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

Interim Report **2015**

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Independent Non-Executive Directors

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

COMPANY SECRETARY

LO Tai On

AUTHORISED REPRESENTATIVES

CHEN Hsiang-Jung
CHIU Rung-Hsien

LEGAL ADVISERS AS TO HONG KONG LAW

Woo Kwan Lee & Lo

AUDITOR

PricewaterhouseCoopers

REGISTERED OFFICE

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PRINCIPAL PLACE OF BUSINESS IN THE PRC

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The PRC

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
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Hong Kong

PRINCIPAL BANKERS

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

STOCK CODE

2398

WEBSITE

http://www.goodfriend.hk

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

During the first half of 2015, sales volume of CNC machine tools, parking garage structures and forklift trucks amounted to 842 units, 7,168 units and 845 units respectively (2014 comparative figures: 1,103 units, 4,300 units and 1,106 units). The mainstream product of the Group CNC machine tools focus mainly on the China market, with the major customers being those automobile parts and mechanical manufacturers. During the first half of 2015, the economy of China has entered into a "new normal state" of medium to high growth. 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 7.0% in the first half of 2015, which was the lowest half-year growth rate during the past 10 years. Sales orders for the Group's CNC machine tools business were also affected by that. For the six months ended 30 June 2015, sales volume and sales revenue of CNC machine tools amounted to 842 units and approximately RMB350.80 million respectively, both representing a decrease when compared to corresponding period in 2014. Moreover, the gross profit margin of CNC machine tools business increased to approximately 32.1% during the period under review. This was mainly attributable to the decrease of the raw material prices.

During the period under review, the Group continued to offer high-end CNC machine tools products to the customers. These high-end products could optimise the product portfolio of the Group, and strengthen its core competitiveness. Moreover, the Group has incorporated a wholly-owned entity at the China (Shanghai) Pilot Free Trade Zone. The activities of this Shanghai entity is mainly to exploring and selling the high-end machine tools brands (including "Huller Hille") of FFG Werke GmbH ("FFG Werke", an entity incorporated in Germany) to customers in China.

The Group currently holds 13.5% equity interest in FFG Werke. In August 2015, the Group entered into a sale and purchase agreement for the acquisition of an aggregate of 25.5% equity interest in FFG Werke from the other shareholders, with the aggregate consideration amounted to Euro 2,340,000. The Group shall then hold 39% equity interest in FFG Werke after completion of this transaction. The management are confident of the business development prospects of FFG Werke. It is believed that the increase of equity interest in FFG Werke would be beneficial to the future business development and results of the Group.

Financial Review

Revenue

For the six months ended 30 June 2015, the Group recorded revenue of approximately RMB513.53 million, representing a decrease of approximately 24.6% as compared to the corresponding period in 2014. CNC machine tools remained the major source of the Group's revenue. During the period under review, sales revenue of CNC machine tools business amounted to approximately RMB350.80 million, representing an decrease of 35.8% as compared to the corresponding period in last year. Revenue of CNC machine tools accounted for approximately 68.3% of the Group's total revenue. On the other hand, sales revenue of the Group's forklift trucks business during the period under review was decreased by 23.7%, as compared to corresponding period in last year, to approximately RMB52.38 million and approximately 10.2% of the Group's total revenue. Moreover, sales revenue of parking garage structures amounted to approximately RMB110.36 million during the period under review, representing an increase of approximately 68.2% as compared to corresponding period in last year and accounted for approximately 21.5% of the total revenue.

Gross profit and margin

During the period under review, gross profit of the Group amounted to approximately RMB137.96 million. Overall gross profit margin was approximately 26.9%, compared to 25.1% for the corresponding period in last year. The gross profit margin of CNC machine tools (the Group's major product) during the period under review increased as compared to last year. As a result, the overall gross profit margin for the period under review increased.

Distribution and selling expenses

Distribution and selling expenses for the six months ended 30 June 2015 amounted to approximately RMB62.17 million, representing a decrease of 6.2% as compared to corresponding period in last year. This was mainly attributable to the stringent control of the corresponding expenses by the management. During the period under review, distribution and selling expenses as a percentage of the Group's revenue was approximately 12.1%, compared to 9.7% for the corresponding period in last year.

Administrative expenses

Administrative expenses increased by approximately 3.5% to approximately RMB50.70 million during the period under review. This was mainly attributable to the increase of the relevant administrative expenses arising from the incorporation of the new entity at the Shanghai Pilot Free Trade Zone.

Share of loss of an associate

For the six months ended 30 June 2015, share of loss of an associate amounted to approximately RMB1.21 million (2014 comparative figures: share of loss of approximately RMB6.99 million). The amount represented the Group's share of loss of the associate "FFG Europe", located in Italy, for the period under review. The decrease of the share of loss was due to the improvement of the operating results of FFG Europe during the period.

Profit attributable to the equity holders of the Company

For the six months ended 30 June 2015, profit attributable to the equity holders of the Company amounted to approximately RMB26.84 million, representing a decrease of approximately 41.4% as compared to the same period last year.

Prospects

China's economy came to a "new normal state". Looking ahead to the second half of the year, the economy of China will still face challenges but economic growth should be on a more balanced and sustainable track. 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 cautions manner under tough market environment, in order to weather against the volatility and uncertainty of the market condition ahead. On the other hand, the management will continue to look for appropriate investing projects or acquisition activities so as to increase the competitive edge of the Group. The Group is committed to becoming an international CNC machine tools manufacturer. The management is optimistic on the long-term development prospects of the Group.

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.

Liquidity and financial resources

The working capital of the Group was mainly financed by internal cash flows generated from its operation and its existing banking facilities. As at 30 June 2015, the Group's cash and cash equivalents amounted to approximately RMB247.33 million (at 31 December 2014: RMB262.75 million). As at 30 June 2015, the Group had net current assets of approximately RMB449.21 million (at 31 December 2014: RMB440.43 million) and short-term bank borrowings of approximately RMB475.16 million (at 31 December 2014: RMB402.08 million). The current ratio (total current assets to total current liabilities) of the Group as at 30 June 2015 was approximately 1.5 (at 31 December 2014: 1.5). The gearing ratio as at 30 June 2015 (total interest bearing liabilities to total assets) was approximately 27.9% (at 31 December 2014: 24.7%), indicated that the Group's overall financial position remained strong.

Capital structure

The share capital of the Company as at 30 June 2015 was HK$4,032,000 divided into 403,200,000 shares of HK$0.01 each (at 31 December 2014: HK$4,032,000 divided into 403,200,000 shares of HK$0.01 each).

Staff and remuneration policies

As at 30 June 2015, the Group employed a total of approximately 1,450 full time employees (31 December 2014: 1,500) in Hong Kong and the PRC. The Group's emolument policies are formulated on the basis of market trends, future plans and the performance of individuals, which will be reviewed periodically. Apart from provident fund scheme and state-managed social welfare scheme, share options (if any) will also be awarded to employees according to assessment of individuals' performance.

Capital commitments and contingencies

The Group had capital expenditure commitments mainly for property, plant and equipment of approximately RMB0.74 million (at 31 December 2014: RMB0.74 million) which were contracted but not provided in the financial statements.

Save as disclosed in Note 17 to the condensed consolidated interim financial information, the Group had no other material contingent liabilities as at 30 June 2015 (at 31 December 2014: Nil).

Charges on the group's assets

As at 30 June 2015, the Group had restricted bank deposits with an amount of approximately RMB192.72 million (at 31 December 2014: RMB134.68 million) which mainly represented deposits placed in banks for guarantees issued for finance facilities used by the Group.

Subsidiaries of the Company had pledged their land use rights and building with an aggregate carrying amount of RMB8.76 million (31 December 2014: RMB15.94 million) as at 30 June 2015 in order to secure banking facilities granted to the Group.

DISCLOSURE OF INTERESTS

Directors' interest in shares

As at 30 June 2015, 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 of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code"), are set out below:

1. ***Aggregate long position in the shares, underlying shares and debentures of the Company and its associated corporation***

(a) Interests in the Company

	Number of Shares held as			
Name of Director	**Beneficial owner**	**Interest in controlled corporation**	**Total**	**Approximate percentage of the issued shares 30 June 2015**
Mr. Chu Chih-Yaung ("Mr. Chu")	–	20,000,000 *(Note)*	20,000,000	4.96%

Note: These 20,000,000 Shares were held by Sunward Gold Global Investments Limited ("Sunward"), Mr. Chu held 72.22% of the issued shares of Sunward and accordingly was deemed to be interested in the 20,000,000 shares held by Sunward under the SFO.

(b) Interests in the associated corporations of the Company

Name of Directors	Name of associated corporation	Nature of interest	Number and class of securities	Approximate percentage of the issued shares as at 30 June 2015
Mr. Chu	友嘉實業股份有限公司 (Fair Friend Enterprise Company Limited) ("Taiwan FF")	Beneficial owner	24,161,347 ordinary shares	15.35%
Mr. Chu *(Note 1)*	Taiwan FF	Spouse interest	4,201,925 ordinary shares	2.67%
Mr. Chen Hsiang-Jung	Taiwan FF	Beneficial owner	2,994,841 ordinary shares	1.90%
Mr. Chu	佑泰興實業股份有限公司 (Yu Thai Xin Ent. Co., Ltd.) *(Note 2)*	Beneficial owner	1,000 ordinary shares	0.01%
Mr. Chu *(Note 3)*	佑泰興實業股份有限公司 (Yu Thai Xin Ent. Co., Ltd.) *(Note 2)*	Spouse interest	1,000 ordinary shares	0.01%
Mr. Chu	Fair Fine (Hongzhou) Industrial Co., Ltd. *(Note 2)*	Beneficial owner	750 ordinary shares	0.03%
Mr. Chen Hsiang-Jung	Fair Fine (Hongzhou) 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, held 2.67% of the issued shares of Taiwan FF. Mr. Chu was deemed to be interested in all the shares held by Ms. Wang in Taiwan FF under the SFO.

2. These companies are non-wholly-owned subsidiaries of Taiwan FF and are therefore associated corporations of the Company for the purpose of the SFO.

3. Ms. Wang held 0.01% of the issued shares of Yu Thai Xin Ent. Co., Ltd.. Mr. Chu was deemed to be interested in all the shares held by Ms. Wang in Yu Thai Xin Ent. Co., Ltd. under the SFO.

Save as disclosed above, as at 30 June 2015, none of the Directors or chief executive of the Company had any interest of long position 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 30 June 2015, none of the Directors or chief executive of the Company, had any interest of 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.

Directors' rights to acquire shares or debentures

At no time during the period under review, 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 spouse or children under 18 years of age; or were any such rights exercised by them; or was the Company or its subsidiaries a party to any arrangement (other than the share option scheme as disclosed below) 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.

Share option scheme

The Company adopted a share option scheme (the "Scheme") on 22 December 2005, pursuant to which the Board may, at its discretion, grant options to Directors and other eligible persons (as defined in the Scheme) to enable them to subscribe for shares of the Company as incentives and/or rewards for their contribution to the success of the Group. Particulars of the Scheme are set out in the 2014 annual report of the Company.

No share option was granted by the Company since adoption of the scheme.

Substantial shareholders

As at 30 June 2015, the interests or short positions of every person, other than a Director or chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO, are set out below:

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

Name of shareholder	Nature of interest	Number of ordinary shares held	Approximate percentage of the issued shares as at 30 June 2015
Good Friend (H.K.) Corporation Limited ("Hong Kong GF")	Beneficial owner	232,000,000 shares *(Note)*	57.54%
Taiwan FF	Interest of controlled corporation	232,000,000 shares *(Note)*	57.54%

Note: Hong Kong GF was owned as to approximately 99.99% by Taiwan FF. Accordingly, Taiwan FF was deemed to be interested in the long position of 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 30 June 2015.

OTHER INFORMATION

Changes of director's information under rule 13.51B(1) of the Listing Rules

The Company is not aware of change of information of directors of the Company since the 2014 Annual Report which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Interim dividend

In order to retain resources for the Group's future business development, the Board resolved not to declare an interim dividend for the six months ended 30 June 2015 (2014: interim dividend of RMB0.06 per share).

Purchase, redemption or sale of listed securities of the Company

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2015.

Model code for securities transactions by directors

The Company has adopted the Model Code for Securities Transactions by Directors of the Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiry, the Company confirmed that all Directors have complied with the required standard as set out in the Model Code during the period under review.

Corporate governance

The Company has complied with the Corporate Governance Code ("CG Code") as set out in Appendix 14 to the Listing Rules for the six months ended 30 June 2015 except the following.

Code provision E.1.2 of the CG Code stipulates that the chairman of the board should attend the annual general meeting. The Chairman of the Board, Mr. Chu Chih-Yaung, was unable to attend the annual general meeting of the Company held on 29 May 2015 due to business trip. Mr. Chen Hsiang-Jung, an executive Director of the Company, took the chair of the annual general meeting pursuant to the Articles of the Association of the Company.

Audit committee

The Company established an audit committee (the "Audit Committee") with written terms of reference in compliance with the CG Code which comprises three independent non-executive Directors, namely Mr. Koo Fook Sun, Louis (as chairman), Mr. Chiang Chun-Te and Mr. Yu Yu-Tang. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group. The Audit Committee has reviewed the unaudited financial information of the Group for the six months ended 30 June 2015. The Company's external auditor, PricewaterhouseCoopers, has conducted a review of the interim financial information of the Group for the six months ended 30 June 2015 in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

Nomination committee

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

The functions of the Nomination Committee are reviewing and supervising the structure, size and composition of the Board, identifying qualified individuals to become members of the Board, assessing the independence of the independent non-executive Directors and making recommendations to the Board on the appointment or re-appointment of Directors.

Remuneration committee

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

The functions of the Remuneration Committee are establishing and reviewing the policy and structure of the remuneration for the Directors and senior management.

By order of the Board
Good Friend International Holdings Inc.
Chu Chih-Yaung
Chairman

Hong Kong, 27 August 2015

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

TO THE BOARD OF DIRECTORS OF
GOOD FRIEND INTERNATIONAL HOLDINGS INC.
(incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 14 to 38, which comprises the interim condensed consolidated balance sheet of Good Friend International Holdings Inc. (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2015 and the related interim condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

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

Conclusion

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

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 27 August 2015

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Unaudited Six months ended 30 June 2015 *RMB'000*	 2014 *RMB'000*
Revenue	*6*	**513,531**	681,056
Cost of revenue		**(375,571)**	(510,411)
Gross profit		**137,960**	170,645
Other income	*7*	**16,928**	14,970
Distribution and selling expenses		**(62,166)**	(66,281)
Administrative expenses		**(50,702)**	(48,979)
Other expenses		**(745)**	(1,122)
Operating profit	*8*	**41,275**	69,233
Finance costs		**(4,190)**	(4,757)
Share of loss of joint ventures	*15*	**(674)**	(1,813)
Share of loss of an associate	*16*	**(1,207)**	(6,992)
Profit before taxation		**35,204**	55,671
Income tax expense	*9*	**(8,361)**	(9,900)
Profit attributable to equity holders of the Company		**26,843**	45,771
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss			
Currency translation difference		**87**	(3,403)
Total comprehensive income attributable to equity holders of the Company		**26,930**	42,368
Earnings per share for profit attributable to the equity holders of the Company			
– basic and diluted	*10*	**0.07**	0.11

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	*12*	**216,336**	227,448
Investment properties	*13*	**8,909**	9,419
Intangible assets	*14*	**2,678**	1,696
Investments in joint ventures	*15*	**17,683**	18,357
Investment in an associate	*16*	**–**	1,207
Available-for-sale financial asset	*17*	**571**	571
Deferred income tax assets	*21*	**6,396**	6,144
Land use rights	*18*	**37,067**	37,538
Total non-current assets		**289,640**	302,380
Current assets			
Inventories		**272,698**	257,257
Debtors, deposits and prepayments	*19*	**472,556**	513,983
Amounts due from and prepayment to an investee	*17*	**142,606**	12,525
Amounts due from customers for contract work		**39,046**	32,494
Amount due from ultimate holding company	*25*	**1,625**	532
Amounts due from fellow subsidiaries and associates of ultimate holding company	*25*	**289**	296
Amounts due from joint ventures	*25*	**635**	891
Amounts due from subsidiaries of an associate	*25*	**16,861**	12,274
Restricted bank deposits		**192,715**	134,681
Term deposits with initial term of over three months		**25,000**	98,000
Cash and cash equivalents		**247,334**	262,751
Total current assets		**1,411,365**	1,325,684
Total assets		**1,701,005**	1,628,064

	Note	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	*20*	**4,022**	4,022
Share premium		**82,281**	82,281
Capital reserves		**77,338**	77,338
Other reserves		**53,153**	53,066
Retained earnings		**512,639**	509,988
Total equity		**729,433**	726,695
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	*21*	**9,421**	16,118
Current liabilities			
Creditors, other payables and accrued charges	*23*	**407,631**	410,211
Amounts due to customers for contract work		**51,792**	42,800
Amount due to an ultimate holding company	*25*	**1,591**	1,716
Amount due to an immediate holding company	*25*	**4,319**	3,447
Amount due to a fellow subsidiary and an associate of ultimate holding company	*25*	**3,135**	784
Amount due to subsidiaries of an associate	*25*	**1,112**	1,128
Amount due to joint ventures	*25*	**123**	76
Current income tax liabilities		**10,676**	16,681
Warranty provision		**6,614**	6,329
Borrowings	*22*	**475,158**	402,079
Total current liabilities		**962,151**	885,251
Total liabilities		**971,572**	901,369
Total equity and liabilities		**1,701,005**	1,628,064
Net current assets		**449,214**	440,433
Total assets less current liabilities		**738,854**	742,813

The notes on page 19 to 38 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited					
	Share capital *RMB'000*	Share premium *RMB'000*	Capital reserves *RMB'000*	Other reserves *RMB'000*	Retained earnings *RMB'000*	Total equity *RMB'000*
Balance at 1 January 2014	4,022	82,281	77,338	56,332	453,027	673,000
Comprehensive income:						
Profit for the period	–	–	–	–	45,771	45,771
Other comprehensive income:						
Currency translation difference	–	–	–	(3,403)	–	(3,403)
Total comprehensive income for the period ended 30 June 2014	–	–	–	(3,403)	45,771	42,368
Balance at 30 June 2014	4,022	82,281	77,338	52,929	498,798	715,368

	Unaudited					
	Share capital ***RMB'000***	**Share premium** ***RMB'000***	**Capital reserves** ***RMB'000***	**Other reserves** ***RMB'000***	**Retained earnings** ***RMB'000***	**Total equity** ***RMB'000***
Balance at 1 January 2015	**4,022**	**82,281**	**77,338**	**53,066**	**509,988**	**726,695**
Comprehensive income:						
Profit for the period	**–**	**–**	**–**	**–**	**26,843**	**26,843**
Other comprehensive income:						
Currency translation difference	**–**	**–**	**–**	**87**	**–**	**87**
Total comprehensive income for the period ended 30 June 2015	**–**	**–**	**–**	**87**	**26,843**	**26,930**
Dividends paid	**–**	**–**	**–**	**–**	**(24,192)**	**(24,192)**
Balance at 30 June 2015	**4,022**	**82,281**	**77,338**	**53,153**	**512,639**	**729,433**

The notes on page 19 to 38 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

		Unaudited	
		Six months ended 30 June	
	Note	**2015**	2014
		RMB'000	*RMB'000*
Cash flows from operating activities			
Cash (used in)/generated from operations		**(57,812)**	92,398
– income tax paid		**(14,618)**	(11,017)
Net cash (used in)/generated from operating activities		**(72,430)**	81,381
Cash flows from investing activities			
– investment in a joint venture	*15*	**–**	(3,238)
– acquisition of property, plant and equipment and intangible assets		**(2,842)**	(5,241)
– proceeds from disposal of property, plant and equipment		**192**	213
– increase in restricted bank deposit		**(58,034)**	(56,592)
– decrease in term deposits with initial term of over three months		**73,000**	–
Net cash used in investing activities		**12,316**	(64,858)
Cash flows from financing activities			
– proceeds from new borrowings		**203,986**	124,750
– repayments of borrowings		**(130,907)**	(99,731)
– dividends paid to equity holders		**(24,192)**	–
– interest paid		**(4,190)**	(4,757)
Net cash generated from financing activities		**44,697**	20,262
Net (decrease)/increase in cash and cash equivalents		**(15,417)**	36,785
Cash and cash equivalents at the beginning of the period		**262,751**	235,829
Cash and cash equivalents at end of the period		**247,334**	272,614

The notes on page 19 to 38 form an integral part of this condensed consolidated interim financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

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

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

The Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited ("the Stock Exchange") since 11 January 2006. The Company's 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.

This condensed consolidated interim financial information is presented in Renminbi ("RMB"), unless otherwise stated. This condensed consolidated interim financial information has been approved for issue by the Board of Directors on 27 August 2015.

This condensed consolidated interim financial information has not been audited.

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2015 has been prepared in accordance with Hong Kong Accounting Standard 34 ("HKAS 34"), "Interim financial reporting". The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

3 ACCOUNTING POLICY

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2014, as described in those annual financial statements.

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

3 ACCOUNTING POLICY (Continued)

(a) New and amended standards adopted by the Group

The following amendments to standards are mandatory for the first time for the financial year beginning 1 January 2015 but do not have a material impact on the Group:

HKAS 19 Amendment	Defined benefit plans: Employee contributions
Annual improvements projects 2012	Annual improvements 2010-2012 cycle
Annual improvements projects 2013	Annual improvements 2011-2013 cycle

The adoption of these standards and amendments to existing standards does not have significant impact on the Group's interim financial information.

There are no other amended standards or interpretations effective for the first time for this interim period that could be expected to have a material impact on the Group.

(b) The following new standards and amendments to standards have been issued but are not effective for the financial year beginning 1 January 2015 and have not been early adopted:

		Effective for annual periods beginning on or after
HKFRS 14	Regulatory deferral accounts	1 January 2016
HKFRS 11 Amendment	Accounting for acquisitions of interests in joint operations	1 January 2016
HKAS 16 and HKAS 38 Amendments	Clarification of acceptable methods of depreciation and amortisation	1 January 2016
HKFRS 10 and HKAS 28 Amendments	Sale or contribution of assets between an investor and its associate or joint venture	1 January 2016
HKFRS 27 Amendment	Equity method in separate financial statements	1 January 2016
HKFRS 10, HKFRS 12 and HKAS 28 Amendments	Investment entities: applying the consolidation exception	1 January 2016
HKFRS 1 Amendment	Disclosure initiative	1 January 2016
Annual improvements projects 2014	Annual improvements 2012-2014 cycle	1 January 2016
HKFRS 15	Revenue from contracts with customers	1 January 2017
HKFRS 9	Financial Instruments	1 January 2018

The directors of the Company are in the process of assessing the financial impact of the adoption of the above new standards, amendments to standards and annual improvement. The directors of the Company will adopt the new standards, amendments to standards and annual improvement when they become effective.

4 ESTIMATES

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, other significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2014.

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The interim condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2014.

There have been no changes in the risk management department since year end or in any risk management policies since the year end.

5.2 Liquidity risk

Compared to year end, there was no material change in the contractual undiscounted cash outflows for financial liabilities.

5.3 Fair value estimation

As at 30 June 2015 the Group had no financial instrument which had been stated at fair value.

The carrying amounts less impairment provision of receivables and payables are a reasonable approximation of their fair values due to their short-term maturities.

6 SEGMENT INFORMATION

The chief operating decision-maker has been identified as the executive directors (the "Executive Directors") of the Company. The Executive Directors review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports reviewed by the Executive Directors that are used to make strategic decisions.

The Executive Directors consider that the Group has three reportable segments: (1) machine tools; (2) parking garage structure; and (3) forklift trucks.

The Executive Directors assess the performance of the operating segments based on their respective gross profit, which is consistent with that in the condensed consolidated financial information.

The Group does not allocate operating costs or assets to its segments, as the Executive Directors do not use this information to allocate resources to or evaluate the performance of the operating segments. Therefore, the Group does not report a measure of profit for each reportable segment and total assets for each reportable segment.

Six months ended 30 June 2015	**Machine Tools** *RMB'000*	**Parking Garage Structures** *RMB'000*	**Forklift Trucks** *RMB'000*	**Total Group** *RMB'000*
Revenue (all from external sales)	**350,796**	**110,358**	**52,377**	**513,531**
Cost of Sales	**(238,180)**	**(90,759)**	**(46,632)**	**(375,571)**
Segment profit	**112,616**	**19,599**	**5,745**	**137,960**

Six months ended 30 June 2014	Machine Tools *RMB'000*	Parking Garage Structures *RMB'000*	Forklift Trucks *RMB'000*	Total Group *RMB'000*
Revenue (all from external sales)	546,826	65,607	68,623	681,056
Cost of Sales	(389,569)	(59,681)	(61,161)	(510,411)
Segment profit	157,257	5,926	7,462	170,645

7 OTHER INCOME

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
Interest income	**10,410**	5,347
Sales of scrap materials	**669**	5,327
Repair income	**2,666**	2,173
Government subsidies	**706**	1,462
Rental income from investment properties	**129**	111
Net gain on disposal of property, plant and equipment	**50**	4
Net exchange gain	**578**	–
Others	**1,720**	546
	16,928	14,970

8 OPERATING PROFIT

Operating profit is stated after charging/(crediting) of the following:

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
Allowance for bad and doubtful debts, net	**4,398**	7,569
Amortisation of intangible assets	**395**	360
Amortisation of land use rights	**471**	471
Depreciation of property, plant and equipment	**13,579**	14,039
Depreciation of investment properties	**217**	10
Allowance for inventories, net	**3,132**	2,362
Research and development expenses	**17,059**	18,294
Net exchange loss	**–**	1,551
Net loss on disposal of property, plant and equipment	**–**	274

9 INCOME TAX EXPENSE

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
Enterprise income tax	**8,613**	10,434
Deferred tax	**(252)**	(534)
	8,361	9,900

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 periods.

Enterprise income tax ("EIT") is provided at 25% for enterprises in the PRC except for Hangzhou Good Friend Precision Machinery Co., Ltd. ("Hangzhou Good Friend"). In 2014, Hangzhou Good Friend renewed its New and High-Tech Enterprise status, which has been approved by the relevant government authorities, and it is entitled to a reduced tax rate of 15% for a three-year period commencing 2014. Accordingly, the applicable tax rate for Hangzhou Good Friend for the six months ended 30 June 2015 is 15% (2014: 15%).

10 EARNINGS PER SHARE

	Six months ended 30 June *(RMB per share)*	
	2015	2014
Earnings per share for profit for the period attributable to the equity holders of the Company – basic	**0.07**	0.11

The calculation of the basic earnings per share is based on the profit attributable to equity holders of the Company of RMB26,843,000 (six months period ended 30 June 2014: RMB45,771,000) and 403,200,000 (2014: 403,200,000) ordinary shares in issue.

There were no potential dilutive shares in issue for both periods.

11 DIVIDENDS

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
Interim dividend of Nil (2014: RMB0.06 per share)	**–**	24,192

At a meeting of the board of directors held on 27 August 2015, the directors resolved not to declare an interim dividend for the six months ended 30 June 2015 (2014: RMB0.06 per share). The 2014 interim dividend was not recognised as dividend payable in the unaudited condensed consolidated financial information for the six months ended 30 June 2014.

12 PROPERTY, PLANT AND EQUIPMENT

	RMB'000
Six months ended 30 June 2014	
Opening net book amount as at 1 January 2014	256,100
Additions	4,085
Disposals	(487)
Depreciation	(14,039)
Closing net book amount as at 30 June 2014	245,659
Six months ended 30 June 2015	
Opening net book amount as at 1 January 2015	**227,448**
Additions	**2,316**
Disposals	**(142)**
Transfer from investment properties	**293**
Depreciation	**(13,579)**
Closing net book amount as at 30 June 2015	**216,336**

13 INVESTMENT PROPERTIES

	2015	2014
	RMB'000	*RMB'000*
Opening net book amount as at 1 January	**9,419**	249
Depreciation	**(217)**	(10)
Transfer to property, plant and equipment	**(293)**	–
Closing net book amount as at 30 June	**8,909**	239

14 INTANGIBLE ASSETS

	Software
	RMB'000
Six months ended 30 June 2014	
Opening net book amount as at 1 January 2014	1,458
Additions	414
Amortisation	(360)
Closing net book amount as at 30 June 2014	1,512
Six months ended 30 June 2015	
Opening net book amount as at 1 January 2015	1,696
Additions	1,377
Amortisation	(395)
Closing net book amount as at 30 June 2015	2,678

15 INVESTMENT IN JOINT VENTURES

	2015	2014
	RMB'000	*RMB'000*
As at 1 January	**18,357**	17,576
Capital injection *(Note (a))*	**–**	3,238
Share of losses of joint ventures	**(674)**	(1,813)
As at 30 June	**17,683**	19,001

Note (a):

In May 2014, the Company contributed approximately USD 525,000 (equivalent to RMB3,238,000) as additional registered capital in Anest Iwata Feeler Corporation ("AIF"). AIF was established in 2009 by the Company, Anest Iwata Corporation ("AIC"), a third party company, and Anest Iwata Taiwan ("AIT") which is a joint venture of the Company's ultimate holding company. After the additional capital injections made by the Company, equity interests held by the Company, AIC and AIT in AIF as of 30 June 2014 and 30 June 2015 were 35%, 35% and 30%, respectively.

16 INVESTMENT IN AN ASSOCIATE

The formation of FFG Europe S.p.A. ("FFG Europe") was completed on 1 January 2013, and it is owned approximately as to 30.16% by Sky Thrive Hong Kong Enterprise Limited ("Sky Thrive") (a subsidiary of the Company), 15.05% by Golden Friendship International Limited ("Golden Friendship") (a wholly owned subsidiary of the Company's ultimate holding company), 14.79% by World Ten Limited ("World Ten") (11.76% of its issued share capital held by the Company's ultimate holding company), and 40% by Alma S.r.l (an independent third party).

There are two representations of the Group in the board of directors of FFG Europe and the Group has significant influence in FFG Europe. Accordingly, the Group accounted for such investment as an associate in the financial statements. Details are shown below:

	Six months ended 30 June *RMB'000*
Beginning of the period	1,207
Share of loss *(Note (a))*	(1,207)
End of the period	–

Note (a):

As at 30 June 2015, the Group's share of loss of FFG Europe amounted to RMB4,723,000 which exceeded its investment in FFG Europe of RMB1,207,000. Hence, the Group has discontinued recognising its share of further losses of RMB3,516,000 (31 December 2014: nil).

The Group has not incurred legal or constructive obligations or made payments on behalf of FFG Europe.

The Group's share of the results in FFG Europe for the six months ended 30 June 2015 and its aggregated assets and liabilities as at 30 June 2015 are shown below:

	RMB'000
Assets	567,819
Liabilities	579,477
Revenue	146,473
Share of loss	(1,207)
Percentage held	30.16%

17 AVAILABLE-FOR-SALE FINANCIAL ASSET AND AMOUNTS DUE FROM AND PREPAYMENT TO AN INVESTEE

		As at	
	Note	**30 June 2015** ***RMB'000***	31 December 2014 *RMB'000*
Investment in shares of an unlisted company		**571**	571
Amounts due from an investee	*(a)*	**25,651**	12,525
Prepayment to an investee	*(b)*	**116,955**	–
		142,606	12,525

As at 30 June 2015, available-for-sale financial asset includes the following:

Name	Country of incorporation	Principal activities	Particulars of issued shares held	Interest held
FFG Werke GmbH ("FFG Werke")	Germany	Manufacturing and distribution of machine tools, spare parts and accessories; providing training and maintenance service for machine tools and products.	67,500	13.5%

FFG Werke is owned approximately as to 43.75% by World Ten, 33.75% by Golden Friendship, 13.50% by Sky Thrive and 9.00% by Golden Wealth Inc Limited (an independent third party).

Note (a): Amounts due from an investee consist of the following:

(i) As at 30 June 2015, Sky Thrive has provided a total shareholder's loan of Euro 1,654,050 (equivalent RMB11,541,000) (31 December 2014: Euro 1,654,050 (equivalent RMB12,525,000)) to FFG Werke which is unsecured, interest-free and repayable on demand.

(ii) During the six months ended 30 June 2015, the Company has provided a total shareholder's loan of Euro 673,000 (equivalent RMB4,779,000) to FFG Werke which is unsecured, interest-free and repayable on demand.

(iii) Pursuant to the agreement entered into between the Company and FFG Werke on 15 June 2015 (the "Agreement"), the Company has provided a shareholder's loan of Euro 1,330,000 (equivalent to RMB9,331,000) ("Shareholder's Loan"), which is unsecured, interest-free and repayable on demand, to FFG Werke in June 2015 for its business purpose.

17 AVAILABLE-FOR-SALE FINANCIAL ASSET AND AMOUNTS DUE FROM AND PREPAYMENT TO AN INVESTEE (Continued)

Note (b): Pursuant to the Agreement, the Company has paid in advance a total amount of Euro 16,670,000 (equivalent to RMB116,955,000) ("Machinery Contract Advance") to FFG Werke for the settlement of a machinery contract entered into between a subsidiary of the Company and FFG Werke on 20 April 2015.

Based on instructions from FFG Werke, both Machinery Contract Advance and Shareholder's Loan were remitted to an independent third party in order to settle FFG Werke's business obligation owed to this independent third party.

On 9 July 2014, FFG Werke and Sky Thrive entered into a guarantee procurement deed, pursuant to which Sky Thrive agreed to procure the issuance of the bank guarantees for the business operation of FFG Werke with maximum aggregate amount not exceeding Euro 10,600,000 (equivalent RMB72,821,000). As at 30 June 2015, Sky Thrive has arranged the aforesaid bank guarantees of total amount of Euro 7,134,000 (equivalent RMB49,010,000) (31 December 2014: Euro 226,000 (equivalent RMB1,680,000)). Subsequent to 30 June 2015, Sky Thrive has further provided bank guarantees and the total amount under all bank guarantees is now Euro 9,134,000 (equivalent RMB62,750,000).

On 20 December 2013, Sky Thrive agreed to arrange bank guarantees with maximum amount of Euro 2,800,000 (approximately RMB23,673,000) to secure the corresponding amount of the credit facilities to be provided by certain banks to FFG Werke. As at 31 December 2014, Sky Thrive has arranged irrecoverable letters of guarantee of total amount of Euro 2,745,000 (equivalent RMB20,466,000). As at 30 June 2015, all the irrecoverable letters of guarantee arranged by Sky Thrive in 2014 had been expired.

Management consider that the Group has no significant influence or control on FFG Werke and hence the investment has been accounted for as an available-for-sale financial asset as at 30 June 2015 (31 December 2014: same).

As at 30 June 2015, the unlisted equity investment in FFG Werke with a carrying amount of RMB571,000 (31 December 2014: RMB571,000) was stated at cost less impairment because the range of reasonable fair value estimates is so significant that the directors are of the opinion that its fair value cannot be measured reliably. The Group does not intend to dispose of it in the near future.

18 LAND USE RIGHTS

The amounts represent prepaid operating lease rentals relating to land use rights in the PRC with land grant period ranging from 10 to 50 years. The movement of the balance is analysed as follows:

	2015 ***RMB'000***	2014 *RMB'000*
Opening net book amount as at 1 January	**37,538**	38,481
Amortisation	**(471)**	(471)
Closing net book amount as at 30 June	**37,067**	38,010

19 DEBTORS, DEPOSITS AND PREPAYMENTS

	As at	
	30 June **2015** ***RMB'000***	31 December 2014 *RMB'000*
Trade debtors and bills receivables	**464,864**	500,438
Less: provision for impairment of trade receivables	**(39,392)**	(36,544)
Trade receivables – net	**425,472**	463,894
Prepayments	**19,326**	25,667
Others	**27,758**	24,422
Total debtors, deposits and prepayments	**472,556**	513,983

19 DEBTORS, DEPOSITS AND PREPAYMENTS (Continued)

The Group generally allows a credit period of 30 to 180 days to its customers. The Group also allows its customers to retain certain percentage of the outstanding balances as retention money for a one-year warranty period. The ageing analysis of trade debtors and bills receivable were as follows:

	As at	
	30 June 2015	31 December 2014
	RMB'000	*RMB'000*
Current – 30 days	**353,291**	383,483
31 – 60 days	**7,780**	5,141
61 – 90 days	**3,974**	11,542
91 – 180 days	**14,424**	20,366
Over 180 days	**85,395**	79,906
	464,864	500,438

20 SHARE CAPITAL

	Number of shares	Nominal value
	'000	*RMB'000*
Ordinary shares of HK$0.01 each		
Authorised:		
At 30 June 2015 and 31 December 2014	1,000,000	10,211
Issued and fully paid:		
At 1 January 2015 and 30 June 2015	403,200	4,022

21 DEFERRED INCOME TAX ASSETS AND LIABILITIES

Deferred income tax assets	**2015** *RMB'000*	2014 *RMB'000*
Opening balance at 1 January	**6,144**	4,520
Credited to consolidated statement of comprehensive income	**252**	534
Closing balance at 30 June	**6,396**	5,054

Deferred income tax liabilities	**2015** *RMB'000*	2014 *RMB'000*
Opening balance at 1 January	**16,118**	18,775
Withholding tax paid	**(6,697)**	(1,236)
Closing balance at 30 June	**9,421**	17,539

22 BORROWINGS

	As at	
	30 June 2015 *RMB'000*	31 December 2014 *RMB'000*
Within one year – unsecured	**475,158**	402,079

22 BORROWINGS (Continued)

Movements of borrowings are analysed as follows:

	RMB'000
Six months ended 30 June 2015	
Opening amount as at 1 January 2015	402,079
New borrowings drawn down	203,986
Repayments of borrowings	(130,907)
Closing amount as at 30 June 2015	475,158

Note:

(a) The borrowings bear interest at market rates ranging from 1.75% to 5.60% per annum (30 June 2014: 1.87% to 6.72% per annum).

(b) The Group has pledged its land use rights with carrying amount of approximately RMB5,197,000 as at 30 June 2015 (31 December 2014: RMB5,262,000) and buildings with carrying amounts of approximately RMB3,558,000 (31 December 2014: RMB10,674,000) in order to secure the general banking facilities of RMB7,130,000 (31 December 2014: RMB9,500,000) granted by certain banks to it. As at 30 June 2015, the Group has not utilised such secured bank facilities (31 December 2014: RMB2,896,000).

As at 30 June 2015, the Company's bank borrowings of RMB189,522,000 (31 December 2014: RMB152,975,000) were secured by irrevocable standby letter of credits issued by banks in the PRC of which RMB159,559,000 (31 December 2014: RMB122,435,000) has been utilised.

(c) As at 30 June 2015, the Company has given corporate guarantees for the banking facilities granted to certain subsidiaries amounting to RMB232,317,000 (31 December 2014: RMB235,582,000) of which RMB146,849,000 (31 December 2014: RMB126,382,000) has been utilised.

As at 30 June 2015, cross guarantees between subsidiaries of RMB176,000,000 (31 December 2014: RMB220,000,000) have been provided to secure the bank borrowings of which RMB10,258,000 balance has been utilised (31 December 2014: RMB6,211,000).

As at 30 June 2015, a personal guarantee was provided by a director of the Company in respect of the Company's bank borrowings of RMB35,124,000 (31 December 2014: RMB31,135,000).

(d) The facilities expiring within one year are annual facilities granted by banks which are subject to review at various dates throughout 2015.

23 CREDITORS, OTHER PAYABLES AND ACCRUED CHARGES

	As at	
	30 June 2015	31 December 2014
	RMB'000	*RMB'000*
Trade creditors	**193,738**	204,785
Advance deposits from customers	**140,365**	118,682
Other payables	**24,146**	41,847
Accrued charges	**49,382**	44,897
	407,631	410,211

The Group is normally granted credit terms of 30 to 60 days. The ageing analysis of the creditors is as follows:

	As at	
	30 June 2015	31 December 2014
	RMB'000	*RMB'000*
Current – 30 days	**97,392**	116,788
31 – 60 days	**47,729**	57,515
61 – 90 days	**9,126**	4,657
91 – 180 days	**5,959**	9,853
Over 180 days	**33,532**	15,972
	193,738	204,785

24 CAPITAL COMMITMENTS

	As at	
	30 June 2015	31 December 2014
	RMB'000	*RMB'000*
Capital expenditure contracted for but not provided in respect of		
– acquisition of property, plant and equipment	**743**	743

25 RELATED-PARTY TRANSACTIONS

(a) Transaction and balances

During the period and as at the balance sheet date, the Group had the following transactions and balances with its related parties:

Transactions

Name of company	Relationship	Nature of transactions	Six months ended 30 June 2015 *RMB'000*	2014 *RMB'000*
Fair Friend Enterprise Company Limited ("Fair Friend")	Ultimate holding company	Sales of goods	**1,325**	586
		Purchases of goods	**2,653**	13,073
Good Friend (H.K.) Corporation Limited ("Hong Kong GF")	Immediate holding company	Purchases of goods	**18,646**	26,867
Hangzhou Feeler Takamatsu Machinery Co., Ltd. ("Feeler Takamatsu")	Associate of ultimate holding company	Sales of goods	**763**	86
		Purchase of goods	**28**	–
Hangzhou Fair Fine Electric & Machinery Co., Ltd. ("Fair Fine")	Fellow subsidiary	Sales of goods	**376**	1
AIF	Joint venture	Sales of goods	**97**	523
		Purchases of goods	**36**	283
Hangzhou Best Friend Technology Co., Ltd. ("Best Friend")	Associate of ultimate holding company	Sales of goods	**1**	1

25 RELATED-PARTY TRANSACTIONS (Continued)

(a) Transaction and balances (Continued)

Transactions (Continued)

Name of company	Relationship	Nature of transactions	Six months ended 30 June 2015 RMB'000	Six months ended 30 June 2014 RMB'000
Sanco Machine & Tools Corporation ("SANCO")	Fellow subsidiary	Purchases of goods	**4,715**	15,058
Sky Thrive Rambaudi S.r.l. ("Sky Thrive Rambaudi")	Subsidiary of an associate of the Group	Purchase of goods	**–**	198
Hangzhou Feeler Mectron Machinery Co., Ltd. ("Feeler Mectron")	Joint venture	Sales of goods	**26**	506
		Purchases of goods	**2,825**	258
Hangzhou Union Friend Machinery Co., Ltd ("UFM")	Joint venture	Sales of goods	**23**	9
		Purchase of goods	**175**	24
Hangzhou Nippon Cable Feeler Corporation	Joint venture	Sales of goods	**4**	–
		Purchase of goods	**87**	20

The terms of the above transactions are governed based on framework agreements entered into between the Company and the respective related parties.

25 RELATED-PARTY TRANSACTIONS (Continued)

(a) Transaction and balances (Continued)

Balances

Name of company	Relationship	Nature of balances	30 June 2015 *RMB'000*	31 December 2014 *RMB'000*
Fair Friend	Ultimate holding company	Trade receivable *(note (a))*	**1,625**	532
		Trade payable *(note (b))*	**(1,591)**	(1,716)
Fair Fine	Fellow subsidiary	Trade receivable *(note (a))*	**255**	258
SANCO	Fellow subsidiary	Trade payable *(note (b))*	**(3,135)**	(776)
Feeler Takamatsu	Associate of ultimate holding company	Trade receivable *(note (a))*	**32**	36
		Trade payable	**–**	(8)
Best Friend	Associate of ultimate holding company	Trade receivable *(note (a))*	**2**	2
Hong Kong GF	Immediate holding company	Trade payable *(note (b))*	**(4,319)**	(3,447)
AIF	Joint venture	Trade receivable *(note (a))*	**631**	470
		Trade payable *(note (b))*	**(35)**	–
Feeler Mectron	Joint venture	Trade receivable *(note (a))*	**4**	421
		Trade payable *(note (b))*	**–**	–
UFM	Joint venture	Trade payable *(note (b))*	**(88)**	(76)
Jobs Automazione S.p.A	Subsidiary of an associate of the Group	Trade receivable *(note (a))*	**5,747**	403
		Other receivable *(note (b))*	**8,987**	9,596
		Trade payable *(note (b))*	**(861)**	(861)
SIGMA	Subsidiary of an associate of the Group	Trade receivable *(note (a))*	**2,127**	2,275
		Trade payable *(note (b))*	**(251)**	(200)
SIGMA Machinery Co., Ltd	Subsidiary of an associate of the Group	Trade payable *(note (b))*	**–**	(67)

25 RELATED-PARTY TRANSACTIONS (Continued)

(a) Transaction and balances (Continued)

Balances (Continued)

(a) The Group allows a normal credit period of 90 days for sales made to the fellow subsidiaries, the ultimate holding company and its associates, and subsidiaries of associated company. Balances are unsecured and interest free. As of 30 June 2015 and 31 December 2014, the ageing of above balances was mostly within 6 to 12 months.

(b) Balances are unsecured, interest free and repayable on demand.

(b) Compensation of key management personnel

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
Salaries and other allowances	**2,074**	1,726

26 HOLDING COMPANIES

The directors regard Good Friend (H.K.) Corporation Limited, a company incorporated in Hong Kong, and Fair Friend Enterprise Company Limited, a company incorporated in Taiwan, as being the immediate holding company and the ultimate holding company respectively.

27 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

Save as disclosed in Note 17, the Group had the following event occurred after the balance sheet date.

On 17 August 2015, Sky Thrive entered into a sales and purchase agreement with Golden Friendship and World Ten for the acquisition of 23.75% and 1.75% equity interest in FFG Werke at cash consideration of Euro 2,179,000 (equivalent to RMB15,458,000) and Euro 161,000 (equivalent to RMB1,142,000), respectively. The transaction is to be approved at the forthcoming extraordinary general meeting. After completion, the Group will have a total 39% equity interest in FFG Werke. Accordingly, the Group will account for such investment as an associate using equity method after the completion.