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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)**

### **DISCLOSEABLE AND CONNECTED TRANSACTION ACQUISITION OF 25.5% EQUITY INTEREST IN FFG WERKE GMBH**

**Independent Financial Adviser to  
the Independent Board Committee and the Independent Shareholders**

**ALTUS CAPITAL LIMITED**

On 17 August 2015, the Purchaser (a wholly-owned subsidiary of the Company) entered into the Sale and Purchase Agreement with Vendors pursuant to which the Vendors agreed to sell and the Purchaser has conditionally agreed to acquire from the Vendors an aggregate of approximately 25.5% equity interest in the Target Company for the aggregate consideration of Euro 2,340,000. As at the date of this announcement, the Group owns 13.5% interest in the Target Company and the Group is expected to own 39% interest in the Target Company after Completion.

The First Vendor is wholly owned by Taiwan FF, a controlling shareholder of the Company. The First Vendor is therefore an associate of Taiwan FF and a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Acquisition constitutes a connected transaction of the Company under the Listing Rules. As one or more of the applicable percentage ratios for the Acquisition is more than 5% but all are less than 25%, the Acquisition also constitutes a discloseable transaction of the Company for the purpose of Chapter 14 of the Listing Rules.

The Acquisition is subject to reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules. The Independent Board Committee has been established to advise the Independent Shareholders in relation to, among others, the Acquisition. Altus Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

A circular containing, among others, (i) further details of the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Acquisition; (iii) a letter of advice from Altus Capital Limited, the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders regarding the Sale and Purchase Agreement and the transactions contemplated thereunder; and (iv) the notice convening the EGM, will be dispatched to the Shareholders on or before 27 August 2015.

## **INTRODUCTION**

The Board is pleased to announce that on 17 August 2015, the Purchaser (a wholly-owned subsidiary of the Company) entered into a Sale and Purchase Agreement with the Vendors, pursuant to which the Vendors agreed to sell and the Purchaser has conditionally agreed to acquire from the Vendors an aggregate of 25.5% equity interest in the Target Company for the aggregate consideration of Euro 2,340,000.

## **THE SALE AND PURCHASE AGREEMENT**

The principal terms of the Sale and Purchase Agreement are as follows:

### **Date**

17 August 2015

### **Parties**

- (i) First Vendor and Second Vendor as sellers; and
- (ii) Purchaser as purchaser

As at the date of this announcement, the First Vendor and the Second Vendor, respectively, hold 168,750 and 218,750 shares in the Target Company, representing, respectively, 33.75% and 43.75% equity interest in the Target Company.

The Purchaser is a wholly owned subsidiary of the Company.

### **Subject matter of the Sale and Purchase Agreement**

A total of 127,500 shares of the Target Company, representing approximately 25.5% equity interest in the Target Company at Completion. The number of shares proposed to be acquired from the First Vendor and Second Vendor are as follows:

The First Vendor: 118,750 shares, representing 23.75% equity interest in the Target Company

The Second Vendor: 8,750 shares, representing 1.75% equity interest in the Target Company

As at the date of this announcement and to the best knowledge, information and belief of the Directors of the Company after having made all reasonable enquiry, the First Vendor is an associate of Taiwan FF and a connected person of the Company and the Second Vendor has 15.58% of its issued share capital held by Taiwan FF but is otherwise independent of and not connected with the Company.

### **Consideration**

The Consideration is Euro 2,340,000, of which Euro 2,179,000 and Euro 161,000 are payable to the First Vendor and the Second Vendor respectively. The Consideration shall be payable in cash to the Vendors upon Completion.

The original acquisition cost paid by the First Vendor in respect of 118,750 shares of the Target Company was approximately Euro 2,019,000.

### **Basis of the determination of the Consideration**

The Consideration was arrived at after arm's length negotiations between the Purchaser and the Vendors taking into account, among others, the net asset value of the Target Company as at 31 December 2014 of approximately Euro 9,177,000 which is derived from the audited accounts of the Target Group for the financial year ended 31 December 2014.

### **Condition Precedent**

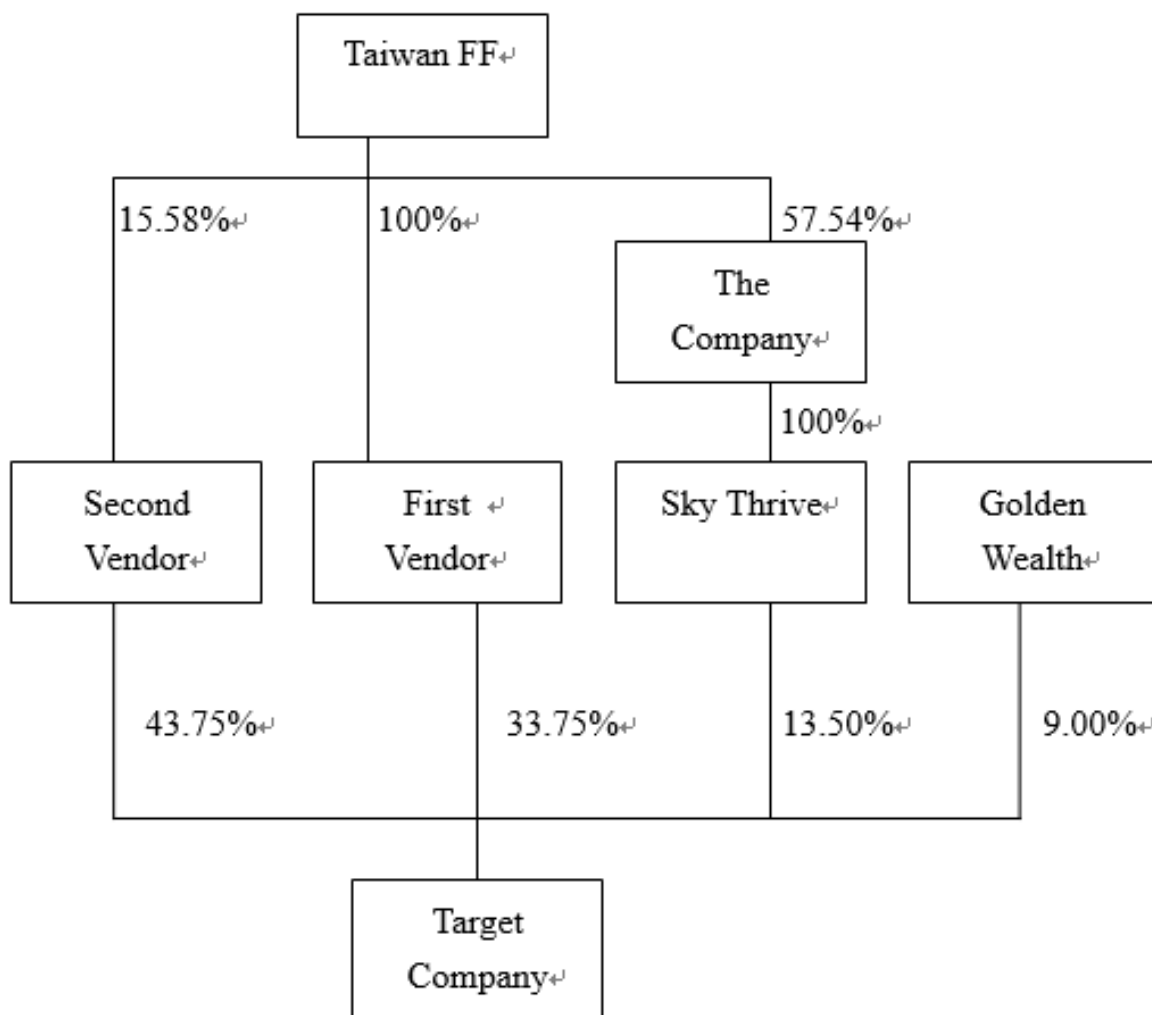
Completion of the Acquisition is conditional upon the obtaining of the approval of Independent Shareholders by way of poll at the EGM the Sale and Purchase Agreement and the transactions contemplated thereunder (the "**Condition Precedent**").

### **Completion**

Completion shall take place on or before the second Business Day after the Condition Precedent having been fulfilled or such other date as the parties to the Sale and Purchase Agreement may agree.

## CORPORATE STRUCTURE

The following diagram illustrates the shareholding structure of the Target Company as at the date of this announcement:



*Notes:*

*The Group is expected to own 39% interest in the Target Company after Completion.*

## INFORMATION ABOUT THE GROUP, THE VENDORS AND THE PURCHASER

The Group is 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. Taiwan FF indirectly controls 57.54% of the total issued share capital of the Company and, is therefore, a controlling shareholder, and a connected person of the Company under Chapter 14A of the Listing Rules.

Both of the First Vendor and the Second Vendor are principally engaged in investment holding.

The Purchaser is principally engaged in investment holding and is a wholly owned subsidiary of the Company.

## INFORMATION ABOUT THE TARGET COMPANY

### Target Company

The Target Company was set up in October 2013 and is principally engaged in the development, manufacturing and sale of machine tools and production systems.

### Financial information of the Target Company

Set out below are certain audited financial information of the Target Company Group for (a) the period from 17 October 2013, being the date of incorporation of the Target Company to 31 December 2013 and (b) the financial year ended 31 December 2014:

	<b>From 17 October 2013 to 31 December 2013</b> <i>Approximate Euro '000 (equivalent to approximate RMB '000)</i>	<b>For the year ended 31 December 2014</b> <i>Approximate Euro '000 (equivalent to approximate RMB '000)</i>
Net Profit (before tax)	Euro 0.329 RMB 2.335	Euro 1,012 RMB 7,183
Net Profit (after tax)	Euro 0.329 RMB 2.335	Euro 676 RMB 4,798

As at 31 December 2013 and 31 December 2014, the audited net asset value of the Target Company were, respectively, approximately Euro 8.500 million and Euro 9.177 million.

## REASONS FOR AND THE BENEFITS OF THE ACQUISITION

Since the incorporation of the Target Company in 2013, it has recorded encouraging results in its turnover and operating performance. The Target Company is expected to expand its clientele in Europe / the PRC and engage in additional sales with its existing customers. The quality machinery manufactured by the Target Company and the renowned machines tools brands under Target Company are expected to be the key factors for further business development of the Target Company. The Board (excluding the independent non-executive Directors whose opinion will be subject to the advice of the independent financial adviser) believed that the Acquisition would be beneficial to the future business development of the Group. Moreover, the Group has incorporated a wholly-owned entity at the China (Shanghai) Pilot Free Trade Zone in 2014. The activities of this Shanghai entity is mainly in exploring and selling the high-end machine tools brands of the Target Company (including “Huller Hille”) to customers in the PRC.

The Consideration will be financed by internal resources of the Group. After Completion, the Group is expected to own 39% interest in the Target Company, which will be accounted for as an associate company of the Company using equity accounting method.

In view of the aforesaid, the Board (excluding the independent non-executive Directors whose opinion will be subject to the advice of the independent financial adviser) considers that the terms and conditions of the Sale and Purchase Agreement, including the Consideration are on normal commercial terms and fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## IMPLICATIONS UNDER THE LISTING RULES

The First Vendor is wholly owned by Taiwan FF, a controlling shareholder of the Company. The First Vendor is therefore an associate of Taiwan FF and a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Acquisition constitutes a connected transaction of the Company under the Listing Rules. As one or more of the applicable percentage ratios for the Acquisition is more than 5% but all are less than 25%, the Acquisition also constitutes a discloseable transaction of the Company for the purpose of Chapter 14 of the Listing Rules. The Acquisition is subject to reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules. The Independent Board Committee has been established to advise the Independent Shareholders in relation to, among others, the Acquisition. Altus Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

Other than Mr. Chu, an executive Director and the Chairman of the Company, who is beneficially interested in 15,720,255 shares in Taiwan FF (representing approximately 15.35% of the entire issued capital thereof), who had abstained from voting, no Director had a material interest in the Acquisition which would require him to abstain from voting on the relevant Board resolution.

A circular containing, among others, (i) further details of the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Acquisition; (iii) a letter of advice from Altus Capital Limited, the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders regarding the Sale and Purchase Agreement and the transactions contemplated thereunder; and (iv) the notice convening the EGM, will be dispatched to the Shareholders on or before 27 August 2015.

## DEFINITIONS

In this announcement, the following expressions have the following meanings, unless the context requires otherwise:

<b>“Acquisition”</b>	the proposed acquisition of 25.5% equity interest in the Target Company by the Purchaser from the Vendors pursuant to the Sale and Purchase Agreement
<b>“associate(s)”</b>	has the meaning ascribed to it under the Listing Rules
<b>“Board”</b>	the board of Directors of the Company
<b>“Company”</b>	Good Friend International Holdings Inc., a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
<b>“Completion”</b>	completion of the Acquisition

<b>“connected person”</b>	has the meaning ascribed to it under Chapter 14A the Listing Rules
<b>“Consideration”</b>	the consideration payable by the Purchaser to the Vendors under the Sale and Purchase Agreement
<b>“controlling shareholder(s)”</b>	has the meaning ascribed to it under the Listing Rules
<b>“Director(s)”</b>	the director(s) of the Company
<b>“discloseable transaction(s)”</b>	has the meaning ascribed under Chapter 14 of the Listing Rules
<b>“EGM”</b>	the extraordinary general meeting of the Company to be convened for considering and, if thought fit, to approve the Acquisition
<b>“Euro”</b>	Euro, the lawful currency of the member states of the European Union
<b>“First Vendor”</b>	Golden Friendship International Limited, a limited liability company incorporated in Hong Kong and a wholly-owned subsidiary of Taiwan FF
<b>“Golden Wealth”</b>	Golden Wealth Inc Limited, a limited liability company incorporated in Hong Kong
<b>“Group”</b>	the Company and its subsidiaries
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the PRC
<b>“Hong Kong GF”</b>	Good Friend (H.K.) Corporation Limited, a company incorporated in Hong Kong with limited liability, the beneficial owner of 232,000,000 Shares (representing approximately 57.54% of the total issued share capital of the Company as at the date hereof) and is owned as to approximately 99.99% by Taiwan FF
<b>“Independent Board Committee”</b>	the independent non-executive Directors appointed as the members of an independent committee of the Board to advise the Independent Shareholders on the Acquisition

<b>“Independent Shareholder(s)”</b>	Shareholder(s) other than Hong Kong GF, Sunward Gold Global Investments Limited, a company held as to approximately 72.22% by Mr. Chu, and their respective associates and, if any, any other Shareholder who has a material interest and is required to abstain from voting at the EGM pursuant to the Listing Rules
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange
<b>“Mr. Chu”</b>	Mr. CHU Chih-Yaung, an executive Director and the Chairman of the Company, who is beneficially interested in 15,720,255 shares in Taiwan FF (representing approximately 15.35% of the entire issued capital thereof) and, through Sunward Gold Global Investments Limited, a company held as to approximately 72.22% by him, 20,000,000 Shares (representing approximately 4.96% of the entire issued capital of the Company)
<b>“percentage ratios”</b>	has the same meaning ascribed to it under the Listing Rules
<b>“PRC”</b>	The People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
<b>“Purchaser”</b>	Sky Thrive Hong Kong Enterprise Limited, a limited liability company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
<b>“RMB”</b>	Renminbi, the lawful currency of the PRC from time to time
<b>“Sale and Purchase Agreement”</b>	the sale and purchase agreement dated 17 August 2015 entered into by and among the Vendors and the Purchaser in respect of the Acquisition
<b>“Second Vendor”</b>	World Ten Limited, a limited liability company incorporated in Hong Kong, and 15.58% of the issued share capital of which is held by Taiwan FF
<b>“Shareholder(s)”</b>	Holder(s) of the Share(s) of the Company
<b>“Share(s)”</b>	the share(s) of HK \$ 0.01 each in the share capital of the Company
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited



<b>“Taiwan FF”</b>	Fair Friend Enterprise Company Limited, a limited liability company incorporated in Taiwan on 15 March 1979
<b>“Target Company”</b>	FFG Werke GmbH, a limited liability company incorporated in Germany
<b>“Vendors”</b>	collectively, the First Vendor and the Second Vendor
<b>“%”</b>	per cent.

By order of the Board  
**Good Friend International Holdings Inc.**  
**Chen Hsiang-Jung**  
*Chief Executive Officer*

Hong Kong, 17 August 2015

*As at the date of this announcement, the Board comprises (i) five executive Directors, namely Mr. Chu Chih-Yaung, Mr. Chen Hsiang-Jung, Mr. Chen Min-Ho, Mr. Wen Chi-Tang and Mr. Chiu Rung-Hsien; and (ii) three independent non-executive Directors, namely Mr. Koo Fook Sun, Louis, Mr. Chiang Chun-Te and Mr. Yu Yu-Tang.*

*\* For the purpose of this announcement, the exchange rate between RMB and Euro is RMB 7.0977:1 Euro, which exchange rate is for illustration purpose only.*