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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)

**MAJOR TRANSACTION AND CONNECTED TRANSACTION
FORMATION OF JOINT VENTURE AND
CAPITAL INJECTION**

The Board is pleased to announce that on 5 November 2015, Sky Thrive, Mega Grant, Golden Wealth, Full Alliance, Taiwan FF and Leadwell entered into the Contribution Agreement, pursuant to which the JV Partners have conditionally agreed to establish FFG European. FFG European will be owned as to approximately 45.00% by Sky Thrive, 18.70% by Mega Grant, 9.00% by Golden Wealth, 17.00% by Full Alliance, 3.60% by Taiwan FF and 6.70% by Leadwell.

The JV Partners agreed, following the establishment of FFG European, to provide Further Capital to FFG European in the total amount of Euro 110,000,000.00, to fund its potential future acquisition of suitable machine tools manufacturers and for its future operations. All Further Capital will be payable in cash on or before 30 November 2016 (or such later date as the JV Partners may agree) on a pro rata basis.

As one or more of the applicable percentage ratios for the establishment of FFG European and capital injection is more than 25% but all are less than 75%, the establishment of FFG European and capital injection constitute a major transaction of the Company for the purpose of Chapter 14 of the Listing Rules. Since Taiwan FF is a controlling Shareholder and a connected person of the Company, the establishment of FFG European and capital injection pursuant to the Contribution Agreement would constitute a connected transaction of the Company for the purpose of Chapter 14A of the Listing Rules. The establishment of FFG European and capital injection pursuant to the Contribution Agreement 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 the transaction. The Company will appoint an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

A circular containing (i) information on the Contribution Agreement and the transactions contemplated

thereunder; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders; (iii) the letter of advice from the independent financial adviser; and (iv) a notice convening the EGM, is expected to be dispatched to the Shareholders on or before 26 November 2015.

FORMATION OF JOINT VENTURE – FFG EUROPEAN

The Board is pleased to announce that on 5 November 2015, Sky Thrive, Mega Grant, Golden Wealth, Full Alliance, Taiwan FF and Leadwell entered into the Contribution Agreement as summarized below.

THE CONTRIBUTION AGREEMENT

1. Date

5 November 2015

2. Parties

- (i) Sky Thrive, a wholly-owned subsidiary of the Company;
- (ii) Mega Grant;
- (iii) Golden Wealth;
- (iv) Full Alliance;
- (v) Taiwan FF, a controlling Shareholder; and
- (vi) Leadwell.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Mega Grant, Golden Wealth, Full Alliance and Leadwell (except as to approximately 15.58% of its shares held by Taiwan FF) and their respective ultimate beneficial owners are third parties independent of the Group and its connected persons.

3. Conditions precedent

The obligations and performances of the terms of the Contribution Agreement by the JV Partners are conditional upon all necessary approvals, consents and permissions required under the laws and regulations applicable to the execution of the Contribution Agreement and the performance of the transactions thereunder (including in the case of Sky Thrive, the approval from the Independent Shareholders at an extraordinary general meeting under the Listing Rules) having been obtained by the Long-Stop Date.

4. Establishment of FFG European

The JV Partners will establish the joint venture by way of a transfer of the initial nominal share capital of FFG European from the Incorporation Agent to the JV Partners in the respective approximate proportions as follows:-

Shareholding percentages:

- (i) 45.00% by Sky Thrive;
- (ii) 18.70% by Mega Grant;
- (iii) 9.00% by Golden Wealth;
- (iv) 17.00% by Full Alliance;
- (v) 3.60% by Taiwan FF; and
- (vi) 6.70% by Leadwell.

Initial capital and fees: Euro 28,000.00, Euro 3,000.00 of which being the fees charged by the Incorporation Agent and Euro 25,000.00 being the payment for the initial nominal share capital of FFG European.

The payment for the initial capital will be satisfied by the JV Partners in cash in accordance with their respective percentage shareholdings (i.e. Sky Thrive will pay Euro 12,600.00) on the Establishment Date.

5. Capital injection

The JV Partners will, following the establishment of FFG European, provide Further Capital to FFG European in the total amount of Euro 110,000,000.00, to fund its potential future acquisition of suitable machine tools manufacturers and for its future operations, in the following manner:

**Agreement to provide
Further Capital:**

All Further Capital will be payable in cash on or before 30 November 2016 (or such later date as the JV Partners may agree) on a pro rata basis as follows:

- (a) Sky Thrive – Euro 49,500,000.00;
- (b) Mega Grant – Euro 20,570,000.00;
- (c) Golden Wealth – Euro 9,900,000.00;
- (d) Full Alliance – Euro 18,700,000.00;
- (e) Taiwan FF – Euro 4,000,000.00; and
- (f) Leadwell – Euro 7,330,000.00.

The amount of Further Capital represents the amount the JV Partners are willing to commit, after arm's length negotiation, in relation to the potential acquisition by FFG European of suitable machine tools manufacturers with global presence or focus on the automotive industry that are of acquisition potential.

It is expected that the payment for the initial capital and Further Capital payable by Sky Thrive would be funded by the internal resources of the Group.

It is agreed that if no potential future acquisition materializes, or no acquisition target can be identified by 30 November 2016 (or such later date as the JV Partners may agree), the JV Partners will not be obliged to provide the Further Capital and FFG European will be wound up.

REASONS FOR AND BENEFITS OF THE JOINT VENTURE

The machine tools business is the core business of the Group, with major customers including manufacturers in the automotive industry.

The formation of FFG European would provide a forum for the strategic consortium of JV Partners to pool together their respective resources, capabilities and industry expertise to evaluate the potential future acquisition of suitable machine tools manufacturers with a global presence or focus on the automotive industry, share in the associated risks and reduce the amount of equity the Group has to contribute if the potential acquisition were to proceed.

The JV Partners have currently identified at least one such potential target, with leading brands in high-end machine tools and global presence. It is expected that, such potential acquisition by FFG European (with Sky Thrive being the single largest shareholder of FFG European), if materialized, would have positive effect on the Group's product portfolio, allowing it with access to a richer and further diversifying range of products and enhance its investment portfolio overseas.

In view of the aforesaid, the Board (excluding the independent non-executive Directors whose views will be provided after taking into account the advice of the independent financial adviser) considers that the terms and conditions of the Contribution Agreement and the transactions thereunder are on normal commercial terms, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ABOUT THE GROUP AND THE JV PARTNERS

The Group is principally engaged in the design and production of computer numerical control machine tools, design and construction of three-dimensional car parking garage structures and design and assembling of forklift trucks.

Mega Grant and Full Alliance are principally engaged in investment holding, with major investments in companies in Taiwan which produces machine tools.

Golden Wealth is principally engaged in investment holding, with major investments in companies which produces machine tools. Both the Group and Golden Wealth are shareholders as to 39.00% and 14.00% of the issued share capital of FFG Werke GmbH, a company principally engaged in the development, manufacturing and sale of machine tools and production systems.

Taiwan FF, being a 99.99% shareholder of Hong Kong GF which holds approximately 57.54% of the total issued share capital of the Company as at the date of the announcement, is a conglomerate in Taiwan and has investments in wide range of businesses such as production of computer numerical control machine tools, three dimensional car parking garage structures, construction machinery.

Leadwell is principally engaged in manufacturing, processing and dealing in machine tools and computer numerical control (CNC) machines and is owned as to 15.58% by Taiwan FF. Leadwell holds the entire issued shares of World Ten Limited, which holds 37.00% of the issued share capital of FFG Werke GmbH.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios for the establishment of FFG European and capital injection is more than 25% but all are less than 75%, the establishment of FFG European and capital injection constitute a major transaction of the Company for the purpose of Chapter 14 of the Listing Rules. Since Taiwan FF is a controlling Shareholder and a connected person of the Company, the establishment of FFG European and capital injection pursuant to the Contribution Agreement would constitute a connected transaction of the Company for the purpose of Chapter 14A of the Listing Rules. The establishment of FFG European and capital injection pursuant to the Contribution Agreement 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 the transaction. The Company will appoint an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

A circular containing, (i) information on the Contribution Agreement and the transactions contemplated thereunder; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders; (iii) the letter of advice from the independent financial adviser; and (iv) a notice convening the EGM is expected to be dispatched to the Shareholders on or before 26 November 2015.

DEFINITIONS

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

“Board”	the board of Directors of the Company
“Company”	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 (Stock Code: 2398)
“Contribution Agreement”	the agreement dated 5 November 2015 entered into between Sky Thrive, Mega Grant, Golden Wealth, Full Alliance, Taiwan FF and Leadwell in relation to the establishment of FFG European and capital injection therein
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company

“EGM”	the extraordinary general meeting of the Company to be convened for considering and, if thought fit, to approve the establishment of FFG European and capital injection pursuant to the Contribution Agreement
“Establishment Date”	the date on which the conditions precedent for the Contribution Agreement is fulfilled (or such later date as the JV Partners may agree)
“Euro”	Euro, the lawful currency of the member states of the European Union
“FFG European”	a shelf company to be transferred from the Incorporation Agent to the JV Partners and renamed as FFG European Holding GmbH, which is a limited liability company incorporated under the laws of Germany (<i>Gesellschaft mit beschränkter Haftung; GmbH</i>)
“Full Alliance”	Full Alliance Investment Limited (富聯投資有限公司), a limited liability company incorporated in the British Virgin Islands
“Further Capital”	<i>Eigenkapital</i> , in the total amount of Euro 110,000,000.00, to be further injected by the JV Partners pursuant to the Contribution Agreement
“Golden Wealth”	Golden Wealth Inc Limited (金輝富有限公司), a limited liability company incorporated in Hong Kong
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong GF”	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
“Incorporation Agent”	Quickstart-Vorratsgesellschaften GmbH, a limited liability company incorporated under the laws of Germany (<i>Gesellschaft mit beschränkter Haftung; GmbH</i>), being a company incorporation agent. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, the Incorporation Agent and its ultimate beneficial owners are third parties independent of the Group and its connected persons

“Independent Board Committee”	the committee comprising the independent non-executive Directors appointed on 5 November 2015 to advise the Independent Shareholders on the entering into of the Contribution Agreement and the transactions contemplated thereunder
“Independent Shareholder(s)”	Shareholder(s) other than Hong Kong GF and, if any, any other Shareholder with a material interest in the transactions contemplated under the Contribution Agreement who is required to abstain from voting at the EGM pursuant to the Listing Rules
“JV Partners”	Sky Thrive, Mega Grant, Golden Wealth, Full Alliance, Taiwan FF and Leadwell
“Leadwell”	Leadwell CNC Machines Mfg., Corp (台灣麗偉電腦機械股份有限公司), a limited liability company incorporated in Taiwan
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long-Stop Date”	31 December 2015 (or such later date as the JV Partners may agree)
“Mega Grant”	Mega Grant Limited (萬佳有限公司), a limited liability company incorporated in the British Virgin Islands
“percentage ratios”	has the same meaning ascribed to it under the Listing Rules
“Shareholder(s)”	holder(s) of the Shares
“Share(s)”	share(s) of nominal value HK\$ 0.01 each in the share capital of the Company
“Sky Thrive”	Sky Thrive Hong Kong Enterprise Limited (天盛香港實業有限公司), a limited liability company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Taiwan FF”

Fair Friend Enterprise Company Limited, a limited liability company incorporated in Taiwan on 15 March 1979, a controlling Shareholder

“%”

per cent.

By order of the Board

Good Friend International Holdings Inc.

Chen Hsiang-Jung

Chief Executive Officer

Hong Kong, 5 November 2015

As at the date of this announcement, the Board comprises (i) five executive Directors, namely Mr. Chu ^{R2.14} 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.