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GOOD FRIEND INTERNATIONAL HOLDINGS INC.

友佳國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2398)

**SUPPLEMENTAL ANNOUNCEMENT
ON THE ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

Reference is made to the announcement of Good Friend International Holdings Inc. (the “Company”, together with its subsidiaries, the “Group”) dated 31 March 2021 (the “2020 Annual Results Announcement”) in relation to the unaudited annual results of the Group for the year ended 31 December 2020 (the “2020 Unaudited Annual Results”).

AGREEMENT WITH THE AUDITORS ON THE 2020 ANNUAL RESULTS

The Board is pleased to announce that the Group’s auditor, RSM Hong Kong, has completed its audit of the annual results of the Group for the year ended 31 December 2020 (the “2020 Audited Annual Results”) in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants.

The following set forth the audited consolidated statement of profit or loss and other comprehensive income of the Group for the year ended 31 December 2020, the audited consolidated statement of financial position of the Group as at 31 December 2020 (which have been agreed by the Group's auditor, RSM Hong Kong), the relevant corresponding figures shown in the 2020 Unaudited Annual Results and the relevant changes between the audited and the unaudited figures:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	<i>Notes</i>	2020 RMB'000 (Audited)	2020 RMB'000 (Unaudited)	Change RMB'000
Revenue		875,318	875,318	–
Cost of revenue		<u>(678,847)</u>	<u>(678,847)</u>	–
Gross profit		196,471	196,471	–
Other income		56,941	56,941	–
Distribution and selling expenses		(94,852)	(94,852)	–
Administrative expenses		(57,485)	(57,485)	–
Research and development costs		(27,750)	(27,750)	–
Impairment loss on trade receivables and contract assets		(12,985)	(12,985)	–
Other gains and losses		36,509	36,509	–
Other expenses		(22,741)	(22,741)	–
Other operating expenses		(1,398)	(1,398)	–
Finance costs		(18,635)	(18,635)	–
Share of profit of joint ventures		615	615	–
Share of loss of associates	<i>(a)</i>	<u>(287,061)</u>	<u>(278,958)</u>	8,103
Loss before tax		(232,371)	(224,268)	(8,103)
Income tax expense		<u>(15,848)</u>	<u>(15,848)</u>	–
Loss attributable to owners of the Company		<u>(248,219)</u>	<u>(240,116)</u>	(8,103)
Other comprehensive income:				
<i>Item that may be reclassified to profit or loss:</i>				
Exchange difference arising on translation of foreign operations		12,490	12,394	96
Net fair value loss on receivables at fair value through other comprehensive income (“FVTOCI”)		(154)	(154)	–
Share of other comprehensive income of associates		<u>(25,588)</u>	<u>(25,587)</u>	(1)
		<u>(13,252)</u>	<u>(13,347)</u>	95
<i>Item that will not be reclassified to profit or loss:</i>				
Share of other comprehensive income of associates		<u>(4,139)</u>	<u>(4,137)</u>	(2)
Total comprehensive income attributable to owners of the Company		<u><u>(265,610)</u></u>	<u><u>(257,600)</u></u>	(8,010)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	<i>Notes</i>	2020 RMB'000 (Audited)	2020 <i>RMB'000</i> (Unaudited)	Change <i>RMB'000</i>
Non-current assets				
Property, plant and equipment		204,098	204,098	–
Right-of-use assets		122,251	122,251	–
Intangible assets		1,047	1,047	–
Investments in joint ventures		22,261	22,261	–
Investments in associates	<i>(b)</i>	88,274	96,284	(8,010)
Deferred tax assets		28,551	28,551	–
		466,482	474,492	(8,010)
Current assets				
Inventories		431,164	431,164	–
Trade and other receivables and prepayments		166,688	166,688	–
Contract assets		52,653	52,653	–
Loans receivable		49,691	49,691	–
Receivables at FVTOCI		120,105	120,105	–
Amount due from ultimate holding company		1,008	1,008	–
Amount due from immediate holding company		8	8	–
Amounts due from a related company, fellow subsidiaries and an associate of ultimate holding company		28,087	28,087	–
Amounts due from joint ventures		644	644	–
Amounts due from associates and subsidiaries of an associate		370,849	370,849	–
Restricted bank balances		139,426	139,426	–
Bank and cash balances		104,014	104,014	–
		1,464,337	1,464,337	–

	<i>Notes</i>	2020 RMB'000 (Audited)	2020 <i>RMB'000</i> (Unaudited)	Change <i>RMB'000</i>
Current liabilities				
Trade and other payables and accrued expenses		471,137	471,137	–
Contract liabilities		260,711	260,711	–
Deferred income		1,410	1,410	–
Amount due to ultimate holding company		1,503	1,503	–
Amount due to immediate holding company		15,627	15,627	–
Amounts due to fellow subsidiaries		2,005	2,005	–
Amounts due to joint ventures		517	517	–
Amounts due to an associate		24,111	24,111	–
Lease liabilities		2,623	2,623	–
Provision for litigation claim		36,335	36,335	–
Refund liabilities		106,211	106,211	–
Current tax liabilities		25,272	25,272	–
Bank and other borrowings		423,814	423,814	–
Warranty provision		3,409	3,409	–
		<u>1,374,685</u>	<u>1,374,685</u>	–
Net current assets		<u>89,652</u>	<u>89,652</u>	–
Total assets less current liabilities		<u>556,134</u>	<u>564,144</u>	(8,010)
Non-current liabilities				
Bank and other borrowings		38,506	38,506	–
Deferred income		72,270	72,270	–
Lease liabilities		2,489	2,489	–
		<u>113,265</u>	<u>113,265</u>	–
Net Assets		<u><u>442,869</u></u>	<u><u>450,879</u></u>	(8,010)
Capital and reserves				
Share capital		4,021	4,021	–
Share premium		82,183	82,183	–
Capital reserves		77,338	77,338	–
Other reserves		53,202	53,107	95
Retained earnings		226,125	234,230	(8,105)
Total Equity		<u><u>442,869</u></u>	<u><u>450,879</u></u>	(8,010)

The overall 2020 Audited Annual Results remain substantially the same as the 2020 Unaudited Annual Results, except for the major changes with details set out below:

Notes:

(a) Share of loss of associates

Additional share of loss of associates (RMB8.1 million).

(b) Investments in associates

(i) Additional share of loss of associates (RMB8.1 million); offset by

(ii) Exchange difference arising on translation of foreign operations (RMB0.1 million);

The 2020 annual report of the Company containing all the applicable information required by the Listing Rules will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company on 14 May 2021.

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

Hong Kong, 14 May 2021

As at the date of this announcement, the Board of the Company comprises (i) three executive directors, namely Mr. Chu Chih-Yaung, Mr. Chen Min-Ho and Mr. Wen Chi-Tang; and (ii) three independent non-executive directors, namely Mr. Koo Fook Sun, Louis, Mr. Yu Yu-Tang and Mr. Kao Wen-Cheng.