82%
By employee type		
Senior management	71%	9%
Middle management	98%	76%
Staff	84%	79%
The average training hours completed per employee	22	26
By gender		
Female	13	31
Male	24	34
By employee type		
Senior management	3	7
Middle management	21	25
Staff	22	34

## APPENDIX I – INDEX OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

Aspect	Description	Location/Remarks
<b>A. Environmental</b>		
<b>Aspect A1: Emissions</b>		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	Resource management; Waste management; Water resource management
A1.1	The types of emissions and respective emissions data	Waste management
A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Resource management
A1.3	Total hazardous wastes produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Waste management
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Waste management
A1.5	Description of measures to mitigate emissions and results achieved	Resource management; Waste management; Water resource management
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	Waste management

Aspect	Description	Location/Remarks
<b>Aspect A2: Use of resources</b>		
General disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	Resource management; Waste management; Water resource management
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility)	Resource management
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility)	Water resource management
A2.3	Description of energy use efficiency initiatives and results achieved	Resource management
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	Resource management
A2.5	Total packing material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	Resource management





## Environmental, Social and Governance Report

Aspect	Description	Location/Remarks
<b>Aspect A3: The environment and natural resources</b>		
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources	Resource management; Waste management; Water resource management
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	Resource management; Waste management; Water resource management
<b>B. Social</b>		
<b>Aspect B1: Employment</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	Employee
B1.1	Total workforce by gender, employment type, age group and geographical region	Employment and labour standards
B1.2	Employee turnover rate by gender, age group and geographical region	Employment and labour standards

Aspect	Description	Location/Remarks
<b>Aspect B2: Health and safety</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	Safety and health
B2.1	Number and rate of work-related fatalities	Safety and health
B2.2	Lost days due to work injury	ESG data overview
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	Safety and health
<b>Aspect B3: Development and training</b>		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	Training and development
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management)	Training and development
B3.2	The average training hours completed per employee by gender and employee category	ESG data overview



## Environmental, Social and Governance Report

Aspect	Description	Location/Remarks
<b>Aspect B4: Labour standards</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	Employment and labour standards
B4.1	Description of measures to review employment practices to avoid child and forced labour	Employment and labour standards
B4.2	Description of steps taken to eliminate such practices when discovered	Employment and labour standards
<b>Aspect B5: Supply chain management</b>		
General Disclosure	Policies on managing environmental and social risks of the supply chain	Supplier management
B5.1	Number of suppliers by geographical region	Supplier management
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	Supplier management

Aspect	Description	Location/Remarks
<b>Aspect B6: Product responsibility</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	Market
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Quality assurance
B6.2	Number of products and service related complaints received and how they are dealt with	Client service
B6.3	Description of practices relating to observing and protecting intellectual property rights	Quality assurance
B6.4	Description of quality assurance process and recall procedures	Quality assurance
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	Client service

Aspect	Description	Location/Remarks
<b>Aspect B7: Anti-corruption</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	Business ethics
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	Business ethics
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	Business ethics
<b>Aspect B8: Community Investment</b>		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	Community
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	Boosting economic growth; Community dedication; Education development
B8.2	Resources contributed (e.g. money or time) to the focus area	Boosting economic growth; Community dedication; Education development

# Independent Auditor's Report

**Deloitte.**

德勤

**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 80 to 189, which comprise the consolidated statement of financial position as at 31 December 2018, 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 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, 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.

**To the Shareholders of Good Friend International Holdings Inc.**  
*(incorporated in the Cayman Islands with limited liability) (Continued)*

## KEY AUDIT MATTERS *(Continued)*

### Key audit matter

### How our audit addressed the key audit matter

#### ***Impairment assessment of trade receivables and contract assets***

We identified impairment assessment of trade receivables and contract assets as a key audit matter due to the significance of the Group's trade receivables and contract assets in the context of the Group's consolidated financial statements and the involvement of subjective judgement and management estimates in evaluating the expected credit loss ("ECL") of the Group's trade receivables and contract assets at the end of the reporting period.

As disclosed in Notes 19A and 19B to the consolidated financial statements, as at 31 December 2018, the carrying amount of trade receivables and contract assets amounted to approximately RMB323,586,000, which represented approximately 14.64% of the Group's total assets. As disclosed in Note 39 to the consolidated financial statements, the management of the Group estimates the amount of lifetime ECL of trade receivables and contract assets based on provision matrix with appropriate groupings. For collective assessment, the Group uses debtors' aging to assess the impairment for its customers because these customers consist of a large number of small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. In addition, trade receivables and contract assets are assessed individually for debtors with significant balances or credit impaired. ECL is estimated based on historical credit loss experience based on the past default experience of the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The loss allowance amount of the credit impaired trade receivables is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows with the consideration of expected future credit losses.

As disclosed in Notes 19A and 19B to the consolidated financial statements, the Group recognised an additional amount of RMB8,875,000 of impairment of trade receivables and contract assets for the year and the Group's lifetime ECL on trade receivables and contract assets as at 31 December 2018 amounted to RMB47,161,000.

Our procedures in relation to the loss allowance for ECL on trade receivables and contract assets included:

- Obtaining an understanding of the key controls over the impairment assessment of trade receivables and contract assets, including but not limited to the management of the Group's assessment on the credit rating of the counterparties;
- Testing the trade receivables' ageing report as at 31 December 2018 produced by the Company's financial system, on a sample basis, by comparing individual items in the ageing report with the relevant sales agreements, sales invoices and other supporting documents;
- Assessing the management of the Group's basis and judgement in determining credit loss allowance on trade receivables and contract assets as at 31 December 2018, including their identification and evaluation of individually assessed trade receivables and contract assets, the reasonableness of the management of the Group's grouping of remaining trade debtors into different categories in the provision matrix, and the basis of estimated loss rates applied in each category in the provision matrix (with reference to historical default rates and forward-looking information); and
- Evaluating the disclosures regarding the impairment assessment of trade receivables and contract assets in notes 19A, 19B and 39 to the consolidated financial statements.



**To the Shareholders of Good Friend International Holdings Inc.**  
(incorporated in the Cayman Islands with limited liability) (Continued)

### KEY AUDIT MATTERS (Continued)

#### Key audit matter

##### *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 judgements 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 fluctuations of steel prices, the inventories are exposed to the risk of being carried in excess of net realisable value. As disclosed in Note 22 to the consolidated financial statements, as at 31 December 2018, the carrying amount of inventories amounted to approximately RMB524,752,000 (net of inventory provision of RMB23,629,000) which represented approximately 23.74% of the Group's total assets. As disclosed in Note 4 to the consolidated financial statements, in assessing the net realisable value and making appropriate allowances to inventories, the management estimates the provision for impairment of inventories by identifying inventories that are slow moving or obsolete, and consider the inventories' physical conditions, age, market conditions and market prices for similar items.

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

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

- Obtaining an understanding of the management of the Group's key controls over the impairment assessment of inventories;
- Attending the inventory count performed by the management of the Group to evaluate whether obsolete inventories are properly identified with which the impairment assessment is based;
- Testing the inventories ageing report, on a sample basis, with reference to the procurement and/or production records;
- Evaluating the reasonableness of impairment provision on inventories with reference to the ageing 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.

**To the Shareholders of Good Friend International Holdings Inc.**

*(incorporated in the Cayman Islands with limited liability) (Continued)*

## **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 issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company 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.

### To the Shareholders of Good Friend International Holdings Inc.

*(incorporated in the Cayman Islands with limited liability) (Continued)*

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion 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 judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors of the Company's 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.

**To the Shareholders of Good Friend International Holdings Inc.**

*(incorporated in the Cayman Islands with limited liability) (Continued)*

**AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS** *(Continued)*

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with 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

29 March 2019

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

	NOTES	2018 RMB'000	2017 RMB'000
Revenue	5A	1,090,693	1,294,801
Cost of revenue	5B	(799,966)	(982,286)
<b>Gross profit</b>		<b>290,727</b>	312,515
Other income	6A	84,483	83,483
Distribution and selling expenses		(132,609)	(139,925)
Administrative expenses		(64,137)	(71,006)
Research and development costs		(37,087)	(43,796)
Impairment loss on trade receivables and contract assets		(8,875)	(5,505)
Other gains and losses	6B	(28,321)	883
Other expenses	6C	(87,968)	(35,517)
Other operating expenses		(1,458)	(1,612)
Finance costs	9	(14,180)	(8,803)
Share of profit of joint ventures	17	2,118	1,893
Share of loss of associates	18	(45,423)	(7,544)
(Loss) profit before income tax	7	(42,730)	85,066
Income tax expense	10	(14,994)	(19,376)
(Loss) profit attributable to owners of the Company		(57,724)	65,690
<b>Other comprehensive income (expense):</b>			
<i>Items that will not be reclassified to profit or loss:</i>			
Share of other comprehensive income (expense) of associates	18	1,021	(522)
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Share of other comprehensive income (expense) of associates	18	17,228	(47,272)
Exchange difference arising on translation of foreign operations		2,664	25,600
Net fair value gain on receivables at fair value through other comprehensive income ("FVTOCI")		1,999	–
		21,891	(21,672)
<b>Total comprehensive (expense) income attributable to owners of the Company</b>		<b>(34,812)</b>	43,496
<b>(Loss) earnings per share (expressed in RMB per share)</b>			
– Basic	11	(0.14)	0.16
Dividends	12	44,352	20,160

# Consolidated Statement of Financial Position

	NOTES	2018 RMB'000	2017 RMB'000
<b>Non-current assets</b>			
Property, plant and equipment	14	204,710	180,401
Prepaid lease payments	13	120,147	123,052
Intangible assets	15	2,215	3,203
Investments in joint ventures	17	20,505	18,387
Investments in associates	18	331,323	355,917
Deferred income tax assets	32	27,520	22,401
		<b>706,420</b>	703,361
<b>Current assets</b>			
Inventories	22	524,752	345,626
Trade and other receivables and prepayment	19A	345,810	541,941
Contract assets	19B	46,727	–
Loan receivable	20	35,627	–
Receivables at FVTOCI	21	106,400	–
Amounts due from customers for contract work	23	–	50,270
Prepaid lease payments	13	2,905	2,905
Amount due from ultimate holding company	40	–	1,053
Amounts due from fellow subsidiaries and associates of ultimate holding company	40	23	1,476
Amounts due from joint ventures	40	461	852
Amounts due from associates and subsidiaries of an associate	40	151,059	119,083
Restricted bank deposits and bank balances	24	69,987	32,716
Structured deposits	25	–	76,140
Financial assets at fair value through profit or loss ("FVTPL")	25	108,020	–
Bank balances and cash	26	112,673	98,071
		<b>1,504,444</b>	1,270,133

## Consolidated Statement of Financial Position

	NOTES	2018 RMB'000	2017 RMB'000
<b>Current liabilities</b>			
Trade and other payables and accrued expenses	28	242,969	589,692
Contract liabilities	29	358,751	–
Amounts due to customers for contract work	23	–	42,813
Amount due to ultimate holding company	40	638	7,400
Amount due to immediate holding company	40	2,832	2,123
Amounts due to fellow subsidiaries and associates of ultimate holding company	40	3,637	3,673
Amounts due to joint ventures	40	362	608
Amounts due to an associate and subsidiaries of an associate	40	28,435	37,327
Provision for litigation claim	36	60,117	–
Refund liabilities	36	100,903	–
Current income tax liabilities		21,979	28,091
Bank borrowings	31	563,239	367,428
Warranty provision	30	5,311	5,755
		<b>1,389,173</b>	<b>1,084,910</b>
<b>Net current assets</b>		<b>115,271</b>	<b>185,223</b>
<b>Total assets less current liabilities</b>		<b>821,691</b>	<b>888,584</b>
<b>Non-current liabilities</b>			
Other borrowings	31	35,093	–
Deferred income	33	70,192	61,180
		<b>105,285</b>	<b>61,180</b>
<b>Net assets</b>		<b>716,406</b>	<b>827,404</b>
<b>Capital and reserves</b>			
Share capital	27	4,022	4,022
Share premium		82,281	82,281
Capital reserves		77,338	77,338
Other reserves		58,361	39,576
Retained earnings		494,404	624,187
<b>Total equity</b>		<b>716,406</b>	<b>827,404</b>

The consolidated financial statements on pages 80 to 189 were approved and authorised for issue by the Board of Directors on 29 March 2019 and are signed on its behalf by:

**Chu Chih-Yaung**  
DIRECTOR

**Wen Chi-Tang**  
DIRECTOR



# Consolidated Statement of Changes In Equity

	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 2017	4,022	82,281	77,338	61,248	579,179	804,068
Profit for the year	–	–	–	–	65,690	65,690
<b>Other comprehensive (expense) income</b>						
Share of other comprehensive expense of associates	–	–	–	(47,272)	(522)	(47,794)
Exchange difference arising on translation of foreign operations	–	–	–	25,600	–	25,600
	–	–	–	(21,672)	(522)	(22,194)
<b>Total comprehensive (expense) income</b>	–	–	–	(21,672)	65,168	43,496
Dividends recognised as distribution (note 12)	–	–	–	–	(20,160)	(20,160)
At 31 December 2017	4,022	82,281	77,338	39,576	624,187	827,404
Effect arising from adoption of HKFRS 9	–	–	–	(3,106)	(5,755)	(8,861)
Effect arising from adoption of HKFRS 15	–	–	–	–	(22,973)	(22,973)
Adjusted balance at 1 January 2018	4,022	82,281	77,338	36,470	595,459	795,570
Loss for the year	–	–	–	–	(57,724)	(57,724)
<b>Other comprehensive income</b>						
Share of other comprehensive income of associates	–	–	–	17,228	1,021	18,249
Exchange difference arising on translation of foreign operations	–	–	–	2,664	–	2,664
Net fair value gain on receivables at FVTOCI	–	–	–	1,999	–	1,999
	–	–	–	21,891	1,021	22,912
<b>Total comprehensive income (expense)</b>	–	–	–	21,891	(56,703)	(34,812)
Dividends recognised as distribution (note 12)	–	–	–	–	(44,352)	(44,352)
At 31 December 2018	4,022	82,281	77,338	58,361	494,404	716,406

## Consolidated Statement of Changes In Equity

### Notes:

#### 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 and receivables at FVTOCI 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	2018 RMB'000	2017 RMB'000
<b>Operating activities</b>			
Cash (used in) generated from operations	34	(25,120)	124,789
Income tax and withholding tax paid		(21,905)	(18,204)
Net cash (used in) generated from operating activities		(47,025)	106,585
<b>Investing activities</b>			
Repayment from associates and subsidiaries of an associate		10,320	70,287
Advance to associates and subsidiaries of an associate		(15,048)	(154,283)
Loan to a non-controlling shareholder of a subsidiary of an associate of the Group		(35,627)	–
Acquisition of property, plant and equipment		(44,922)	(8,476)
Acquisition of prepaid lease payments		–	(5,134)
Proceeds from disposal of property, plant and equipment	34	519	1,027
Purchases of intangible assets		(264)	(1,175)
Interest received		4,496	4,261
Withdrawal of restricted bank deposits		32,716	33,163
Placement of restricted bank deposits		(15,180)	(32,716)
Withdrawal of financial assets at FVTPL		507,800	–
Purchases of financial assets at FVTPL		(539,680)	–
Withdrawal of structured deposits		–	507,080
Purchases of structured deposits		–	(583,220)
Net cash used in investing activities		(94,870)	(169,186)
<b>Financing activities</b>			
Proceeds from bank and other borrowings		3,390,069	602,194
Repayments of bank borrowings		(3,184,943)	(590,223)
Government grant received		9,012	–
Dividends paid		(44,352)	(20,160)
Interest paid		(14,180)	(8,803)
Net cash generated from (used in) financing activities	35	155,606	(16,992)
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>13,711</b>	<b>(79,593)</b>
Cash and cash equivalents at beginning of the year		98,071	177,946
Effect of foreign exchange rate changes		891	(282)
Cash and cash equivalents at end of the year, represented by bank balances and cash		112,673	98,071

# 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 and principal place of business of the Company are disclosed in the Corporate Information section of the annual report.

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 (“Fair Friend”), a company incorporated in Taiwan, are the immediate holding company and the ultimate holding company, respectively.

These consolidated financial statements are presented in Renminbi (“RMB”), which is also the functional currency of the Company.

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARD (“HKFRSs”)

### New and Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) for the first time in the current year:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

Except as described below, the application of the new and 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 on the disclosures set out in these consolidated financial statements.

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARD ("HKFRSs") (Continued)

### 2.1 HKFRS 15 Revenue from Contracts with Customers

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening retained earnings (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 January 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 *Revenue* and HKAS 11 *Construction Contracts* and the related interpretations.

The Group recognises revenue from the design and production of:

- Machine Tools
- Parking Garage Structures
- Forklift Trucks

Information about the Group's performance obligations and the accounting policies resulting from application of HKFRS 15 are disclosed in notes 5A and 3, respectively.

#### *Summary of effects arising from initial application of HKFRS 15*

The following table summarises the impact of transition to HKFRS 15 on retained earnings at 1 January 2018.

	Note	Impact of adoption of HKFRS 15 at 1 January 2018 RMB'000
<b>Retained earnings</b>		
Revenue from parking garage structures recognised at a point in time	(a)	147,884
Recognition of cost of revenue	(a)	(120,857)
Deferred income tax effect	(a)	(4,054)
Impact at 1 January 2018		22,973

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARD ("HKFRSs") (Continued)

### 2.1 HKFRS 15 Revenue from Contracts with Customers (Continued)

#### Summary of effects arising from initial application of HKFRS 15 (Continued)

The following adjustments were made to the amounts recognised in the consolidated statement of financial position as at 1 January 2018. Line items that were not affected by the change have not been included.

	Notes	Carrying amounts previously reported as at 31 December 2017 RMB'000	Reclassification RMB'000	Remeasurement RMB'000	Carrying amounts under HKFRS 15 as at 1 January 2018* RMB'000
Deferred income tax assets	(a)	22,401	–	4,054	26,455
Inventories	(a)	345,626	–	120,857	466,483
Contract assets	(d)	–	46,703	–	46,703
Trade and other receivables and prepayment	(d)	541,941	(46,703)	–	495,238
Amounts due from customers for contract work	(a)	50,270	–	(50,270)	–
Trade and other payables and accrued expenses	(c)	(589,692)	296,284	–	(293,408)
Contract liabilities	(a) (b) (c)	–	(339,097)	(97,614)	(436,711)
Amounts due to customers for contract work	(b)	(42,813)	42,813	–	–

\* The amounts in this column are before the adjustments from the application of HKFRS 9.

#### Notes:

- (a) In relation to the parking garage structures contracts that are not completed as at 1 January 2018, the amount of revenue previously recognised in profit or loss prior to 1 January 2018 amounted to RMB147,884,000 was adjusted to amounts due from customers for contract work and contract liabilities amounted to RMB50,270,000 and RMB97,614,000, respectively. The corresponding cost of revenue previously recognised in profit or loss prior to 1 January 2018 amounted to RMB120,857,000 was adjusted to inventories. The deferred income tax effect amounted to RMB4,054,000 was adjusted to deferred income tax assets.
- (b) In relation to parking garage structures contracts previously accounted under HKAS 11, amounts due to customers for contract work of RMB42,813,000 were reclassified to contract liabilities.
- (c) As at 1 January 2018, the Group received advance deposits from customers of RMB296,284,000 which were reclassified to contract liabilities upon adoption of HKFRS 15.
- (d) As at 1 January 2018, the Group had retention monies amounted to RMB46,217,000 which the right to billing is still conditional upon achieving specified payment milestone were reclassified to contract assets upon adoption of HKFRS 15.

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARD ("HKFRSs") (Continued)

### 2.1 HKFRS 15 Revenue from Contracts with Customers (Continued)

#### Summary of effects arising from initial application of HKFRS 15 (Continued)

The following tables summaries the impacts of applying HKFRS 15 on the Group's consolidated statement of financial position as at 31 December 2018 and its consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows for the current year for each of the line items affected. Line items that were not affected by the changes have not been included.

#### Impact on the consolidated statement of financial position

	As reported RMB'000	Adjustments RMB'000	Amounts without application of HKFRS 15 RMB'000
<b>Non-current assets</b>			
Deferred income tax assets	27,520	(4,054)	23,466
<b>Current assets</b>			
Inventories	524,752	(163,656)	361,096
Trade and other receivables and prepayment	345,810	46,727	392,537
Contract assets	46,727	(46,727)	–
Amounts due from customers for contract work	–	71,782	71,782
<b>Current liabilities</b>			
Trade and other payables and accrued expenses	242,969	278,541	521,510
Contract liabilities	358,751	(358,751)	–
Amounts due to customers for contract work	–	59,458	59,458
Refund liabilities	100,903	(100,903)	–
Current income tax liabilities	21,979	413	22,392
<b>Equity</b>			
Retained earnings	494,404	25,314	519,718



## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARD ("HKFRSs") (Continued)

### 2.1 HKFRS 15 Revenue from Contracts with Customers (Continued)

*Impact on the consolidated statement of profit or loss and other comprehensive income*

	As reported RMB'000	Adjustments RMB'000	Amounts without application of HKFRS 15 RMB'000
Revenue	1,090,693	45,553	1,136,246
Cost of revenue	(799,966)	(42,799)	(842,765)
Gross profit	290,727	2,754	293,481
Loss before income tax	(42,730)	2,754	(39,976)
Income tax expense	(14,994)	(413)	(15,407)
Loss attributable to owners of the Company	(57,724)	2,341	(55,383)
Total comprehensive expense attributable to owners of the Company	(34,812)	2,341	(32,471)

*Impact on the consolidated statement of cash flows*

	As reported RMB'000	Adjustments RMB'000	Amounts without application of HKFRS 15 RMB'000
Loss before income tax	(42,730)	2,754	(39,976)
Inventories	11,468	42,799	54,267
Trade and other receivables and prepayment	20,400	(254)	20,146
Contract assets	(254)	254	–
Amounts due from customers for contract work	–	(21,512)	(21,512)
Amounts due to customers for contract work	–	16,645	16,645
Trade and other payables and accrued expenses	(7,382)	(118,646)	(126,028)
Contract liabilities	(77,960)	77,960	–

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARD ("HKFRSs") (Continued)

### 2.2 HKFRS 9 Financial Instruments

In the current year, the Group has applied HKFRS 9 *Financial Instruments* and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("ECL") for financial assets and other items subject to ECL assessment, and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening retained earnings and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 *Financial Instruments: Recognition and Measurement*.

Accounting policies resulting from application of HKFRS 9 are disclosed in note 3.

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARD ("HKFRSs") (Continued)

### 2.2 HKFRS 9 Financial Instruments (Continued)

#### Summary of effects arising from initial application of HKFRS 9

The table below illustrates the classification and measurement of financial assets and other items subject to ECL under HKFRS 9 and HKAS 39 at the date of initial application, 1 January 2018.

Notes	Receivables at FVTOCI RMB'000	Contract assets RMB'000	Amortised cost (previously classified as loans and receivables) RMB'000	Deferred income tax assets RMB'000	Structured deposits RMB'000	Financial assets at FVTPL RMB'000	Other reserves RMB'000	Retained earnings RMB'000
Closing balance as at 31 December 2017 –								
HKAS 39	–	–	541,941	22,401	76,140	–	39,576	624,187
Effect arising from initial application of HKFRS 15	–	46,703	(46,703)	4,054	–	–	–	(22,973)
<b>Reclassification</b>								
From loans and receivables	128,054	–	(128,054)	–	–	–	–	–
From structured deposits	–	–	–	–	(76,140)	76,140	–	–
<b>Remeasurement</b>								
From amortised cost to fair value	(i) (3,654)	–	–	548	–	–	(3,106)	–
Impairment under ECL model	(ii) –	(486)	(5,340)	71	–	–	–	(5,755)
Opening balance as at 1 January 2018	124,400	46,217	361,844	27,074	–	76,140	36,470	595,459

#### (i) Reclassification of bills receivables from loans and receivables to FVTOCI

As part of the Group's cash flow management, the Group has the practice of endorsing some of the bills receivables before the bills are due for payment. Accordingly, the Group's bills receivables of RMB128,054,000 were considered as within the hold to collect contractual cash flows and to sell business model, and reclassified to receivables at FVTOCI. The related fair value loss of RMB3,654,000 and related deferred income tax assets of RMB548,000 were adjusted to receivables at FVTOCI and other reserves as at 1 January 2018.

#### (ii) Impairment under ECL model

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables, contract assets and trade nature receivables from ultimate holding company, joint venture, fellow subsidiaries, associates of the ultimate holding company, associates and subsidiaries of an associate. To measure the ECL, trade receivables, contract assets and trade nature receivables from ultimate holding company, joint venture, fellow subsidiaries, associates of the ultimate holding company, associates and subsidiaries of an associate are assessed individually for debtors with significant balances or credit impaired and/or collectively using a provision matrix with appropriate grouping.

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARD ("HKFRSs") (Continued)

### 2.2 HKFRS 9 Financial Instruments (Continued)

#### Summary of effects arising from initial application of HKFRS 9 (Continued)

##### (ii) Impairment under ECL model (Continued)

Loss allowances for receivables at FVTOCI and other financial assets at amortised cost mainly comprise of other receivables, restricted bank deposits and bank balances, non-trade nature receivables from ultimate holding company, joint venture, fellow subsidiaries, associates of ultimate holding company, associates, subsidiaries of an associate, receivables at FVTOCI and bank balances, are measured on 12-month ECL ("12m ECL") basis and there had been no significant increase in credit risk since initial recognition.

For outstanding financial guarantees provided to an associate and its subsidiaries of Euro13,129,000 (equivalent to RMB102,405,000), the Group considers there has been no significant increase in credit risk since initial recognition and hence the loss allowance is measured on 12m ECL basis.

As at 1 January 2018, the additional credit loss allowance of RMB5,826,000, together with the recognition of the corresponding deferred income tax assets of RMB71,000 have been recognised against retained earnings. The additional loss allowance is charged against the respective asset.

Loss allowances for financial assets at amortised cost, trade receivables and contract assets as at 31 December 2017 reconciled to the opening loss allowance as at 1 January 2018 is as follows:

	Trade receivables RMB'000	Contract assets RMB'000	Total RMB'000
As at 31 December 2017 – HKAS 39	(37,811)	–	(37,811)
Amounts remeasured through opening retained earnings	(5,340)	(486)	(5,826)
As at 1 January 2018	(43,151)	(486)	(43,637)

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARD ("HKFRSs") (Continued)

### 2.3 Impacts on opening consolidated statement of financial position arising from the application of all new standards, amendments and interpretation

As a result of the changes in the Group's accounting policies above, the opening consolidated statement of financial position had to be restated. The following table shows the adjustments recognised for each of the line item affected. Line item that were not affected by the changes have not been included.

	31 December 2017 (Audited) RMB'000	HKFRS 9 RMB'000	HKFRS 15 RMB'000	1 January 2018 (Restated) RMB'000
<b>Non-current assets</b>				
Deferred income tax assets	22,401	619	4,054	<b>27,074</b>
Others with no adjustments	680,960	–	–	<b>680,960</b>
	703,361	619	4,054	<b>708,034</b>
<b>Current assets</b>				
Inventories	345,626	–	120,857	<b>466,483</b>
Trade and other receivables and prepayment	541,941	(133,394)	(46,703)	<b>361,844</b>
Receivables at FVTOCI	–	124,400	–	<b>124,400</b>
Contract assets	–	(486)	46,703	<b>46,217</b>
Amounts due from customers for contract work	50,270	–	(50,270)	–
Structured deposits	76,140	(76,140)	–	–
Financial assets at FVTPL	–	76,140	–	<b>76,140</b>
Others with no adjustments	256,156	–	–	<b>256,156</b>
	1,270,133	(9,480)	70,587	<b>1,331,240</b>

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARD ("HKFRSs") (Continued)

### 2.3 Impacts on opening consolidated statement of financial position arising from the application of all new standards, amendments and interpretation (Continued)

	31 December 2017 (Audited) RMB'000	HKFRS 9 RMB'000	HKFRS 15 RMB'000	1 January 2018 (Restated) RMB'000
<b>Current liabilities</b>				
Trade and other payables and accrued expenses	589,692	–	(296,284)	<b>293,408</b>
Contract liabilities	–	–	436,711	<b>436,711</b>
Amounts due to customers for contract work	42,813	–	(42,813)	–
Others with no adjustments	452,405	–	–	<b>452,405</b>
	1,084,910	–	97,614	<b>1,182,524</b>
<b>Net current assets</b>	185,223	(9,480)	(27,027)	<b>148,716</b>
<b>Total assets less current liabilities</b>	888,584	(8,861)	(22,973)	<b>856,750</b>
<b>Non-current liability</b>				
Deferred income	61,180	–	–	<b>61,180</b>
<b>Net assets</b>	827,404	(8,861)	(22,973)	<b>795,570</b>
<b>Capital and reserves</b>				
Other reserves	39,576	(3,106)	–	<b>36,470</b>
Retained earnings	624,187	(5,755)	(22,973)	<b>595,459</b>
Others with no adjustments	163,641	–	–	<b>163,641</b>
<b>Total equity</b>	827,404	(8,861)	(22,973)	<b>795,570</b>

Note: For the purpose of reporting cash flows from operating activities under indirect method for the year ended 31 December 2018, movements in working capital have been computed based on opening consolidated statement of financial position as at 1 January 2018 as disclosed above.

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARD ("HKFRSs") (Continued)

### New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 16	Lease <sup>1</sup>
HKFRS 17	Insurance Contracts <sup>2</sup>
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments <sup>1</sup>
Amendments to HKAS 1 and HKAS 8	Definition of Material <sup>5</sup>
Amendments to HKFRS 3	Definition of a Business <sup>4</sup>
Amendments to HKFRS 9	Prepayment Features with Negative Compensation <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 19	Plan Amendment, Curtailment or Settlement <sup>1</sup>
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures <sup>1</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle <sup>1</sup>

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

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2021.

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

<sup>4</sup> Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2020.

Except for the new to HKFRS mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.



## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARD ("HKFRSs") (Continued)

### New and amendments to HKFRSs in issue but not yet effective (Continued)

#### HKFRS 16 Lease

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

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. In addition, HKFRS 16 requires sales and leaseback transactions to be determined based on the requirements of HKFRS 15 as to whether the transfer of the relevant asset should be accounted as a sale. HKFRS 16 also includes requirements relating to subleases and lease modifications.

Distinctions of operating leases and finance leases 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, except for short-term leases and leases of low value assets.

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. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use while other operating lease payments are presented as operating cash flows. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows by the Group, upfront prepaid lease payments will continue to be presented as investing or operating cash flows in accordance to the nature, as appropriate.

Under HKAS 17, the Group has already recognised 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.

Other than certain requirements which are also applicable to lessor, 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.

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARD ("HKFRSs") (Continued)

New and amendments to HKFRSs in issue but not yet effective (Continued)

### HKFRS 16 Lease (Continued)

As at 31 December 2018, the Group has non-cancellable operating lease commitments of RMB6,245,000 as disclosed in note 37(b). A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, 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.

In addition, the Group currently considers refundable rental deposits paid of RMB886,000 as rights and obligations under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost. Adjustments to refundable rental deposits paid would be considered as additional lease payments and included in the carrying amount of right-of-use assets.

The application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease applying HKAS 17 and HK(IFRIC)-Int 4. Therefore, the Group has not reassessed whether the contracts are, or contain a lease which already existed prior to the date of initial application. In addition, the Group has elected to apply a single discount rate to a portfolio of leases with reasonably similar characteristics. Furthermore, the Group has elected the modified retrospective approach for the application of HKFRS 16 as lessee and recognised the cumulative effect of initial application to opening retained earnings without restating comparative information.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

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

### 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, 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 realisable value in HKAS 2 *Inventories* or HKAS 36 *Impairment of Assets*.

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 principal accounting policies are set out below.

#### **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

### 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### **Basis of consolidation *(Continued)***

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

#### **Investments in associates and joint ventures**

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Changes in net assets of the associate/joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

### 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### Investments in associates and joint ventures *(Continued)*

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised 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.

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of HKFRS 9/HKAS 39, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture and the fair value of any retained interest and any proceeds from disposing the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate or joint venture.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

### 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### **Investments in associates and joint ventures *(Continued)***

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

#### **Revenue from contracts with customers (upon application of HKFRS 15 in accordance with transition in note 2)**

Upon HKFRS 15, the Group 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.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to a contract are accounted for and presented on a net basis.

### 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### Revenue from contracts with customers (upon application of HKFRS 15 in accordance with transition in note 2) *(Continued)*

For revenue from machine tools and forklift trucks, the management of the Group has assessed that the control of the goods underlying the sales contracts have been transferred to the customers upon delivery, title has been passed, and goods inspected and accepted by the customer.

For revenue from parking garage structures, the management of the Group has assessed the contract terms and the regulatory environment in the PRC, and concludes that the related performance obligations do not satisfy the over time recognition criteria and thus the Group's revenue from parking garage structures is recognised at a point in time when the customer obtains control of the distinct goods.

For machine tools, parking garage structures and forklift trucks, customers are generally required to make an advance payment of 30% of the total contract sum before the Group commences any work, this will give rise to contract liabilities at the start of a contract. During the course of production of parking garage structures, customers will generally be required to make progress payment. In general, customers will be required to pay not less than 80% of the total contract sum before the Group installs the parking garage structures to customer's designated site. For machine tools, customers will be required to pay not less than 90% of the total contract sum before the Group send the machine tools to customer's designated site. For forklift trucks, customers generally are required to pay all the total contract sum before the Group send the machine tools to customer's designated site. If customers are satisfied with the parking garage structures installed and sign for receipt of machine tools and forklift trucks, they will issue an acceptance certificate to the Group. The Group normally provides a warranty period of 1 to 2 years after the installation of parking garage structures and the issuance of the final acceptance certificate. The Group generally allows a credit period of 30 to 180 days to its customers.

#### *Contracts with multiple performance obligations (including allocation of transaction price)*

For contracts that contain more than one performance obligations, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

#### *Warranties*

If a customer does not have the option to purchase a warranty separately, the Group accounts for the warranty in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* unless the warranty provides the customer with a service in addition to the assurance that the product complies with agreed-upon specifications (i.e. service-type warranties).

For service-type warranties, the promised service is a performance obligation. In that case, the Group allocates a portion of the transaction price to the warranty.



### 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### Revenue recognition (prior to 1 January 2018)

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities, as described below.

#### *Goods, services, interests and dividends*

Revenue from sales of machine tools and forklift trucks are recognised when goods are delivered, title has been passed, and goods inspected and accepted by the customer.

Revenue from construction of parking garage structures 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.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Rental income from leasing 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.

### 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### Revenue recognition (prior to 1 January 2018) *(Continued)*

##### *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 the amount can be measured reliably and its receipt is considered probable.

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.

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 trade and other receivables and prepayment.

##### **Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

##### *The Group as lessor*

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

##### *The Group as lessee*

Operating lease payments, including the cost of acquisition of land held under operating leases, are recognised as an expense on a straight-line basis over the lease term.

### 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### Leases *(Continued)*

##### *Leasehold land and building*

When the Group makes payments for a property interest which included both leasehold land and building elements, the Group assesses the classification of each element separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire property is accounted as an operating lease. Specifically, the entire consideration (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element at initial recognition.

To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as “prepaid lease payments” in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the payments cannot be allocated reliably between the leasehold land and building elements, the entire property is generally classified as if the leasehold land is under finance lease.

#### Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Renminbi) using exchange rate prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of other reserves.

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, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

### 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

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

#### **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 non-current assets are recognised as deferred income 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.

#### **Retirement benefit costs**

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

#### ***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 the Group. The Group's contributions to the defined contribution retirement schemes are expensed as incurred.

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.

### 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### Retirement benefit costs *(Continued)*

##### *Short-term employee benefits*

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

#### 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 income tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on 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 differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises 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 and associates, and interests in joint ventures, 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 each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax 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.

### 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### *Taxation (Continued)*

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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax is recognised in to profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

#### **Property, plant and equipment**

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administrative purposes, other than construction in progress, are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowings costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets, other than construction in progress less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

### 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

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

#### Intangible assets

##### *Intangible assets acquired separately*

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 3 to 5 years.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

##### *Research expenditure*

Expenditure on research activities is recognised as an expense in the year in which it is incurred.



### 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### Impairment on tangible and intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of tangible and intangible assets are estimated individually, when it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

### 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

#### Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

#### Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 since 1 January 2018. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and 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 asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

### 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### Financial instruments *(Continued)*

##### *Financial assets*

*Classification and subsequent measurement of financial assets (upon application of HKFRS 9 in accordance with transitions in note 2)*

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial assets is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

#### (i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and receivables subsequently measured at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

### 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### Financial instruments *(Continued)*

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

*Classification and subsequent measurement of financial assets (upon application of HKFRS 9 in accordance with transitions in note 2) (Continued)*

(ii) Receivables classified as at FVTOCI

Subsequent changes in the carrying amounts for receivables classified as at FVTOCI as a result of interest income calculated using the effective interest method are recognised in profit or loss. All other changes in the carrying amount of these receivables are recognised in other comprehensive income and accumulated under the heading of other reserves. Impairment allowances are recognised in profit or loss with corresponding adjustment to other comprehensive income without reducing the carrying amounts of these receivables. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these receivables had been measured at amortised cost. When these receivables are derecognised, the cumulative gains or losses previously recognised in other comprehensive income ("OCI") are reclassified to profit or loss.

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets as FVTPL are measured at fair value at the end of each reporting, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any interest earned on the financial asset and is included in the "other gains and losses" line item.

*Impairment of financial assets (upon application of HKFRS 9 in accordance with transactions in note 2)*

The Group recognises a loss allowance for ECL on financial assets and other assets which are subject to impairment under HKFRS 9 (including trade receivables, contract assets, loan receivable, other receivables, restricted bank deposits and bank balances, amounts 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 and bank balances) and financial guarantee contracts. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

### 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### Financial instruments *(Continued)*

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

##### *Impairment of financial assets (upon application of HKFRS 9 in accordance with transactions in note 2) (Continued)*

The Group always recognises lifetime ECL for trade receivables, contract assets and trade receivables from ultimate holding company, joint ventures, fellow subsidiaries, associates of ultimate holding company, associates and subsidiaries of an associate. The ECL on these assets are assessed individually for debtors with significant balances or credit impaired and/or collectively using provision matrix with appropriate groupings. For collective assessment, the Group uses debtors' aging to assess the impairment for its customers because these customers consist of a large number of small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. ECL is estimated based on historical credit loss experience based on the past default experience of the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there have been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

#### (i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

### 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### Financial instruments *(Continued)*

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

##### *Impairment of financial assets (upon application of HKFRS 9 in accordance with transactions in note 2) (Continued)*

##### (i) Significant increase in credit risk *(Continued)*

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definitions.

For the date that the Group becomes a party to the financial guarantee contracts is considered to be the date of initial recognition for the purposes of assessing the financial guarantee contract for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

##### (ii) Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Financial instruments (Continued)

##### Financial assets (Continued)

##### *Impairment of financial assets (upon application of HKFRS 9 in accordance with transactions in note 2) (Continued)*

#### (iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- a) significant financial difficulty of the issuer or the borrower;
- b) a breach of contract, such as a default or past due event;
- c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

#### (iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceeding. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

#### (v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.



### 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### Financial instruments *(Continued)*

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

*Impairment of financial assets (upon application of HKFRS 9 in accordance with transactions in note 2) (Continued)*

#### (v) Measurement and recognition of ECL *(Continued)*

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the expected losses is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade receivables, contract assets, other receivables, restricted bank deposits and bank balances and bank balances are each assessed as a separate group);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

For financial guarantee contracts, the loss allowances are recognised at the higher of the amount of the loss allowance determined in accordance with HKFRS 9; and the amount initially recognised less, where appropriate, cumulative amount of income recognised over the guarantee period.

Except for receivables at FVTOCI and financial guarantee contracts, the Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amounts through a loss allowance account. For receivables at FVTOCI, the loss allowance is recognised in OCI and accumulated in the other reserves without reducing the carrying amount of these receivables.

### 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### Financial instruments *(Continued)*

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

##### *Classification and subsequent measurement of financial assets (before application of HKFRS 9 on 1 January 2018)*

Financial assets are classified into the following specified categories: financial assets at FVTPL and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

##### *Financial assets at FVTPL*

Financial assets are classified as at FVTPL when the financial asset is (i) held for trading or (ii) it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets 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 includes any dividend or interest earned on the financial assets and is included in the 'other gains and losses' line item. Fair value is determined in the manner described in note 39.

##### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade receivables, loan receivables, other receivables, restricted bank deposits and bank balances, amounts due from ultimate holding company, joint ventures, fellow subsidiaries, associates of ultimate holding company, associates and subsidiaries of an associate and bank balances) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

### 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### Financial instruments *(Continued)*

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

##### *Impairment of financial assets (before application of HKFRS 9 on 1 January 2018)*

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For all financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 to 180 days, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, 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, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

### 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### Financial instruments *(Continued)*

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

##### *Derecognition of financial assets*

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.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of receivables as at FVTOCI upon application of HKFRS 9, the cumulative gain or loss previously accumulated in other reserves is reclassified to profit or loss.

##### *Financial liabilities and equity*

##### *Classification as debt or equity*

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

##### *Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

##### *Financial liabilities*

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

##### *Financial guarantee contracts*

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are measured initially at their fair values. It is subsequently measured at the higher of the amount of obligation under the contract, as determined in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*; and the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

### 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### Financial instruments *(Continued)*

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

#### *Derecognition of financial liabilities*

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liabilities derecognised and the consideration paid and payable is recognised in profit or loss.

### 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### Critical judgements in applying accounting policies

The following is the critical judgements, apart from those involving estimations (see below), that the management of the Group has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

#### *Judgement in determining the timing of satisfaction of performance obligations*

The recognition of each of the Group's revenue streams requires judgement by the management of the Group in determining the timing of satisfaction of performance obligations.

In making their judgement, the management of the Group considers the detailed criteria for recognition of revenue set out in HKFRS 15, and in particular, whether the Group has satisfied all the performance obligations over time or at a point in time with reference to the detailed terms of transaction as stipulated in the contracts entered into with its customers and counterparties.

For revenue from machine tools and forklift trucks, the management of the Group has assessed that the control of the goods underlying the sales contracts have been transferred to the customers upon the delivery and acceptance of the goods delivered. Therefore, the management of the Group has justified that the performance obligation in respect of the sales income is satisfied at a point in time and recognises revenue at a point in time.

#### 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

##### Critical judgements in applying accounting policies *(Continued)*

##### *Judgement in determining the timing of satisfaction of performance obligations (Continued)*

For revenue from parking garage structures, the management of the Group has assessed the contract terms and the regulatory environment in the PRC and concludes that the related performance obligations do not satisfy the over time recognition criteria. Therefore, the management of the Group has justified that the performance obligation in respect of the parking garage structures is satisfied at a point in time and recognises revenue at a point in time.

##### Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

##### *Provision for litigation claim*

As at 31 December 2018, the expected loss on settlement of the litigation amounted to RMB60,117,000, which is provided for under “provision for litigation claim” in the consolidated statement of financial position and also recorded as “other expenses” in the consolidated statement of profit or loss and other comprehensive income. Details of the provision for litigation claim as at 31 December 2018 are set out in note 36.

Due to the fact that the outcome of the appeal to the Supreme People’s Court cannot be determined at this stage, an overprovision or underprovision for litigation claim may arise when the outcome is reached.

##### *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. The 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.

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 of disposal 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.

As at 31 December 2018, the carrying amount of property, plant and equipment amounted to RMB204,710,000 (2017: RMB180,401,000). No impairment loss is recognised for the years end 31 December 2018 and 2017.

#### 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

##### *Key sources of estimation uncertainty (Continued)*

###### *Provision for impairment of inventories*

The Group reviews the carrying values of its inventories to ensure that they are stated at the lower of cost and net realisable value. In assessing the net realisable value and making appropriate allowances, the management estimates the provision for impairment of inventories by identifying inventories that are slow moving or obsolete, and considering their physical conditions, age, market conditions and market prices for similar items.

As at 31 December 2018, the carrying amount of the Group's inventories amounted to RMB524,752,000 (net of allowance for inventories of RMB23,629,000) (2017: RMB345,626,000 (net of allowance for inventories of RMB22,026,000)).

###### *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. The 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.

As at 31 December 2018, the carrying amount of the Group's warranty provision amounted to RMB5,311,000 (2017: RMB5,755,000).

###### *Impairment of financial assets and contract assets*

The Group reviews its financial assets and contract assets to assess impairment on a regular basis. The methodologies and assumptions used for estimating the impairment are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Since the adoption of HKFRS 9 on 1 January 2018, the management of the Group estimates the amount of loss allowance for ECL on trade receivables, contract assets, loan receivable, other receivables, restricted bank deposits and bank balances, receivables at FVTOCI and amounts due from ultimate holding company, joint ventures, fellow subsidiaries, associates of the ultimate holding company, associates and subsidiaries of an associate and bank balances based on the credit risk of the financial assets. The estimation of the credit risk of the financial assets and contract assets involves high degree of estimation and uncertainty. When the actual future cash flows are less than expected or more than expected, a material impairment loss or a material reversal of impairment loss may arise, accordingly.



## 5A. REVENUE

Disaggregation of revenue

For the year ended 31 December 2018

	Total RMB'000
Machine Tools	928,341
Parking Garage Structures	89,814
Forklift Trucks	72,538
	1,090,693

***Transaction price allocated to the remaining performance obligations for contracts with customers***

The Group applies the practical expedient of not disclosing the transaction price allocated to performance obligations that were unsatisfied as the Group's contract has an original expected duration of less than one year.

## 5B. SEGMENT INFORMATION

The chief operating decision-maker has been identified as the executive directors (the “Executive Directors”) of the Company. The Executive Directors review the Group’s internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports reviewed by the Executive Directors that are used to make strategic decisions.

The Executive Directors consider that the Group has three operating and reportable segments: (1) machine tools; (2) parking garage structures; and (3) forklift trucks. No operating segments have been aggregated in arriving at the reportable segments of the Group.

The Executive Directors assess the performance of the operating segments based on their respective gross profit, which is consistent with that in the consolidated financial statements.

The Group does not allocate distribution and selling expenses, administrative expenses, other operating expenses or 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 total assets for each operating and reportable segment.

	<b>Machine Tools RMB'000</b>	<b>Parking Garage Structures RMB'000</b>	<b>Forklift Trucks RMB'000</b>	<b>Total RMB'000</b>
<b>For the year ended 31 December 2018</b>				
Revenue (all from external sales)	<b>928,341</b>	<b>89,814</b>	<b>72,538</b>	<b>1,090,693</b>
Cost of revenue	<b>(665,102)</b>	<b>(70,291)</b>	<b>(64,573)</b>	<b>(799,966)</b>
Segment profit	<b>263,239</b>	<b>19,523</b>	<b>7,965</b>	<b>290,727</b>

**5B. SEGMENT INFORMATION** *(Continued)*

	Machine Tools RMB'000	Parking Garage structures RMB'000	Forklift Trucks RMB'000	Total RMB'000
<b>For the year ended 31 December 2017</b>				
Revenue (all from external sales)	1,009,354	186,165	99,282	1,294,801
Cost of revenue	(737,198)	(154,055)	(91,033)	(982,286)
Segment profit	272,156	32,110	8,249	312,515

Majority of the Group's operations and identifiable non-current assets are located in the PRC and the Group mainly sells to the PRC market. No customers contributed over 10% of total revenue of the Group for each of the years.

**6A. OTHER INCOME**

	2018 RMB'000	2017 RMB'000
Sale of scrap materials	38,055	44,572
Consultancy income	2,629	—
Government grants and subsidies related to income*	22,787	22,182
Repair income	13,780	10,888
Rental income	460	220
Interest income	4,496	4,261
Others	2,276	1,360
	<b>84,483</b>	<b>83,483</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.

## 6B. OTHER GAINS AND LOSSES

	2018 RMB'000	2017 RMB'000
Gain (loss) on disposal of property, plant and equipment	118	(37)
Net foreign exchange (loss) gain	(28,439)	920
	(28,321)	883

## 6C. OTHER EXPENSES

	2018 RMB'000	2017 RMB'000
Provision for litigation claim (note 36)	60,117	—
Cost of scrap materials sold	27,851	35,517
	87,968	35,517

## 7. (LOSS) PROFIT BEFORE INCOME TAX

(Loss) profit before income tax has been arrived at after charging:

	2018 RMB'000	2017 RMB'000
Directors and chief executives' remuneration	1,690	1,839
Other staff costs	145,906	151,001
Other staff's retirement benefits scheme contributions	4,910	5,036
Total staff costs	152,506	157,876
Capitalised in inventories	(55,746)	(61,632)
	96,760	96,244
Analysed as:		
Charged in selling expense	60,992	65,325
Charged in administrative expenses	23,987	19,057
Charged in research and development cost	11,781	11,862
	96,760	96,244
Depreciation of property, plant and equipment	20,795	22,343
Amortisation of prepaid lease payments	2,905	3,032
Amortisation of intangible assets	1,252	1,403
Total depreciation and amortisation	24,952	26,778
Capitalised in inventories	(10,967)	(10,583)
	13,985	16,195
Analysed as:		
Charged in selling expense	1,261	1,326
Charged in administrative expenses	9,357	11,321
Charged in other operating expense	2,263	2,258
Charged in research and development costs	1,104	1,290
	13,985	16,195
Auditor's remuneration	1,808	1,984
Cost of inventories recognised as an expense	765,594	884,532
Write-down (reversal) of inventories	2,087	(2,981)
Provision for warranty	4,983	6,282
Direct operating expenses incurred for rental income	330	137
Research and development costs		
Staff costs	11,781	11,862
Depreciation and amortisation	1,104	1,290
Cost of inventories recognised as research expenditure	21,076	19,971
Others	3,126	10,673
	37,087	43,796

## 8. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

### (a) Directors' and chief executive' emoluments

The remuneration of each director and chief executive officer, disclosed pursuant to the applicable Listing Rules and Companies Ordinance, is set out below:

#### Executive directors

	Chu Chih Yaung <sup>#</sup> 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 2018</b>						
Fees	–	–	–	144	144	288
Salaries and other benefits	–	–	–	–	–	–
Retirement benefit scheme contribution	–	–	–	–	–	–
Discretionary performance related bonus	1,051	–	–	–	–	1,051
<b>Total</b>	<b>1,051</b>	<b>–</b>	<b>–</b>	<b>144</b>	<b>144</b>	<b>1,339</b>
<b>Year ended 31 December 2017</b>						
Salaries and other benefits	–	180	–	144	144	468
Retirement benefit scheme contribution	–	–	–	–	–	–
Discretionary performance related bonus	518	518	–	–	–	1,036
<b>Total</b>	<b>518</b>	<b>698</b>	<b>–</b>	<b>144</b>	<b>144</b>	<b>1,504</b>

<sup>#</sup> Chairman and also appointed as chief executive officer on 7 December 2018

<sup>\*</sup> Chief executive officer, passed away on 8 November 2018

## 8. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (Continued)

## (a) Directors' and chief executive' emoluments (Continued)

*Independent non-executive directors*

	Koo Fook Sun, Louis RMB'000	Chiang Chun-Te RMB'000	Yu Yu-Tang RMB'000	Total RMB'000
Year ended 31 December 2018				
Fees	175	88	88	351
Year ended 31 December 2017				
Fees	167	84	84	335

The executive directors' and chief executive officer's emoluments shown above were mainly for their services as directors and chief executive officer and in connection with the management of the affairs of the Group. The independent non-executive directors' emoluments shown above were mainly for their services as directors.

The remuneration of the directors and chief executive officer is determined by factors including their time commitment, responsibilities, performance, experiences, and the overall performance of the Group.

## (b) Five highest paid individuals

Of the five individuals with the highest emoluments in the Group, one (2017: one) was director of the Company. The emoluments of the remaining four (2017: four) highest paid employees who are neither a director nor chief executive officer of the company are as follows:

	2018 RMB'000	2017 RMB'000
Salaries and allowances	1,987	1,902
Discretionary performance related bonus	1,992	1,928
Retirement benefit scheme contribution	165	110
	4,144	3,940



## 8. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS *(Continued)*

### (b) Five highest paid individuals *(Continued)*

The emoluments of the five highest paid employees who are not the directors of the Company whose remuneration fell within the following bands is as follow:

	2018 No. of employees	2017 No. of employees
Nil to HKD1,000,000	2	1
HKD1,000,001 to HKD1,500,000	2	3

During the year, no emoluments were paid by the Group to any of the directors and chief executive officer of the Company or five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors or chief executive officer of the Company waived any emoluments during the year.

## 9. FINANCE COSTS

	2018 RMB'000	2017 RMB'000
Interest expense:		
– Bank borrowings	14,180	8,803
– Other borrowings	583	–
Total borrowing costs	14,763	8,803
Less: amounts capitalised in the cost of qualifying assets	(583)	–
	14,180	8,803

Borrowing costs capitalised during the year arose on the other borrowings and are calculated by applying a capitalisation rate of 4.75% per annum.

## 10. INCOME TAX EXPENSE

	2018 RMB'000	2017 RMB'000
Current Enterprise Income Tax ("EIT")		
– Current year	16,403	18,347
– (Over) under provision in prior years	(610)	1,729
	15,793	20,076
Deferred tax credit (note 32)	(799)	(700)
	14,994	19,376

No provision for Cayman Islands profits tax has been made as the Group did not have any assessable profit arising in Cayman Islands for both years.

No provision for Hong Kong profits tax has been made since the Group did not have any assessable profit arising in Hong Kong for both years.

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 2018, 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 2018. Accordingly, the applicable tax rate for Hangzhou Good Friend in 2018 is 15% (2017: 15%).

In according to Detailed Implementation Regulations for implementation of the EIT law of the PRC issued on 6 December 2007, dividends paid out by companies established in the PRC to their then foreign investors is subject to 10% withholding tax from 1 January 2008 onwards. A lower withholding tax rate may be applied if there is a tax arrangement between Mainland China and the jurisdiction of the foreign investors. Under the Arrangement between the Mainland China and the Hong Kong Special Administration Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, or China-HK Tax Arrangement, a qualified Hong Kong tax resident which is the "beneficial owner" and holds 25% or more of the equity interest in a PRC-resident enterprise is entitled to a reduced withholding rate of 5%.

For the year ended 31 December 2018, the directors of the Company have assessed that no dividends will be declared by any of the PRC subsidiaries in the foreseeable future so it is concluded that no withholding tax shall be accrued on the undistributed retained earnings of the PRC subsidiaries as the Group amounting to RMB237,377,000 (2017: RMB182,730,000) 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. During the year, no dividend was declared and paid by any of the PRC subsidiaries.

## 10. INCOME TAX EXPENSE (Continued)

Income tax expense for the year can be reconciled to (loss) profit before income tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2018 RMB'000	2017 RMB'000
(Loss) profit before income tax	(42,730)	85,066
Add: Share of loss of joint ventures and associates	43,305	5,651
	575	90,717
Tax calculated at tax rates applicable to the principal operating entity of the Group (15%)	86	13,608
Tax effect of:		
Expenses not deductible for tax purpose	8,018	5,440
Utilisation of previously unrecognised tax losses	(1,467)	(547)
Tax losses for which no deferred income tax asset was recognised	12,048	2,117
Deductible temporary differences not recognised	1,043	31
Utilisation of deductible temporary differences previously not recognised	–	(661)
Different tax rates of subsidiaries	(62)	394
Tax concession granted to Hangzhou Good Friend	(4,062)	(2,735)
(Over) under provision in prior years	(610)	1,729
	14,994	19,376

## 11. (LOSS) EARNINGS PER SHARE

Basic (loss) earnings per share is calculated by dividing the loss attributable to owners of the Company amounted to RMB57,724,000 (2017: profit attributable to owners of the Company: RMB65,690,000) by the number of ordinary shares in issue during the year of 403,200,000 (2017: 403,200,000) shares.

	2018	2017
Basic (loss) earnings per share (RMB per share)	(0.14)	0.16

No diluted (loss) earnings per share was presented as there were no potential dilutive ordinary shares in issue for both years.

## 12. DIVIDENDS

	2018 RMB'000	2017 RMB'000
Dividends for ordinary shareholders of the Company recognised as distribution during the year:		
2018 interim dividend of RMB0.05 per share and 2017 final dividend of RMB0.06 per share		
(2017: 2017 interim dividend of RMB0.05 per share)	<b>44,352</b>	20,160

No dividends was proposed for ordinary shareholders of the Company for the year ended 31 December 2018.

## 13. PREPAID LEASE PAYMENTS

	2018 RMB'000	2017 RMB'000
Carrying values		
At the beginning of the year	<b>125,957</b>	123,855
Additions	–	5,134
Amortised to profit or loss	<b>(2,905)</b>	(3,032)
At the end of the year	<b>123,052</b>	125,957
Less: Amount to be amortised within one year	<b>(2,905)</b>	(2,905)
Non-current portion	<b>120,147</b>	123,052

The Group has pledged its prepaid lease payments with carrying amounts of approximately RMB87,600,000 as at 31 December 2018 (2017: RMB3,352,000) to secure the general banking facilities granted to the Group and other borrowings of the Group as disclosed in note 42.

## 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 2017	204,107	169,702	31,422	21,431	3,216	429,878
Additions	1,532	1,399	862	984	3,699	8,476
Transfers	145	–	78	–	(223)	–
Disposals	(562)	(2,279)	(812)	(1,844)	–	(5,497)
At 31 December 2017	205,222	168,822	31,550	20,571	6,692	432,857
Additions	272	1,863	667	2,317	40,386	45,505
Transfers	–	172	57	–	(229)	–
Disposals	–	(840)	(427)	(2,769)	–	(4,036)
At 31 December 2018	205,494	170,017	31,847	20,119	46,849	474,326
<b>DEPRECIATION AND IMPAIRMENT</b>						
At 1 January 2017	76,812	114,538	24,059	19,137	–	234,546
Provided for the year	9,398	10,684	1,137	1,124	–	22,343
Disposals	(67)	(1,953)	(753)	(1,660)	–	(4,433)
At 31 December 2017	86,143	123,269	24,443	18,601	–	252,456
Provided for the year	9,157	9,524	992	1,122	–	20,795
Disposals	–	(751)	(392)	(2,492)	–	(3,635)
At 31 December 2018	95,300	132,042	25,043	17,231	–	269,616
<b>CARRYING VALUES</b>						
At 31 December 2018	110,194	37,975	6,804	2,888	46,849	204,710
At 31 December 2017	119,079	45,553	7,107	1,970	6,692	180,401

The Group has pledged its buildings with carrying amounts of approximately RMB7,763,000 as at 31 December 2018 (2017: RMB8,428,000) to secure the general banking facilities granted to the Group as disclosed in note 42.

## 15. INTANGIBLE ASSETS

	<b>Softwares</b> RMB'000
<b>Cost</b>	
At 1 January 2017	14,482
Additions	1,175
At 31 December 2017	15,657
Additions	264
At 31 December 2018	15,921
<b>Amortisation</b>	
At 1 January 2017	11,051
Charge for the year	1,403
At 31 December 2017	12,454
Charge for the year	1,252
At 31 December 2018	13,706
<b>CARRYING VALUES</b>	
At 31 December 2018	2,215
At 31 December 2017	3,203

## 16. DETAILS OF SUBSIDIARIES

The following is a list of subsidiaries of the Company at 31 December 2018 and 2017:

Name	Place of incorporation/ operation	Principal activities	Issued and fully paid-up share capital/ registered capital	Interest held	
				2018	2017
<u>Directly held subsidiaries</u>					
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%
Winnings Steps Hong Kong Development Ltd.	Hong Kong	Trading and Investment holding	Ordinary shares HKD1,000	100%	100%
Full Moral Industrial Ltd.	Hong Kong	Inactive	Ordinary shares HKD2	100%	100%
Yu Hwa Hong Kong Enterprise Ltd.	Hong Kong	Investment holding	Ordinary shares HKD1,000	100%	100%
Hai Sheng International Hong Kong Ltd.	Hong Kong	Investment holding	Ordinary shares HKD1,000	100%	100%
Sky Thrive Hong Kong Enterprise Ltd ("Sky Thrive").	Hong Kong	Investment holding	Ordinary shares HKD1,000	100%	100%



## 16. DETAILS OF SUBSIDIARIES (Continued)

Name	Place of incorporation/ operation	Principal activities	Issued and fully paid-up share capital/ registered capital	Interest held	
				2018	2017
Indirectly held subsidiaries					
Hangzhou Good Friend	PRC	Design and production of computer numerical control, design machine tools and construction of three dimensional car parking garage structure	Registered Capital USD11,000,000	100%	100%
Hangzhou Global Friend Precision Machinery Co., Ltd.	PRC	Design and assembling of forklift trucks	Registered Capital USD10,000,000	100%	100%
Hangzhou Ever Friend Precision Machinery Co., Ltd.	PRC	Design and production of computer numerical control machine tools	Registered Capital USD30,000,000	100%	100%
Hangzhou Glory Friend Machinery Technology Co., Ltd.	PRC	Processing of computer numerical control machine tools	Registered Capital USD15,000,000	100%	100%
Rich Friend (Shanghai) Precision Machinery Co., Ltd.	PRC	Trading of computer numerical control machine tools	Registered Capital USD200,000	100%	100%
Huller Hille (Shanghai) Machinery Co., Ltd. ("Huller Hille")	PRC	Trading of high-end machine tools	Registered Capital USD1,000,000	100%	100%
Fair Friend (Henan) Precision Machinery Co., Ltd.	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%	100%

## 17. INVESTMENTS IN JOINT VENTURES

	2018 RMB'000	2017 RMB'000
Cost of unlisted investments in joint ventures	27,666	27,666
Share of post-acquisition losses	(7,161)	(9,279)
	20,505	18,387

Details of each of the Group's joint ventures at the end of the reporting period are as follow:

Name of entity	Country of incorporation/ registration	Principal place of business	Proportion of ownership interest held by the Group		Proportion of voting rights held by the Group		Principal activity
			2018	2017	2018	2017	
Anest Iwata Feeler Corporation ("AIF")	PRC	PRC	35%	35%	35%	35%	Manufacture and sales of air compressor and parts
Hangzhou Nippon Cable Feeler Corporation ("Nippon Cable Feeler")	PRC	PRC	50%	50%	50%	50%	Wholesale and export of parking garage structures
Hangzhou Feeler Mectron Machinery	PRC	PRC	45%	45%	45%	45%	Manufacture and sales of machine tools and related products
Hangzhou Union Friend Machinery Co., Ltd. ("UFM")	PRC	PRC	55%	55%	55%	55%	Manufacture and sales of machine tools and related products

## 17. INVESTMENTS IN JOINT VENTURES (Continued)

## Summarised financial information of material joint venture

Summarised financial information in respect of each of the Group's material joint venture is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with HKFRSs.

The joint ventures are accounted for using the equity method in these consolidated financial statements.

## AIF

	2018 RMB'000	2017 RMB'000
Current assets	48,455	42,979
Non-current assets	28,681	30,547
Current liabilities	(23,764)	(24,024)
Non-current liabilities	(7,065)	(6,544)
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	8,990	6,149
Current financial liabilities (excluding trade and other payables and provisions)	(8,403)	(9,468)
	2018 RMB'000	2017 RMB'000
Revenue	102,765	93,267
Profit and total comprehensive income for the year	3,349	6,134

## 17. INVESTMENTS IN JOINT VENTURES *(Continued)*

### Summarised financial information of material joint venture *(Continued)*

The above profit and total comprehensive income for the year includes the following:

	2018 RMB'000	2017 RMB'000
Depreciation and amortisation	2,971	3,031
Interest income	(10)	(8)
Interest expense	405	400
Income tax expense	–	–

Reconciliation of the above summarised financial information to the carrying amount of the interest in AIF recognised in the consolidated financial statements:

	2018 RMB'000	2017 RMB'000
Net assets of AIF	46,307	42,958
Proportion of the Group's ownership interest in AIF	35%	35%
Carrying amount of the Group's interest in AIF	16,207	15,035

### Aggregate information of joint ventures that are not individually material

	2018 RMB'000	2017 RMB'000
The Group's share of profit (loss) and total comprehensive income (expense) for the year	946	(254)
Aggregate carrying amount of the Group's interests of these joint ventures	4,298	3,352

## 18. INVESTMENTS IN ASSOCIATES

	2018 RMB'000	2017 RMB'000
Cost of unlisted investments in associates	415,701	415,701
Share of post-acquisition losses and other comprehensive expenses	(119,317)	(92,143)
Exchange difference arising on translation of foreign operations	34,939	32,359
	331,323	355,917

As at 31 December 2018 and 2017, the Group has interests in the following associates:

Name of entity	Country of incorporation/ registration	Principal place of business	Proportion of ownership interest held by the Group		Proportion of voting rights held by the Group		Principal activity
			2018	2017	2018	2017	
FFG Europe S.p.A. ("FFG Europe")	Italy	Italy	30.16%	30.16%	30.16%	30.16%	Manufacture and sales of machine tools and related products
FFG Werke GmbH ("FFG Werke")	Germany	Germany	39.00%	39.00%	39.00%	39.00%	Manufacture and distribution of machine tools, spare parts and accessories; providing training and maintenance service for machine tools and products
FFG European and American Holdings GmbH ("FFG EA")	Germany	Germany	81.37%	81.37%	33.33%	33.33%	Investment holding company.

## FFG Europe

FFG Europe is owned approximately as to 30.16% by Sky Thrive, 22.08% by Golden Friendship International Limited ("Golden Friendship") (a wholly owned subsidiary of Fair Friend, which not forming part of the Group), 21.70% by World Ten Limited ("World Ten") (16.24% of its issued share capital indirectly held by Fair Friend), 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 consolidated financial statements.

## 18. INVESTMENTS IN ASSOCIATES *(Continued)*

### FFG Werke

FFG Werke is owned approximately as to 37.00% by World Ten, 10.00% by Golden Friendship, 39.00% by Sky Thrive and 14.00% 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 consolidated financial statements.

### FFG EA

FFG EA is owned approximately as to 81.37% by Sky Thrive, 12.12% by Leadwell CNC Machines Mfg. Corp. (16.24% of its issued share capital held by Fair Friend), and 6.51% by Fair Friend.

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. The Group is able to exercise significant influence over FFG EA. Accordingly, the Group accounted for such investment as an associate in the consolidated 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 ("MAG") and its subsidiaries (collectively referred to as "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.

## 18. INVESTMENTS IN ASSOCIATES (Continued)

## Summarised statement of financial position

	FFG Europe		FFG Werke		FFG EA		Total	
	2018 RMB'000	2017 RMB'000	2018 RMB'000	2017 RMB'000	2018 RMB'000	2017 RMB'000	2018 RMB'000	2017 RMB'000
Cash	13,723	32,535	13,456	4,697	188,920	257,687	216,099	294,919
Other current assets	607,796	488,518	468,078	545,100	2,057,476	1,927,309	3,133,350	2,960,927
Total current assets	621,519	521,053	481,534	549,797	2,246,396	2,184,996	3,349,449	3,255,846
Short term bank borrowings	(123,572)	(100,985)	(237,945)	(177,916)	(207,568)	(254,488)	(569,085)	(533,389)
Other financial liabilities	(473,612)	(400,297)	(397,572)	(375,056)	(1,835,053)	(1,648,361)	(2,706,237)	(2,423,714)
Total current liabilities	(597,184)	(501,282)	(635,517)	(552,972)	(2,042,621)	(1,902,849)	(3,275,322)	(2,957,103)
Non-current assets	190,028	181,887	138,068	236,230	1,743,790	1,875,938	2,071,886	2,294,055
Non-current liabilities	(232,226)	(211,887)	(212,408)	(294,685)	(1,205,208)	(1,366,409)	(1,649,842)	(1,872,981)
Net (deficit) assets	(17,863)	(10,229)	(228,323)	(61,630)	742,357	791,676	496,171	719,817
Less: non-controlling interests	–	–	–	–	335,177	354,271	335,177	354,271
Net (deficit) assets attributed to the owners of the associate	(17,863)	(10,229)	(228,323)	(61,630)	407,180	437,405	160,994	365,546



## 18. INVESTMENTS IN ASSOCIATES (Continued)

### Summarised statement of profit or loss and other comprehensive income

	FFG Europe		FFG Werke		FFG EA		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	631,160	563,027	532,846	703,335	3,572,255	3,432,545	4,736,261	4,698,907
Cost of revenue	(375,777)	(335,689)	(437,216)	(665,341)	(3,077,960)	(2,879,477)	(3,890,953)	(3,880,507)
Other expenses	(257,321)	(256,374)	(251,882)	(121,598)	(535,239)	(593,710)	(1,044,442)	(971,682)
<b>Loss before tax</b>	<b>(1,938)</b>	<b>(29,036)</b>	<b>(156,252)</b>	<b>(83,604)</b>	<b>(40,944)</b>	<b>(40,642)</b>	<b>(199,134)</b>	<b>(153,282)</b>
Income tax credit (expense)	969	7,150	(14,603)	(12,095)	(42,263)	73,065	(55,897)	68,120
<b>(Loss) profit for the year</b>	<b>(969)</b>	<b>(21,886)</b>	<b>(170,855)</b>	<b>(95,699)</b>	<b>(83,207)</b>	<b>32,423</b>	<b>(255,031)</b>	<b>(85,162)</b>
Less: non-controlling interest	–	–	–	–	(27,384)	10,637	(27,384)	10,637
(Loss) profit for the year attributed to owners of the associate	(969)	(21,886)	(170,855)	(95,699)	(55,823)	21,786	(227,647)	(95,799)
Other comprehensive expense for the year attributed to owners of the associate	–	–	–	(2,185)	22,427	(57,690)	22,427	(59,875)
Share of (loss) profit of associates	(292)	(6,601)	(66,634)	(37,322)	(45,423)	17,726	(112,349)	(26,197)
Less: the unrecognised share of loss of associates	(292)	(3,085)	(66,634)	(15,568)	–	–	(66,926)	(18,653)
The recognised share of (loss) profit of associates	–	(3,516)	–	(21,754)	(45,423)	17,726	(45,423)	(7,544)
Share of other comprehensive (expense) income of associates	–	–	–	(852)	18,249	(46,942)	18,249	(47,794)

## 18. INVESTMENTS IN ASSOCIATES (Continued)

Set out below is a reconciliation of the summarised financial information presented to the carrying amount of its investments in associates.

## Summarised financial information

	FFG Europe		FFG Werke		FFG EA		Total	
	2018 RMB'000	2017 RMB'000	2018 RMB'000	2017 RMB'000	2018 RMB'000	2017 RMB'000	2018 RMB'000	2017 RMB'000
Opening net assets	(10,229)	13,846	(61,630)	35,964	437,405	441,177	365,546	490,987
Exchange difference	(6,665)	(2,189)	4,162	290	3,171	32,132	668	30,233
Other comprehensive (expense) income for the year	–	–	–	(2,185)	22,427	(57,690)	22,427	(59,875)
(Loss) profit for the year attributed to owners of the associate	(969)	(21,886)	(170,855)	(95,699)	(55,823)	21,786	(227,647)	(95,799)
Closing net assets attributed to owners of the associates as at 31 December	(17,863)	(10,229)	(228,323)	(61,630)	407,180	437,405	160,994	365,546
Equity interest	30.16%	30.16%	39.00%	39.00%	81.37%	81.37%		
Share of net assets	(5,387)	(3,085)	(89,047)	(24,036)	331,323	355,917	236,889	328,796
The unrecognised share of loss of associates	5,387	3,085	80,579	15,568	–	–	85,966	18,653
Goodwill (note a)	–	–	2,451	2,451	–	–	2,451	2,451
Effect of fair value adjustment at acquisition (note a)	–	–	6,017	6,017	–	–	6,017	6,017
Carrying value as at 31 December	–	–	–	–	331,323	355,917	331,323	355,917

## 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.

## 19A. TRADE AND OTHER RECEIVABLES AND PREPAYMENT

	2018 RMB'000	2017 RMB'000
Trade receivables	323,790	387,221
Less: provision for impairment of trade receivables	(46,931)	(37,811)
	276,859	349,410
Bills receivables	–	128,054
Prepayments	44,713	41,662
Others	24,238	22,815
Total trade and other receivables and prepayment	345,810	541,941

The Group generally allows a credit period of 30 to 180 days to its customers. The Group also allows its customers to retain certain percentage of the outstanding balances as retention money amounted to RMB22,699,000 (2017: RMB22,487,000) of which the conditions to entitlement of consideration had been reached and became unconditional.

At 31 December 2018 and 2017, the aging analysis of gross trade receivables based on past due date was as follows:

	2018 RMB'000	2017 RMB'000
Current – 30 days	207,953	269,787
31 – 60 days	2,365	6,943
61 – 90 days	4,568	8,576
91 – 180 days	10,353	20,052
Over 180 days	98,551	81,863
	323,790	387,221

**19A. TRADE AND OTHER RECEIVABLES AND PREPAYMENT** *(Continued)*

At 31 December 2017, the aging analysis of bills receivables based on past due date was as follows:

	2017 RMB'000
Current – 30 days	128,054

As at 31 December 2018, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB108,904,000 which are past due over 90 days as at the reporting date. Out of the past due balances, RMB62,039,000 has been past due and not in dispute, which is not considered as in default because the management of the Group, according to the historical settlement pattern, industry practice and the Group's historical actual loss experience, had assessed that the probability of settlement from their customers was high in respect of those debtors. The management of the Group considered that the risk of default became high and defaulted when those debtors had been past due over 1 year or with disputes to the Group.

As at 31 December 2017, the management of the Group assessed whether there is objective evidence that trade receivables are impaired. The Group would provide impairment for receivables that were considered to be impaired individually based on management assessment performed at the end of the reporting period.

As at December 2017, included in the Group's trade receivables are debtors with an aggregate carrying amount of RMB83,440,000 which are past due for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances.

Aging of gross trade receivables which are past due but no impaired:

	2017 RMB'000
1 – 30 days	17,009
31 – 60 days	6,567
61 – 90 days	8,529
91 – 180 days	13,981
Over 180 days	37,354
	83,440

## 19A. TRADE AND OTHER RECEIVABLES AND PREPAYMENT (Continued)

Movements of provision for impairment of trade receivables of the Group in 2018 are as follows:

	2018 RMB'000
At 1 January	37,811
Remeasurement of loss allowance under ECL	5,340
Adjusted balance as at 1 January	43,151
Provision for impairment	9,131
Receivables written off	(5,351)
At 31 December	46,931

Movements of provision for impairment of trade receivables of the Group in 2017 are as follows:

	2017 RMB'000
At 1 January	33,792
Provision for impairment	5,505
Reversal written off	(1,486)
At 31 December	37,811

Included in the balance of provision for impairment for trade receivables in 2017 are individually impaired trade receivables with an aggregate balance of RMB37,811,000 which are considered as not recoverable with reference to the historical collection experience. The Group does not hold any collateral over these balances.

The Group's trade and other receivables and prepayment that are denominated in currency other than the functional currency of the relevant group entities is set out below:

	2018 RMB'000	2017 RMB'000
USD	23,404	20,211
EUR	16,708	24,044
Other currencies	1,508	1,170

## 19B. CONTRACT ASSETS

	31 December 2018 RMB'000	1 January 2018* RMB'000
Machine Tools	30,692	32,237
Parking Garage Structures	16,265	14,466
	46,957	46,703
Less: loss allowance on contract assets	(230)	(486)
	46,727	46,217

\* The amounts in this column are after adjustments from the application of HKFRS 9 and 15.

The contract assets primarily relate to the Group's right to billing for work completed and not billed because the rights are conditional upon specified payment milestones at the end of each reporting date. The contract assets are transferred to trade receivables when the rights become unconditional. The Group typically transfers the contract assets to trade receivables when the Group achieved the specific milestones of payments in the corresponding contracts.

The Group classifies these contract assets as current asset because the Group expects to realise them in its normal operating cycle.

**Movement of loss allowance on contract assets**

Movement of loss allowance on contract assets for the year ended 31 December 2018:

	2018 RMB'000
At 1 January	–
Remeasurement of loss allowance under ECL	486
Adjusted balance as at 1 January	486
Reversal of loss allowance	(256)
At 31 December	230

## 19C. TRANSFERS OF FINANCIAL ASSETS

As at 31 December 2018, the Group had transferred to its suppliers by endorsing bills amounted to RMB75,770,000 (2017: RMB183,328,000).

As those bills are issued by banks with high credit rating, the management of the Group had assessed and satisfied that the Group had transferred substantially all of the risks and rewards relating to those bills. The Group had derecognised the full carrying amount of the abovementioned bills and the corresponding amount of trade payables.

## 20. LOAN RECEIVABLE

As at 31 December 2018, the Group's loan receivable to Mega Grant is unsecured, non-interest bearing, repayable within one year.

The Group's loan receivable that is denominated in currency other than the functional currency of the relevant group entities is set out below:

	2018 RMB'000	2017 RMB'000
EUR	35,627	—

## 21. RECEIVABLES AT FVTOCI

	2018 RMB'000
Bills receivables aged within 6 months presented based on the issue dates of bills receivables	106,400



## 22. INVENTORIES

	2018 RMB'000	2017 RMB'000
Raw materials	62,425	62,791
Work in progress	234,030	90,002
Finished goods	228,297	192,833
	524,752	345,626

In 2018, a write-down of inventories of RMB2,087,000 has been recognised and included in cost of sales. In 2017, a reversal of inventories of RMB2,981,000 has been recognised and included in cost of sales, primarily due to that some certain parts with long aging were reused to make robotic hands in research and development project.

## 23. AMOUNTS DUE FROM (TO) CUSTOMERS FOR CONTRACT WORK

	2017 RMB'000
Contract costs incurred plus recognised profits less recognised losses	913,875
Less: progress billings	(906,418)
	7,457
	2017 RMB'000
Amounts due from contract customers	50,270
Amounts due to contract customers	(42,813)
Net amounts due from customers for contract work	7,457

## 24. RESTRICTED BANK DEPOSITS AND BANK BALANCES

	2018 RMB'000	2017 RMB'000
Restricted bank deposits	15,900	32,716
Restricted bank balances (note 36)	54,087	–
	<b>69,987</b>	32,716

Restricted bank deposits represent the amounts placed in banks as guarantees issued for trade finance facilities granted to the Group. The deposits have maturity period within one year which carry fixed interest rate at 0.3% (2017: 0.4%) per annum.

## 25. FINANCIAL ASSETS AT FVTPL/STRUCTURED DEPOSITS

The Group entered into structured deposits with banks and the return of these investments is not guaranteed.

On 1 January 2018, the Group adopted HKFRS 9 and the structured deposits were mandatorily measured at FVTPL.

## 26. BANK BALANCES AND CASH

Bank balances carry interest at market rates which range from 0.35% to 1.5% (31 December 2017: 0.35% to 1.5%) per annum.

The Group's bank balances and cash that are denominated in currency other than the functional currency of the relevant group entities is set out below:

	2018 RMB'000	2017 RMB'000
USD	6,114	10,777
EUR	31,418	7,225
Other currencies	7,248	1,097

## 27. SHARE CAPITAL

	Number of shares '000	Share capital HKD'000	Share capital RMB'000
<b>Ordinary share of HKD0.01 each</b>			
<b>Authorised:</b>			
At 1 January 2017, 31 December 2017, 1 January 2018 and 31 December 2018	1,000,000	10,000	10,211
<b>Issued and fully paid:</b>			
At 1 January 2017, 31 December 2017, 1 January 2018 and 31 December 2018	403,200	4,032	4,022

## 28. TRADE AND OTHER PAYABLES AND ACCRUED EXPENSES

	2018 RMB'000	2017 RMB'000
Trade payables	163,957	196,462
Advance deposits from customers	–	296,284
Other payables	32,474	54,170
Accrued expenses	46,538	42,776
Total trade and other payables and accrued expenses	242,969	589,692

The following is an aging analysis of trade payables presented based on maturity date:

	2018 RMB'000	2017 RMB'000
Current – 30 days	92,947	113,021
31 – 60 days	44,181	51,625
61 – 90 days	5,447	7,592
91 – 180 days	6,926	12,499
Over 180 days	14,456	11,725
	163,957	196,462

## 28. TRADE AND OTHER PAYABLES AND ACCRUED EXPENSES (Continued)

The Group normally receives credit terms of 30 to 60 days.

The Group's trade and other payables and accrued expenses are dominated in currency other than the functional currency of the relevant group entities is set out below:

	2018 RMB'000	2017 RMB'000
USD	3,224	24,056
EUR	13,436	104,157
HKD	2,111	2,054

## 29. CONTRACT LIABILITIES

	31 December 2018 RMB'000	1 January 2018* RMB'000
Machine tools	145,501	280,784
Parking garage structures	205,920	149,490
Forklift trucks	7,330	6,437
	358,751	436,711

\* The amounts in this column are after the adjustments from the application of HKFRS 15.

Contract liabilities that are expected to be settled within the Group's normal operating cycle are classified as current liabilities.

The following table shows how much of the revenue recognised in the current year relates to carried-forward contract liabilities. There were no revenue recognised in the current year that related to performance obligations that were satisfied in prior periods.

**29. CONTRACT LIABILITIES** *(Continued)*

Revenue recognised that was included in the contract liabilities balance at the beginning of the year:

	RMB'000
Machine tools	236,258
Parking garage structures	149,490
Forklift trucks	6,437
	392,185

**30. WARRANTY PROVISION**

	2018 RMB'000	2017 RMB'000
At 1 January	5,755	6,018
Provision for the year	4,983	6,282
Utilisation of provision	(5,427)	(6,545)
At 31 December	5,311	5,755

The warranty provision represents the management's best estimate of the Group's liability under 1 to 2 years warranty based on prior experience and industry average level for defective products.

### 31. BANK AND OTHER BORROWINGS

	2018 RMB'000	2017 RMB'000
Bank borrowings – variable interest rate	563,239	367,428
Other borrowings – interest free	35,093	–
	598,332	367,428
Secured	35,093	–
Unsecured	563,239	367,428
	598,332	367,428
Carrying amount repayable*		
Within one year	563,239	367,428
Within a period of more than two years but not exceeding five years	35,093	–
	598,332	367,428

\* The amounts due are based on scheduled repayment dates set out in the loan agreements.

The Group's variable interest rate borrowings carry interest at Hong Kong Interbank Offered Rate/London Interbank Offered Rate/Taipei Interbank Offered Rate/Euro Interbank Offered Rate.

The Group's other borrowings are interest-free loan of RMB43,522,000 received from the PRC government. The loan is repayable in full in 2023. Using prevailing market interest rate for an equivalent loan of 4.75%, the fair value of the loan at inception is estimated at RMB34,510,000. The difference of RMB9,012,000 between the gross proceeds and the fair value of the other borrowings are the benefit derived from the interest-free loan and is recognised as deferred income (note 33) and will be recognised in profit or loss on the same basis as depreciation for the related property, plant and equipment.

**31. BANK AND OTHER BORROWINGS** *(Continued)*

The range of effective interest rates of the Group's bank and other borrowings are as follows:

	2018	2017
Effective interest rate	<b>0.9% to 4.75%</b> per annum	1.20% to 4.79% per annum

The Group's bank and other borrowings that are denominated in currency other than the functional currency of the relevant group entities is set out below:

	2018 RMB'000	2017 RMB'000
USD	<b>106,268</b>	265,444
EUR	<b>139,172</b>	9,951
HKD	<b>305,014</b>	92,033

*Notes:*

- (a) The Group has pledged its prepaid lease payments with carrying amounts of approximately RMB3,262,000 (2017: RMB3,352,000) and buildings with carrying amounts of approximately RMB7,763,000 (2017: RMB8,428,000) as at 31 December 2018 to secure the general banking facilities granted to it. As at 31 December 2018, the Group has not utilised such secured bank facilities (2017: Nil).
- (b) As at 31 December 2018, none of the Group's bank facilities was guaranteed by irrevocable standby letter of credits, while as at 31 December 2017, the Group's bank facilities of RMB34,608,000 were guaranteed by irrevocable standby letter of credits issued by banks of which none was utilised.
- (c) As at 31 December 2018, cross guarantees between subsidiaries of RMB67,785,000 (2017: RMB108,000,000) have been provided to banks to guarantee the Group's bank borrowings of which RMB22,302,000 has been utilised (2017: RMB6,880,000).
- (d) As at 31 December 2018, personal guarantees were provided by a director of the Company and a related party of the Group in respect of the Group's bank facilities of RMB96,085,000 (2017: RMB78,410,000).
- (e) As at 31 December 2018, the Group's other borrowings of RMB35,093,000 were secured by prepaid lease payments with carrying amounts of approximately RMB84,338,000.



## 32. DEFERRED TAXATION

	2018 RMB'000	2017 RMB'000
Deferred income tax assets	27,520	22,401

The movement on the deferred income tax 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 income RMB'000	Others RMB'000	Total RMB'000
As at 1 January 2017	3,870	753	866	917	15,295	–	21,701
Credit (charge) to profit or loss	375	313	(47)	59	–	–	700
At 31 December 2017	4,245	1,066	819	976	15,295	–	22,401
Effect arising on adoption of HKFRS 15	–	–	–	–	–	4,054	4,054
Effect arising on adoption of HKFRS 9	619	–	–	–	–	–	619
Adjusted balance at 1 January 2018	4,864	1,066	819	976	15,295	4,054	27,074
Charge to other comprehensive income	(353)	–	–	–	–	–	(353)
Credit (charge) to profit or loss	233	129	(53)	490	–	–	799
At 31 December 2018	4,744	1,195	766	1,466	15,295	4,054	27,520

As at 31 December 2018, the Group had unutilised tax losses of approximately RMB130,086,000 (2017: RMB66,018,000) 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.

Apart from unutilised tax losses as mentioned above, the Group had other deductible temporary differences of RMB166,345,000 (2017: RMB152,294,000) available to offset against future profits as at 31 December 2018. Deductible temporary differences of RMB115,652,000 (2017: RMB108,553,000) had been recognised in deferred tax assets as at 31 December 2018, while RMB50,693,000 (2017: RMB43,741,000) 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.

**32. DEFERRED TAXATION** *(Continued)*

These tax losses will be carried forward and expire in years as follows:

	<b>2018</b> <b>RMB'000</b>	2017 RMB'000
With expiry in:		
2018	–	6,472
2019	<b>5,455</b>	5,528
2020	<b>13,611</b>	17,808
2021	<b>16,588</b>	22,100
2022	<b>14,472</b>	14,110
2023	<b>79,960</b>	–
	<b>130,086</b>	66,018

**33. DEFERRED INCOME**

	<b>2018</b> <b>RMB'000</b>	2017 RMB'000
Assets related government grants	<b>70,192</b>	61,180

In November 2016, Fair Friend Henan 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. Furthermore, in April 2018, Fair Friend Henan received an interest-free loan government grant with the benefit amounted to RMB9,012,000 (see note 31 for details). Up to the date of the approval of these consolidated financial statements, the related construction of the plants and equipment are still under construction and thus the deferred income is not yet recognised in profit or loss.

### 34. CASH GENERATED FROM OPERATIONS

	2018 RMB'000	2017 RMB'000
(Loss) profit before income tax:	(42,730)	85,066
Adjustments for:		
– Amortisation of prepaid lease payments	2,905	3,032
– Depreciation of property, plant and equipment	9,894	11,826
– Amortisation of intangible assets	1,186	1,337
– Impairment loss on trade receivables and contract assets	8,875	5,505
– Write-down (reversal) of inventories	2,087	(2,981)
– Share of profit of joint ventures	(2,118)	(1,893)
– Share of loss of associates	45,423	7,544
– (Gain) loss on disposal of property, plant and equipment	(118)	37
– Interest income	(4,496)	(4,261)
– Interest expense	14,180	8,803
– Warranty expenses	4,983	6,282
– Unrealised net exchange loss	25,195	4,685
– Provision for litigation claim	60,117	–
– Sales return	3,037	–
Changes in working capital:		
– Inventories	11,468	(129,234)
– Trade and other receivables and prepayment	20,400	(48,363)
– Contract assets	(254)	–
– Restricted bank balances	(54,807)	–
– Amounts due from customers for contract work	–	(9,578)
– Amount due from ultimate holding company	1,053	1,057
– Amounts due from fellow subsidiaries and associates of ultimate holding company	1,453	1,042
– Amounts due from joint ventures	391	70
– Amounts due from an associate and subsidiaries of an associate	(27,248)	46,542
– Trade and other payables and accrued expenses	(7,382)	99,237
– Contract liabilities	(77,960)	–
– Amounts due to customers for contract work	–	11,131
– Amount due to ultimate holding company	(6,762)	5,012
– Amount due to immediate holding company	709	1,504
– Amounts due to joint ventures	(246)	416
– Amounts due to an associate and subsidiaries of an associate	(8,892)	29,346
– Amounts due to fellow subsidiaries and associates of ultimate holding company	(36)	(1,830)
– Warranty provision	(5,427)	(6,545)
Cash (used in) generated from operations	(25,120)	124,789

**34. CASH GENERATED FROM OPERATIONS** *(Continued)*

In the consolidated statement of cash flows, proceeds from disposal of property, plant and equipment comprise:

	<b>2018</b>	2017
	<b>RMB'000</b>	RMB'000
Carrying amount at date of disposal:	<b>401</b>	1,064
Gain (loss) on disposal of property, plant and equipment	<b>118</b>	(37)
Proceeds from disposal of property, plant and equipment	<b>519</b>	1,027

**35. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES**

The table below details changes in the Group's liabilities arising from financing activities, including both the cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	<b>Dividends payable</b>	<b>Bank and other borrowings</b>	<b>Deferred income</b>	<b>Total</b>
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2017	–	350,772	61,180	411,952
Financing cash flows ( <i>note</i> )	(20,160)	3,168	–	(16,992)
Non-cash changes				
Foreign exchange translation	–	4,685	–	4,685
Interest expenses	–	8,803	–	8,803
Dividends recognised as distributions	20,160	–	–	20,160
At 31 December 2017	–	367,428	61,180	428,608
Financing cash flows ( <i>note</i> )	(44,352)	190,946	9,012	155,606
Non-cash changes				
Foreign exchange translation	–	25,195	–	25,195
Interest expenses	–	14,763	–	14,763
Dividends recognised as distributions	44,352	–	–	44,352
At 31 December 2018	–	598,332	70,192	668,524

*Note:* The financing cash flow of bank and other borrowings represents the proceeds from and repayments of bank and other borrowings and interest paid in the consolidated statement of cash flows.

### **36. PROVISION FOR LITIGATION CLAIM**

In September 2015, the Group's subsidiary, Huller Hille, entered into a sales contract with an independent third party (the "Customer") to sell 7 sets of high-end CNC machine tools (the "Machine Tools") to the Customer, which were originally procured from FFG Werke. In October 2015, Huller Hille, Hangzhou Good Friend and the Customer entered into a supplementary agreement that Hangzhou Good Friend shall, collectively with Huller Hille, share the rights and obligations as the seller set out in the contract entered into in September 2015. The delivery of the 7 sets of Machine tools were completed by Huller Hille in 2017.

Subsequent to the delivery, the Customer raised to Huller Hille that some of the Machine Tools did not meet the product quality requirement as set out in the contract. After a few round of amendments and negotiations with the Customer, the Customer and Huller Hille still could not reach consensus on the product quality of the Machine Tools. Finally the Customer raised a litigation to the Province Higher People's Court in Anhui. On 31 August 2018, the Province Higher People's Court in Anhui issued the first-instance judgement in favour to the Customer for which the Customer shall return the 7 sets of Machine Tools to the Group and the Group shall refund and compensate the Customer in an aggregate amount of RMB161,020,000.

In October 2018, the Group then filed an appeal to the Supreme People's Court (the "Second-instance"). As at the date of the approval of these consolidated financial statements, the Second-instance is still in progress.

As at 31 December 2018, an aggregate bank balance of RMB54,087,000 in Hangzhou Good Friend were being frozen by banks as the respective banks had received notice from court with regard to the litigation claim.

After taking into account of the legal opinion of an independent PRC legal counsel and the current status of the litigation, the directors of the Company made their best estimation on the amount of refund to the Customer amounted to RMB100,903,000 which has been recognised as "refund liabilities" in the consolidated statement of financial position and the expected loss on settlement of the litigation amounted to RMB60,117,000, which is provided for under "provision for litigation claim" in the consolidated statement of financial position and recorded as "other expenses" in the consolidated statement of profit or loss and other comprehensive income.

## 37. COMMITMENTS

## (a) Capital commitments

	2018 RMB'000	2017 RMB'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:		
– Construction of plant	53,134	2,615

## (b) Operating lease commitment

*The Group as lessee*

	2018 RMB'000	2017 RMB'000
Minimum lease payments paid under operating leases during the year	8,232	8,606

At the reporting date, the Group had commitments for future minimum lease payments relating to office rental under non-cancellable operating leases as follows:

	2018 RMB'000	2017 RMB'000
No later than 1 year	4,764	4,838
Later than 1 year and no later than 5 years	1,481	2,339
	6,245	7,177

### 38. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in 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 year.

The capital structure of the Group consists of net debt, which includes bank and other borrowings disclosed in note 31, net of cash and cash equivalents and equity attributable to owners 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.

### 39. FINANCIAL INSTRUMENTS

#### a. Categories of financial instruments

	2018 RMB'000	2017 RMB'000
<i>Financial assets</i>		
Receivables at FVTOCI	106,400	–
Financial assets at FVTPL	108,020	–
Structured deposits	–	76,140
Loans and receivables (including cash and cash equivalents)	–	753,530
Financial assets measured at amortised cost (including cash and cash equivalents)	670,927	–
	885,347	829,670
<i>Financial liabilities</i>		
Financial liabilities at amortised cost	830,667	669,191



### 39. FINANCIAL INSTRUMENTS (Continued)

#### b. Financial risk management objectives and policies

The Group's major financial instruments include financial assets at FVTPL, trade receivables, loan receivable, other receivables, structured deposits, receivables at FVTOCI, amounts due from (to) related parties (including ultimate holding company, fellow subsidiaries, associates of ultimate holding company, joint ventures, associates and subsidiaries of an associate), restricted bank deposits and bank balances, bank balances and cash, trade and other payables, and bank and other borrowings. Details of the financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include foreign exchange risk, interest rate risk, other price risk, credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

#### *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.

During the year end 31 December 2018, approximately 14.82% (2017: 19.12%) of the Group's sales and approximately 6.56% (2017: 24.07%) of the Group's purchase are denominated in currency other than the functional currency of the relevant group entities making the sale. In addition, the subsidiaries of the Company have intra-group balances with other subsidiaries denominated in foreign currency which also expose to the Group of foreign exchange risk.

The carrying amounts of the Group's monetary assets and monetary liabilities denominated in currency other than the respective group entities' functional currency at the end of each reporting period are as follows:

	Liabilities		Assets	
	2018 RMB'000	2017 RMB'000	2018 RMB'000	2017 RMB'000
USD	110,083	291,161	35,226	36,206
EUR	156,683	118,890	97,767	41,399
HKD	307,125	94,087	7,598	7,065

The Group currently does not have a foreign currency hedging policy as the management of the Group considers that the foreign exchange risk exposure of the Group is minimal. The Group will consider hedging significant foreign currency exposure should the need arise.

### 39. FINANCIAL INSTRUMENTS *(Continued)*

#### b. Financial risk management objectives and policies *(Continued)*

##### *Foreign exchange risk (Continued)*

##### *Sensitivity analysis*

The following table details the Group's sensitivity to a 5% increase in the functional currency of the relevant group entities against the foreign currency. 5% is the sensitivity rate used in management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates.

A positive (negative) number below indicates an increase (decrease) in post-tax profit and a decrease (increase) in post-tax loss for the year where the functional currency of relevant group entities strengthening against the relevant foreign currency. For a 5% weakening of the functional currency of relevant group entities, there would be an equal and opposite impact on the post-tax (loss) profit for the year.

	Post-tax (loss) profit for the year	
	2018 RMB'000	2017 RMB'000
USD	3,127	10,644
EUR	2,461	3,235
HKD	12,510	3,633

In addition, the conversion of RMB into foreign currencies is subject to the rules and regulations of the foreign exchange control promulgated by the PRC government.

In the opinion of the directors of the Company, the sensitivity analysis is unrepresentative of the inherent foreign currency risk as the year end exposure does not reflect the exposure during the year.

### 39. FINANCIAL INSTRUMENTS *(Continued)*

#### b. Financial risk management objectives and policies *(Continued)*

##### *Interest rate risk*

The Group is exposed to fair value interest rate risk in relation to fixed interest rate restricted bank deposits (see note 24 for details). The Group currently does not have any interest rate hedging policy. The management of the Group monitors the Group's exposure on an on-going basis and will consider hedging interest rate risk should the need arises.

The Group is also exposed to cash flow interest rate risk in relation to variable interest rate bank borrowings, restricted bank balances and bank balances.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

##### *Sensitivity analysis*

The sensitivity analysis below have been determined based on the exposure to interest rates for variable interest rate bank borrowings at the end of the reporting period. The analysis is prepared assuming the amount of liabilities outstanding at the end of the reporting period was outstanding for the whole year. 50 basis points (2017: 50 basis points) increase or decrease for variable interest rate bank borrowings represents management's assessment of the reasonably possible change in interest rates. Restricted bank balances and bank balances are excluded from sensitivity analysis as the directors of the Company consider that the exposure of cash flow interest rate risk arising from variable interest rate restricted bank balances and bank balances is insignificant.

If interest rates had been increased/decreased by 50 basis points (2017: 50 basis points) in respect of variable interest rate bank borrowings and all other variables were held constant, the Group's post-tax loss for the year ended 31 December 2018 would increase/decrease by RMB2,394,000 (2017: post-tax profit for the year would decrease/increase by RMB1,562,000).

### 39. FINANCIAL INSTRUMENTS *(Continued)*

#### b. Financial risk management objectives and policies *(Continued)*

##### *Other price risk*

The Group is exposed to other price risk through its investments in structured deposits and financial assets at FVTPL. In the opinion of the directors of the Company, no sensitivity analysis is prepared for the other price risk since the impact to the Group's post-tax (loss) profit for the year is insignificant as these investments have short maturities.

##### *Credit risk and impairment assessment*

As at 31 December 2018, the Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations at the end of each reporting period in relation to each class of recognised financial assets is the carrying amount of those assets stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model upon application of HKFRS 9 on trade balances individually or based on provision matrix (2017: incurred loss model). In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

### 39. FINANCIAL INSTRUMENTS *(Continued)*

#### b. Financial risk management objectives and policies *(Continued)*

##### *Credit risk and impairment assessment (Continued)*

##### *Group's exposure to credit risk after adoption of HKFRS 9*

After the adoption of the HKFRS 9, in addition to the credit risk limit management and other mitigation measures as described above, the Group monitors all financial assets, and other items subject to ECL except for trade receivables and contract assets, that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime rather than 12m ECL.

##### *Trade receivables and contract assets*

For trade receivables and contract assets, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The Group assesses individually for debtors with significant balances or credit impaired and/or collectively using a provision matrix with appropriate grouping. For collective assessment, the Group uses debtors' aging to assess the impairment for its customers because these customers consist of a large number of small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. ECL is estimated based on historical credit loss experience based on the past default experience of the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Group writes off trade receivables and contract assets when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

In order to minimise credit risk, the Group has tasked its operation management committee to develop and maintain the Group's credit risk gradings to categorise exposures according to their degree of risk of default.

The credit rating information is supplied by independent rating agencies where available and, if not available, the operation management committee uses other publicly available financial information and the Group's own trading records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

### 39. FINANCIAL INSTRUMENTS (Continued)

#### b. Financial risk management objectives and policies (Continued)

##### *Credit risk and impairment assessment (Continued)*

##### *Group's exposure to credit risk after adoption of HKFRS 9 (Continued)*

##### *Trade receivables and contract assets (Continued)*

During the year ended 31 December 2018, the impairment allowance is provided in the amount of RMB47,161,000, among which RMB15,195,000 was made based on the provision matrix and RMB31,966,000 was assessed individually on the debtors with balances amounting to RMB220,752,000.

The following table details the risk profile of trade receivables and contract assets assessed based on the provision matrix:

As at 31 December 2018

	Current to 30 days RMB'000	31 to 60 days RMB'000	61 to 90 days RMB'000	91 to 180 days RMB'000	Over 180 days RMB'000	Total RMB'000
Weighted average expected credit loss rate	0.23%	1.49%	1.89%	1.64%	47.24%	10.13%
Total gross carrying amount	111,960	537	1,375	4,752	31,371	149,995
Lifetime ECL	(262)	(8)	(26)	(78)	(14,821)	(15,195)
	111,698	529	1,349	4,674	16,550	134,800

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

### 39. FINANCIAL INSTRUMENTS *(Continued)*

#### b. Financial risk management objectives and policies *(Continued)*

##### *Credit risk and impairment assessment (Continued)*

##### *Group's exposure to credit risk after adoption of HKFRS 9 (Continued)*

The following table shows the Group's credit risk grading framework in respect of financial assets other than trade receivables and contract assets:

Category	Description	Basis for recognising ECL
Performing	For financial assets where there has low risk of default or has not been a significant increase in credit risk since initial recognition and that are not credit impaired (refer to as Stage 1)	12m ECL
Doubtful	For financial assets where there has been a significant increase in credit risk since initial recognition but that are not credit impaired (refer to as Stage 2)	Lifetime ECL – not credit impaired
Default	Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred (refer to as Stage 3)	Lifetime ECL – credit Impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off



### 39. FINANCIAL INSTRUMENTS *(Continued)*

#### b. Financial risk management objectives and policies *(Continued)*

##### *Credit risk and impairment assessment (Continued)*

##### *Group's exposure to credit risk after adoption of HKFRS 9 (Continued)*

##### Other receivables and loan receivable

For other receivables, the Group has applied the general approach in HKFRS 9 to measure the loss allowance approximate to such at 12m ECL, since the directors of the Company did not expect any significant increase in credit risk.

##### Bank balances, restricted bank deposits and bank balances and receivables at FVTOCI

The bank balances, restricted bank deposits and bank balances and receivables at FVTOCI are determined to have low risk at the end of the reporting period. The credit risk on bank balances, restricted bank deposits and bank balances, and receivables at FVTOCI are limited because the counterparties are reputable banks and the risk of inability to pay or redeem at the due date is low.

##### Amounts due from related parties

With reference to the historical settlement patterns from the Group's ultimate holding company, fellow subsidiaries, associates of ultimate holding company, joint ventures, associates and subsidiaries of an associate, the Group has assessed that the expected credit loss for amounts due from these related parties is insignificant. Thus, no loss allowance provision is recognised.

##### *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.

## 39. FINANCIAL INSTRUMENTS (Continued)

## b. Financial risk management objectives and policies (Continued)

## Liquidity risk (Continued)

	Weighted average interest rate %	Repayable on demand or less than 1 year RMB'000	2-5 years RMB'000	Total undiscounted cash flows RMB'000	Total carrying amount RMB'000
<b>At 31 December 2018</b>					
Trade and other payables	N/A	196,431	–	196,431	196,431
Bank borrowings					
– variable interest rate	2.84%	579,246	–	579,246	563,239
Other borrowings	4.75%	–	43,522	43,522	35,093
Amount due to ultimate holding company	N/A	638	–	638	638
Amount due to immediate holding company	N/A	2,832	–	2,832	2,832
Amounts due to fellow subsidiaries and associates of ultimate holding company	N/A	3,637	–	3,637	3,637
Amounts due to an associate and subsidiaries of an associate	N/A	28,435	–	28,435	28,435
Amounts due to joint ventures	N/A	362	–	362	362
		811,581	43,522	855,103	830,667
<b>At 31 December 2017</b>					
Trade and other payables	N/A	250,632	–	250,632	250,632
Bank borrowings					
– variable interest rate	2.31%	376,316	–	376,316	367,428
Amount due to ultimate holding company	N/A	7,400	–	7,400	7,400
Amount due to immediate holding company	N/A	2,123	–	2,123	2,123
Amounts due to fellow subsidiaries and associates of ultimate holding company	N/A	3,673	–	3,673	3,673
Amounts due to an associate and subsidiaries of an associate	N/A	37,327	–	37,327	37,327
Amounts due to joint ventures	N/A	608	–	608	608
Financial guarantee contracts	N/A	102,405	–	102,405	–
		780,484	–	780,484	669,191

The amounts included above for variable interest rate instruments are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

## 39. FINANCIAL INSTRUMENTS (Continued)

## c. Fair value measurements of financial instruments

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated statement of financial position approximate to their fair values. Such fair values have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis.

*Fair value of the Group's financial assets that are measured at fair value on a recurring basis*

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
	31 December 2018	31 December 2017			
Receivables at FVTOCI	<b>Receivables at FVTOCI RMB106,400,000</b>	–	Level 2	Discounted cash flow method was used to capture the present value of the cash flows to be derived from the receivables.	N/A
Structured deposits	–	Structured deposits RMB76,140,000	Level 3	Discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of these investees. (Note)	Forecast yield from the investment
Financial assets at FVTPL	<b>Unlisted financial products and structure deposits: RMB108,020,000</b>	–	Level 3	Discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of these investees. (Note)	Forecast yield from the investment

*Note:* A decrease in the forecast yield used in isolation would result in decrease in the fair value measurement of unlisted financial products and structure deposits and vice versa. The directors of the Company consider that the impact of the fluctuation in forecast yields of the underlying instruments to the fair value of unlisted financial products and structure deposits are insignificant as these investments have short maturities, and therefore no sensitivity analysis is presented.

## 39. FINANCIAL INSTRUMENTS (Continued)

## c. Fair value measurements of financial instruments (Continued)

*Reconciliation of Level 3 fair value measurements*

The Group's financial assets at FVTPL are under level 3 fair value hierarchy. Their fair values were determined by discounted cash flows method at which the estimated future cash flows are discounted at discount interest rate that reflects the time value to the dates of settlement.

	<b>Financial assets at FVTPL RMB'000</b>
At 31 December 2017	–
Effect arising on adoption of HKFRS 9	76,140
Adjusted Balance at 1 January 2018	76,140
Purchases	539,680
Settlements	(507,800)
At 31 December 2018	108,020

#### 40. RELATED PARTY TRANSACTIONS

Save as disclosed in note 31, the Group also had the following transactions with its related parties during the year:

(a) Transactions

Name of company	Relationship	Nature of transactions	2018 RMB'000	2017 RMB'000
<i>Ultimate holding company</i>				
Fair Friend	Ultimate holding company	Sales of goods	711	191
		Purchases of goods	19,764	21,830
		Purchases of services	–	9,802
<i>Immediate holding company</i>				
Good Friend (H. K.) Corporation Limited ("Hong Kong GF")	Immediate holding company	Purchases of goods	57,811	46,945
<i>Fellow subsidiaries and associates of ultimate holding company</i>				
Equiptop Hitech Corp.	Fellow subsidiary	Sales of goods	–	1,420
Ikegai (Shanghai) Machinery & Equipment Co., Ltd	Fellow subsidiary	Purchases of goods	1,463	–
SANCO Machine & Tools Co., Ltd. ("SANCO")	Fellow subsidiary	Purchases of goods	–	8,654
Hangzhou Best Friend Technology Co., Ltd. ("Best Friend")	Associate of ultimate holding company	Sales of goods	2	3

## 40. RELATED PARTY TRANSACTIONS (Continued)

## (a) Transactions (Continued)

Name of company	Relationship	Nature of transactions	2018 RMB'000	2017 RMB'000
Hangzhou Feeler Takamatsu Machinery Co., Ltd. ("Feeler Takamatsu")	Associate of ultimate holding company	Purchases of goods	113	1,519
		Rendering of services	1,322	1,027
		Rental income	68	3
FFG DMC Co.,Ltd.	Subsidiary of ultimate holding company	Purchases of goods	–	3,757
<b>Joint ventures</b>				
AIF	Joint venture	Sales of goods	43	8
		Purchases of goods	132	483
		Purchases of services	11	10
		Rendering of services	1,213	1,273
		Rental income	55	35
Hangzhou Feeler Mectron Machinery Co., Ltd. ("Feeler Mectron")	Joint venture	Purchases of goods	2,802	710
		Rendering of services	198	143
		Rental Income	53	34

#### 40. RELATED PARTY TRANSACTIONS (Continued)

(b) Balances (Continued)

Name of company	Relationship	Nature of transactions	2018 RMB'000	2017 RMB'000
Hangzhou Nippon Cable Feeler Corporation ("Nippon Cable Feeler")	Joint venture	Purchases of services	68	63
		Rendering of services	20	21
		Rental income	8	6
Hangzhou Union Friend Machinery Co., Ltd ("UFM")	Joint venture	Sales of goods	10	15
		Purchases of goods	2,298	1,556
		Rendering of services	62	31
		Interest income	20	23
<i>Associate and subsidiary of an associate</i>				
FFG Werke	Associate	Purchases of goods	3,511	219,966
Jobs Automazione S.p.A. ("Jobs")	Subsidiary of an associate of the Group	Purchases of goods	–	44,450
SMS Holding Co.,Inc.	Subsidiary of an associate of the Group	Sales of goods	6	12

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.



## 40. RELATED PARTY TRANSACTIONS (Continued)

## (b) Balances

Name of company	Relationship	Nature of transactions	2018 RMB'000	2017 RMB'000
<b>Ultimate holding company</b>				
Fair Friend	Ultimate holding company	Trade payable (note (b))	(510)	(1,460)
		Advance to (note (b))	–	1,053
		Other payable (note (b))	–	(5,812)
		Advance from (note (b))	(128)	(128)
Amount due from ultimate holding company			–	1,053
Amount due to ultimate holding company			(638)	(7,400)
<b>Immediate holding company</b>				
Hong Kong GF	Immediate holding company	Trade payable (note (b))	(2,832)	(2,123)
<b>Fellow subsidiaries and associates of ultimate holding company</b>				
Hangzhou Fair Fine Electric & Machinery Co., Ltd.	Fellow subsidiary	Trade receivable (note (a))	–	1
EQUIPTOP HITECH CORP.	Fellow subsidiary	Trade payable (note (b))	(144)	(144)
		Advance from (note (b))	(124)	(124)

#### 40. RELATED PARTY TRANSACTIONS (Continued)

(b) Balances (Continued)

Name of company	Relationship	Nature of transactions	2018 RMB'000	2017 RMB'000
Ikegai (Shanghai) Machinery & Equipment Co., Ltd	Fellow subsidiary	Advance to (note (b))	–	734
SANCO	Fellow subsidiary	Trade payable (note (b))	(3,253)	(3,405)
Best Friend	Associate of ultimate holding company	Trade receivable (note (a))	1	2
Feeler Takamatsu	Associate of ultimate holding company	Other receivable (note (b))	22	32
		Advance to (note (b))	–	39
FFG DMC CO., LTD	Subsidiary of ultimate holding company	Advance to (note (b))	–	668
		Advance from (note (b))	(116)	–
Amounts due from fellow subsidiaries and associates of ultimate holding company			23	1,476
Amounts due to fellow subsidiaries and associates of ultimate holding company			(3,637)	(3,673)

## 40. RELATED PARTY TRANSACTIONS (Continued)

## (b) Balances (Continued)

Name of company	Relationship	Nature of transactions	2018 RMB'000	2017 RMB'000
<b>Joint ventures</b>				
AIF	Joint venture	Trade receivable (note (a))	–	1
		Other receivable (note (b))	127	114
		Trade payable (note (b))	(42)	(191)
Feeler Mectron	Joint venture	Other receivable (note (b))	–	22
		Other payable (note (b))	–	(4)
		Advance to (note (b))	–	98
		Trade payable (note (b))	(33)	(116)
UFM	Joint venture	Trade payable (note (b))	(287)	(297)
		Other receivable (note (b))	319	612
		Trade receivable (note (a))	6	–
Nippon Cable Feeler	Joint venture	Other receivable (note (b))	9	5
Amounts due from joint ventures			461	852
Amounts due to joint ventures			(362)	(608)

#### 40. RELATED PARTY TRANSACTIONS (Continued)

(b) Balances (Continued)

Name of company	Relationship	Nature of transactions	2018 RMB'000	2017 RMB'000
<b>Associates and subsidiaries of an associate</b>				
FFG Werke	Associate	Advance to (note (b))	1,357	1,357
		Trade payable (note (b))	(24,679)	(33,341)
		Other receivable (note (b))	386	904
		Shareholder loan (note (b))	20,978	41,473
FFG Europe	Associate	Other receivable (note (b))	766	766
		Shareholder loan (note (c))	36,089	16,505
FFG EA	Associate	Other receivable (note (b))	54,791	26,063
Grinding technology S.r.l	Subsidiary of an associate of the Group	Other receivable (note (b))	9,463	–
Jobs	Subsidiary of an associate of the Group	Other receivable (note (c))	17,333	21,393
		Trade payable (note (b))	(2,844)	(3,075)
		Other payable (note (b))	(912)	(911)
		Advance to (note (b))	–	737

## 40. RELATED PARTY TRANSACTIONS (Continued)

## (b) Balances (Continued)

Name of company	Relationship	Nature of transactions	2018 RMB'000	2017 RMB'000
MAG	Subsidiary of an associate of the Group	Other receivable (note (b))	575	575
SMS HOLDING CO.,INC.	Subsidiary of an associate of the Group	Trade receivable (note (a))	–	4
Sky Thrive Rambaudi S.r.l	Subsidiary of an associate of the Group	Other receivable (note (c))	3,239	3,234
		Shareholder loan (note (c))	6,082	6,072
Amounts due from associates and subsidiaries of an associate			151,059	119,083
Amounts due to an associate and subsidiaries of an associate			(28,435)	(37,327)

## 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 at 31 December 2018 and 2017, the ageing of above balances were mostly within 6 to 12 months.
- (b) Balances are unsecured, interest free and repayable on demand.
- (c) Balances are unsecured, interest free and repayable on demand. Fair Friend has issued letter of financial support to enable the associate as well as subsidiaries of this associate to meeting their financial obligations as they fall due.

#### 40. RELATED PARTY TRANSACTIONS (Continued)

(c) Key management compensation

The remuneration of directors and other members of key management during the year were as follows:

	2018 RMB'000	2017 RMB'000
Salaries and allowances	2,090	2,656
Discretionary performance related bonus	1,427	1,347
Retirement benefit scheme contributions	57	107
	<b>3,574</b>	<b>4,110</b>

#### 41. CONTINGENT LIABILITY

Save as disclosed elsewhere in these consolidated financial statements, the Group has the following contingent liabilities at the end of the reporting period:

- 1) 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. FFG Werke fully repaid the borrowings under this facility during 2017. No such arrangement noted in 2018.
- 2) In 2017, Hangzhou Good Friend issued standby letter of credit with a maximum amount of RMB34,000,000 to guarantee the corresponding amount of the credit facilities to be provided by a bank to FFG Werke. As at 31 December 2017, FFG Werke has drawn down a total amount of Euro4,000,000 (equivalent RMB31,209,000). During the year ended 31 December 2018, the warranty guarantee was fully released.
- 3) In 2017, Hangzhou Good Friend issued standby letter of credit with a maximum amount of Euro5,125,000 (approximately RMB39,987,000) to guarantee the corresponding amount of the credit facilities to be provided by a bank to FFG Europe. As at 31 December 2017, FFG Europe has drawn down a total amount of Euro5,125,000 (equivalent RMB39,987,000). During the year ended 31 December 2018, the warranty guarantee was fully released.

**41. CONTINGENT LIABILITY** *(Continued)*

- 4) In 2017, Hangzhou Good Friend issued standby letter of credit with a maximum amount of Euro4,060,000 (equivalent to RMB31,677,000) to guarantee the corresponding amount of the credit facilities to be provided by a bank to MAG. As at 31 December 2017, MAG has drawn down a total amount of Euro4,000,000 (equivalent RMB31,209,000). During the year ended 31 December 2018, the warranty guarantee was fully released.
- 5) In September 2017, the Company issued a warranty guarantee of Euro2,475,000 (equivalent to RMB19,311,000) on behalf of MAG IAS GmbH, a wholly owned subsidiary of MAG, to its customer. During the year ended 31 December 2018, the warranty guarantee was fully released.

The management of the Group estimates that the default risk of the abovementioned entities is remote, thus the exposure to guaranty liability arising from these financial guarantees is immaterial and no guaranty liability is recognised in 2017.

**42. PLEDGE OF ASSETS**

	<b>2018</b> <b>RMB'000</b>	2017 RMB'000
Prepaid lease payments	<b>87,600</b>	3,352
Property, plant and equipment	<b>7,763</b>	8,428
Restricted bank deposits	<b>15,900</b>	32,716
	<b>111,263</b>	44,496

The Group has pledged its prepaid lease payments and buildings in order to secure the general banking facilities granted to the Group and other borrowings of the Group. The Group also has restricted bank deposits which mainly represent deposits placed in banks for guarantees issued for finance facilities used by the Group.



#### 43. INFORMATION OF THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2018 RMB'000	2017 RMB'000
<b>Non-current assets</b>		
Investments in subsidiaries	52,837	52,837
Investments in joint ventures	27,666	27,666
Amounts due from subsidiaries	551,628	560,889
	632,131	641,392
<b>Current assets</b>		
Trade and other receivables and prepayment	17,859	11,701
Amounts due from associates and subsidiaries of an associate	147,430	115,107
Bank balances and cash	39,615	9,521
	204,904	136,329
<b>Current liabilities</b>		
Other payables and accrued charges	15,546	7,243
Amounts due to subsidiaries	3,543	–
Amounts due to an associate and subsidiaries of an associate	2,513	3,657
Amounts due to ultimate holding company	–	5,812
Bank borrowings	550,454	367,428
	572,056	384,140
<b>Net current liabilities</b>	(367,152)	(247,811)
<b>Total assets less current liabilities</b>	264,979	393,581
<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	170,703	299,305
<b>Total equity</b>	264,979	393,581

#### 43. INFORMATION OF THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

The movement of the Company's reserves for the year ended 31 December 2018 is as follows:

	Share premium RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000
At 1 January 2017	82,281	7,973	420,515	510,769
<b>Loss and total comprehensive expense</b>	–	–	(101,050)	(101,050)
<b>Dividends recognised as distribution</b>	–	–	(20,160)	(20,160)
At 31 December 2017	82,281	7,973	299,305	389,559
<b>Loss and total comprehensive expense</b>	–	–	(84,250)	(84,250)
<b>Dividends recognised as distribution</b>	–	–	(44,352)	(44,352)
At 31 December 2018	82,281	7,973	170,703	260,957

# Five-Year Financial Summary

## OPERATING RESULTS

For the year ended 31 December

	2014 RMB'000	2015 RMB'000	2016 RMB'000	2017 RMB'000	2018 RMB'000
Revenue	1,300,119	990,239	1,082,336	1,294,801	<b>1,090,693</b>
Gross profit	344,894	267,925	295,151	312,515	<b>290,727</b>
Profit (loss) before income tax	125,071	55,952	87,650	85,066	<b>(42,730)</b>
<b>Profit (loss) attributable to equity holders of the Company</b>	<b>101,313</b>	<b>46,097</b>	<b>60,749</b>	<b>65,690</b>	<b>(57,724)</b>
<b>Earnings (loss) per share – basic (RMB)</b>	<b>0.25</b>	<b>0.11</b>	<b>0.15</b>	<b>0.16</b>	<b>(0.14)</b>

## ASSETS AND LIABILITIES

As at 31 December

	2014 RMB'000	2015 RMB'000	2016 RMB'000	2017 RMB'000	2018 RMB'000
Non-current assets	309,492	589,531	743,761	703,361	<b>706,420</b>
Net current assets	433,321	154,908	121,487	185,223	<b>115,271</b>
Non-current liabilities	(16,118)	–	(61,180)	(61,180)	<b>(105,285)</b>
<b>Net assets</b>	<b>726,695</b>	<b>744,439</b>	<b>804,068</b>	<b>827,404</b>	<b>716,406</b>
Share capital	4,022	4,022	4,022	4,022	<b>4,022</b>
Reserves	722,673	740,417	800,046	823,382	<b>712,384</b>
<b>Shareholders' equity</b>	<b>726,695</b>	<b>744,439</b>	<b>804,068</b>	<b>827,404</b>	<b>716,406</b>