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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**

### **FORMATION OF JOINT VENTURE AND ASSETS INJECTION**

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

### **ALTUS CAPITAL LIMITED**

The Board announces that on 27 September 2012, Sky Thrive (a wholly-owned subsidiary of the Company), Golden Friendship, World Ten and Alma entered into the Contribution Agreement for the JV Formation and the Assets Injection, pursuant to which, among others, Sky Thrive will provide capital contribution in the form of (i) all of its 900,000 Jobs Shares held valued at Euro 1,530,000; and (ii) the entire share capital of Rambaudi, valued at the amount of Euro 2,219,300.

Upon its formation, FFG Europe will be owned approximately as to 30.16% by Sky Thrive, 15.05% by Golden Friendship, 14.79% by World Ten and 40.00% by Alma and the financial statements of Rambaudi will no longer be consolidated into the Group's financial statements.

#### **LISTING RULES IMPLICATIONS**

As Golden Friendship is an associate of Taiwan FF, the controlling shareholder of the Company, Golden Friendship is a connected person of the Company. As the relevant percentage ratios are more than 5% but less than 25% and the consideration involved exceeds HK\$10 million, the JV Formation and the Assets Injection will constitute both a discloseable transaction and a connected transaction for the Company under the Listing Rules. The JV Formation and the Assets Injection will be subject to the announcement requirement under Chapter 14 and the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Taiwan FF and its associate(s) will abstain from voting in relation to the resolution to be proposed at the EGM to consider the JV Formation and the Assets Injection.

An Independent Board Committee has been established to advise the Independent Shareholders in relation to the terms of the JV Formation and the Assets Injection. Altus Capital Limited, as independent financial adviser, has been appointed to advise the Independent Board Committee and the Independent Shareholders in this respect.

A circular containing, among others, (i) details of the JV Formation and the Assets Injection; (ii) the recommendation from the Independent Board Committee; (iii) the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice convening the EGM is expected to be despatched to the Shareholders on or before 3 October 2012.

## **THE JV FORMATION AND THE ASSETS INJECTION**

The Board announces that on 27 September 2012, Sky Thrive (a wholly-owned subsidiary of the Company), Golden Friendship, World Ten and Alma entered into the Contribution Agreement for the JV Formation and the Assets Injection. The principal terms of the Contribution Agreement are summarised below.

### **(a) The Contribution Agreement**

**Date** : 27 September 2012

**Parties** : (i) Sky Thrive;  
(ii) Golden Friendship (an associate of Taiwan FF);  
(iii) World Ten; and  
(iv) Alma.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, World Ten (save for Taiwan FF's 8.35% interest therein), Alma and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

**Condition precedent** : The Contribution Agreement is conditional upon the necessary approval and consent required for the Contribution Agreement and ancillary documentation having been obtained, including the Independent Shareholders' approval at the EGM under the Listing Rules.

In the event that the above condition has not been fulfilled on or before 31 October 2012, or such later date as the Parties may agree, the Contribution Agreement shall become null and void and of no effect save as to any antecedent breach.

**Term of JV** : From the date of formation until 31 December 2030, unless extended or dissolved prior to the expiry thereof pursuant to applicable law.

**Formation of JV** : (i) The agents of the Parties incorporated FFG Europe S.r.l., as a shelf company with a nominal paid-up capital (Euro 10,000) in compliance with the Italian law, to be held temporarily by Alma and Jobs as to 40% and 60% respectively.

(ii) Subject to the fulfillment of the condition precedent above:–

(a) Jobs will transfer all of its 60% holdings in FFG Europe to Sky Thrive, Golden Friendship and World Ten at nominal value respectively, representing approximately 30.16%, 15.05% and 14.79% of the entire paid-up capital of FFG Europe;

(b) Simultaneously, the Parties will each subscribe for new shares in FFG Europe on a pro-rata basis at the consideration as stated below:

– Sky Thrive will inject into FFG Europe all of its 900,000 Jobs Shares held (representing approximately 15% of the share capital of Jobs) and the entire equity of Rambaudi, i.e. the Assets Injection;

– Golden Friendship will inject into FFG Europe all of its 1,099,140 Jobs Shares held (representing approximately 18.319% of the share capital of Jobs);

- World Ten will inject into FFG Europe all of its 1,080,000 Jobs Shares held (representing approximately 18% of the share capital of Jobs); and
- Alma will inject into FFG Europe all of its 2,920,860 Jobs Shares held (representing approximately 48.681% of the share capital of Jobs),

thereupon the paid-up capital of FFG Europe will be increased to Euro 11,000,000 and both Jobs and Rambaudi will be 100% held under FFG Europe.

**Shareholdings upon completion :** Upon completion of the JV Formation, FFG Europe will be held approximately as to:-

- (i) 30.16% by Sky Thrive;
- (ii) 15.05% by Golden Friendship;
- (iii) 14.79% by World Ten; and
- (iv) 40.00% by Alma.

**Basis of consideration :** The consideration was determined after arm's length negotiations between the Parties, taking into account the valuations of Jobs and Rambaudi conducted by the independent valuer and the unaudited net assets value of Jobs and Rambaudi, respectively, as at 30 June 2012.

Please refer to the section headed "***Information on FFG Europe, Jobs and Rambaudi***" in this announcement below for further information.

**Shareholders' Agreement :** The Parties will enter into the Shareholders' Agreement on the date of completion of the JV Formation, the proposed principal terms of which are summarised below.

**(b) The Shareholders' Agreement**

- Parties** : (i) Sky Thrive;
- (ii) Golden Friendship (an associate of Taiwan FF);
- (iii) World Ten;
- (iv) Alma; and
- (v) the Managers (members of Alma).

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, World Ten (save for Taiwan FF's 8.35% interest therein), Alma, their respective ultimate beneficial owners and each of the Managers are third parties independent of the Company and its connected persons.

**Term of agreement** : 5 years from the date of execution, subject to automatic renewal on the same provisions for further 5 year periods unless terminated earlier by notice in writing from a Party.

**Composition of the board** : The board of FFG Europe shall consist of 5 directors, 1 of which shall be appointed by Sky Thrive, 2 of which shall be appointed by Golden Friendship and World Ten and 2 of which shall be appointed by Alma. The Parties believe it is in their interests to keep a lean and efficient board size and as Alma, the single largest shareholder of FFG Europe, will appoint 2 directors, a minimum number of 3 directors will be appointed by the Overseas Parties. The chairman of the board and the managing director of FFG Europe shall initially be Mr. Luigi Maniglio and Mr. Marco Livelli of the Managers respectively.

A majority in number of directors of FFG Europe shall constitute a quorum for meetings of the board and matters to be resolved by the board shall be determined by the affirmative majority votes of the directors present at the meeting, except that resolutions on (i) the approval of annual budget and/or business plans and (ii) the provision of powers of attorney to individual directors will require the affirmative votes of at least 80% of the directors voting at the relevant board meeting.

- Shareholders' approvals** : The matters which require the approval of shareholders of FFG Europe holding over 66% of the issued shares with voting rights include:–
- (i) amendment of the business objective or change of registered office and change of the main activities of FFG Europe to another country;
  - (ii) change in the number of directors of FFG Europe;
  - (iii) liquidation of FFG Europe; and
  - (iv) significant acquisitions, mergers or spin-offs by FFG Europe.
- General transfer provisions** : A Party shall have the general right to require the other Parties to acquire its shareholding in FFG Europe at the Fair Market Value determined at the time when the relevant right is exercised, including among others:–
- (i) if the other Parties withhold their consent to any intended transfer of the transferor Party's interest to any third party, failing which such interest may be transferred to any third party; or
  - (ii) in case the Overseas Parties declare a deadlock in decision making of FFG Europe, Alma may sell its interest to the Overseas Parties whereupon Golden Friendship and World Ten shall, and Sky Thrive may at its discretion, acquire such interest.
- Right to acquire FFG Europe shares upon expiry of the term** : With the view of fostering a long-term relationship, after the first 5 years from the date of the Shareholders' Agreement, if the Shareholders' Agreement fails to be renewed due to refusal of either Alma or the Overseas Parties, the non-refusing shareholder(s) may purchase at a fixed discount on the net equity value of each share all the shares of FFG Europe held by the refusing shareholder(s) who shall sell (other than Sky Thrive which shall have the right but not the obligation to sell) the same.
- If Sky Thrive is a refusing shareholder and does not opt to sell its interests in FFG Europe, various transfer provisions of the Shareholders' Agreement shall remain to be in full force and effect for Sky Thrive after expiry of the Shareholders' Agreement.

**Exit rights of the Managers** : Each of the Managers is contracted to continue his management role in Jobs and Rambaudi until he reaches retirement age (approximately 5 to 9 years from the date hereof, depending on the Manager concerned), thereupon such Manager may sell (if the other members of Alma do not first acquire such interests) to the Overseas Parties whereupon Golden Friendship and World Ten shall, and Sky Thrive may at its discretion, acquire his indirect interests in FFG Europe as attributable through his holdings in Alma.

With the view of fostering a long-term relationship, in the event of early termination by a Manager, the Overseas Parties may acquire at fixed rates of discount on the net equity value of each share determined by the date(s) of the Manager(s)' termination (if the other members of Alma do not first acquire such interests) his indirect interests in FFG Europe.

**Public listing** : The Parties will endeavour but not obliged to achieve public listing of FFG Europe's shares within 3 years from the date of the Shareholders' Agreement directly or through listing of its holding company.

**Further compliance** : The exercise of rights by any Parties and/or Managers, to the extent it may constitute a matter governed by the Listing Rules, shall be subject to the prior compliance with such rules, including the obtaining of prior approvals of the Shareholders, if necessary.

## **REASONS FOR AND BENEFITS OF THE JV FORMATION AND ASSETS INJECTION**

The Board is of the view that the JV Formation and the Assets Injection would allow Jobs and Rambaudi to streamline their operation and consolidate their product portfolios, in particular, in the sectors of aerospace, automotive, mould and die and general engineering application, under the unified leadership and supervision of the Managers who possess valuable expertise and extensive experience in the industry, thereby derive economies of scale in manufacturing, sourcing, sales and after sales services and support as well as to promote synergies in research and development and production process. Each of the Managers has extensive experience in the machine tools industry for around 30 years and the Managers have vast collective expertise in the area of production of large plants and in aeronautics industry and engineering, international marketing, as well as management and finance.

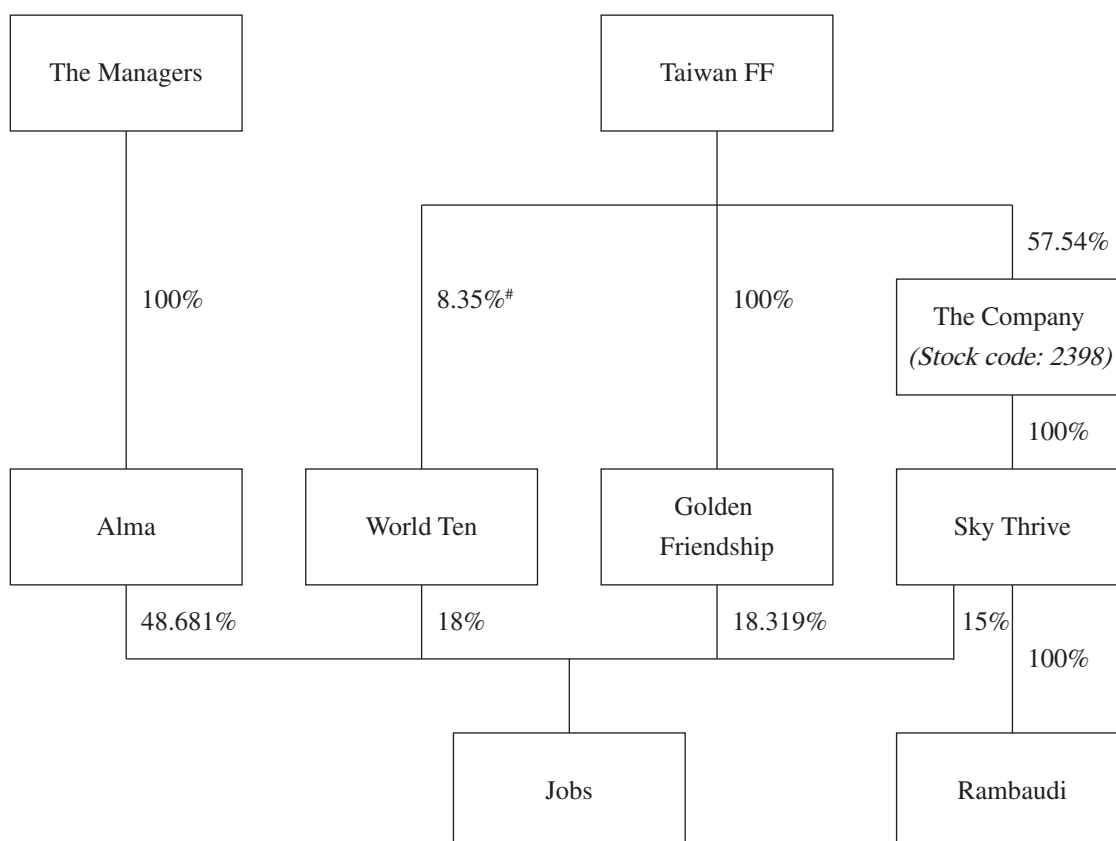
The joining of Rambaudi with Jobs would expand the existing operation scale as well as the customer base of Rambaudi and the new FFG Europe, which is expected to boost the sales of their products through the established widespread sales network of Jobs, including its offices in the US, Germany, France and the PRC and its large number of agents worldwide.

As such, the JV Formation and the Assets Injection is believed to be beneficial to the business operation and further the development of the Group, in particular in the China market.

## RELEVANT SHAREHOLDING STRUCTURE

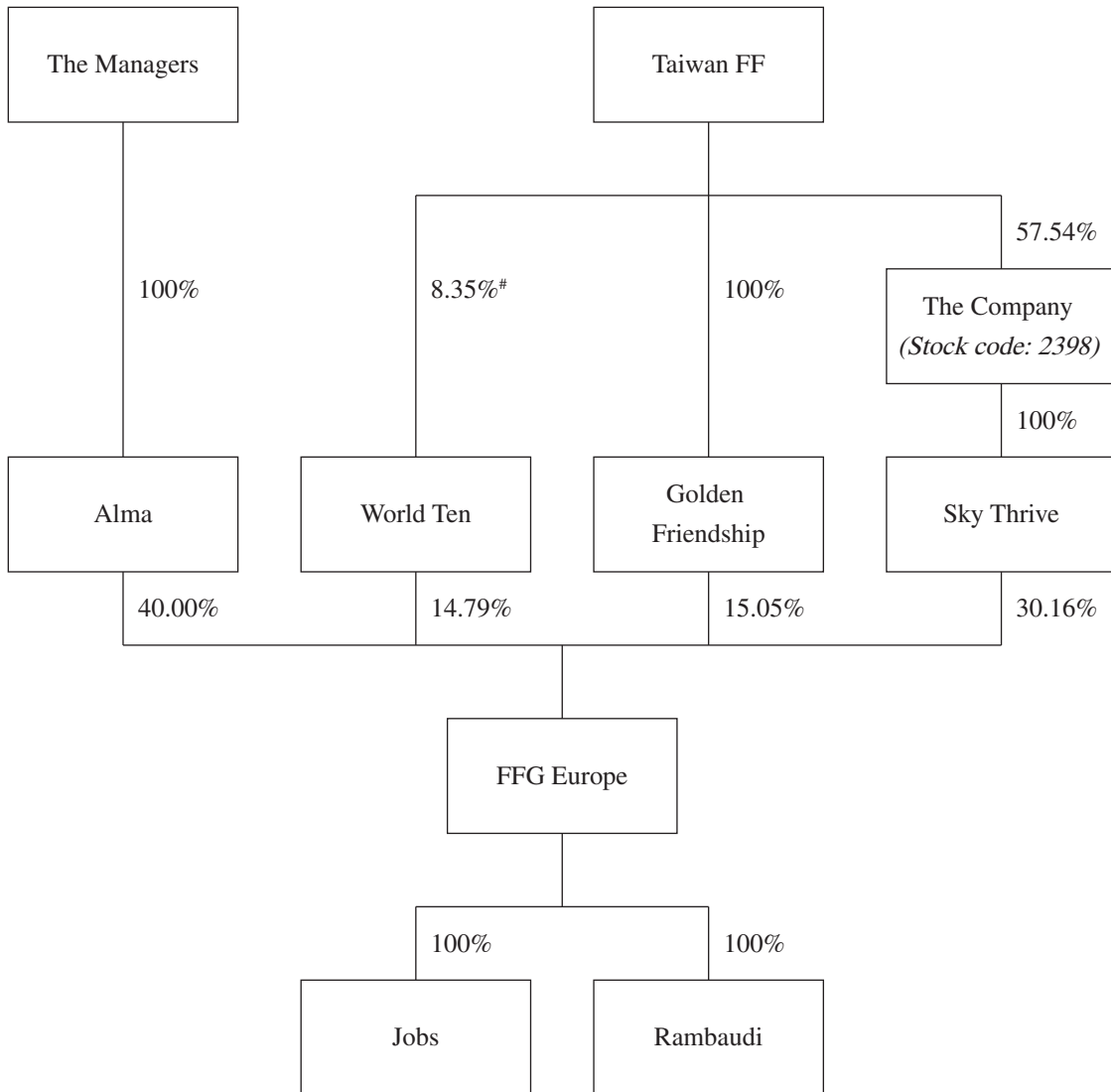
The charts below summarise the shareholding structure of FFG Europe, Jobs and Rambaudi before and after the JV Formation and the Assets Injection:–

### Before the JV Formation and the Assets Injection





## Upon completion of the JV Formation and the Assets Injection



# *Holders of the remaining 91.65% interests of World Ten are third parties independent of the Company and its connected persons.*

## **INFORMATION ON FFG EUROPE, JOBS AND RAMBAUDI**

The scope of business of FFG Europe will be the design, manufacturing and sale of industrial machine tools for metalworking and property investments and consultancy services in relation thereto.

Jobs is principally engaged in the design and production of 5-axis milling machines for aerospace, energy and mechanical engineering applications. As disclosed in the latest unaudited Jobs Accounts for the six months ended 30 June 2012, the net assets value of Jobs as at 30 June 2012 was Euro 6,136,000.

Based on the Valuation Report on Jobs dated 25 September 2012, the net assets of Jobs was valued at Euro 10,200,000 and the 900,000 Jobs Shares held by Sky Thrive, representing 15% interests in Jobs, were valued at Euro 1,530,000. In arriving at such valuation amount the Independent Valuer has considered factors including the business operation and relevant sales data, and historical financial results of Jobs and its business position in international markets among major competitors and industry prospects, on the basis of assumptions, the reasonableness of which was arrived at through discussions with the management of Jobs and the Parties. In determining the net asset value of Jobs, the necessary adjustments made by the Independent Valuer with a view to reflect the fair market value of non-monetary assets in the financial statements, are set out below:–

- inventory was adjusted upward by Euro 600,000 to align to their realizable value per sales contracts based on the market value of similar products;
- the value of building and leasehold improvements was adjusted upward by Euro 428,000 to reflect the value of a building as evaluated by CBRE Valuation S.p.A., an independent property valuer appointed by Jobs in 2012;
- the value of production machines was adjusted upward by Euro 1,095,000 to align to their realizable value based on the market value of similar machines;
- the value of trademark was adjusted upward by Euro 1,182,000 to reflect the value determined on the basis of costs for building up the trademark in five years; and
- provision of warranty was adjusted downward by Euro 344,000 to reflect the estimated value of possible warranty work to be carried out by Jobs during the warranty periods based on historical records.

Set out below is a summary of the audited net profit amount, before and after taxation and extraordinary items, attributable to 15% interests in Jobs held by Sky Thrive as disclosed in the audited Jobs Accounts\* respectively for the two financial years ended 31 December 2011 and 31 December 2010:–

	<b>For the year ended 31 December 2011 Euro</b>	<b>For the year ended 31 December 2010 Euro</b>
Net profit/(loss) before taxation and extraordinary items attributable to the 15% interests in Jobs	110,800	68,000
Net profit/(loss) after taxation and extraordinary items attributable to the 15% interests in Jobs	15,300	9,150

*\* Note: The Jobs Accounts are prepared in accordance with the generally accepted accounting principles of Italy, which the Company understands and has confirmed with the auditors of the Company that there is no material difference to be adjusted under the generally accepted accounting principles of Hong Kong.*

Rambaudi is principally engaged in the design and production of milling and machining centers for aerospace and mould and die applications. As disclosed in the latest unaudited Rambaudi Accounts for the six months ended 30 June 2012, the net equity value of Rambaudi as at 30 June 2012 was Euro 1,756,000.

Based on the Valuation Report on Rambaudi dated 25 September 2012 prepared by the Independent Valuer, the net assets of Rambaudi as wholly owned by Sky Thrive was valued at Euro 2,219,300. In arriving at such valuation amount, the Independent Valuer has considered factors including the historical financial results of Rambaudi. In determining the net asset value of Rambaudi, the necessary adjustments made by the Independent Valuer with a view to reflect the fair market value of non-monetary assets in the financial statements, are set out below:–

- inventory was adjusted upward by Euro 82,500 to align to their realizable value per sales contracts; and
- the capitalisation of the long term debt of approximately Euro 1.51 million provided by Sky Thrive before completion of the JV Formation.

Set out below is a summary of the unaudited net profit amount, before and after taxation and extraordinary items of Rambaudi as stated in the unaudited Rambaudi Accounts respectively for the two financial years ended 31 December 2011 and 31 December 2010, of which the figures for the year ended 31 December 2010 include an exceptional gain on revaluation of approximately Euro 2,180,000\*:-

	<b>For the year ended 31 December 2011 <i>Euro</i></b>	<b>For the year ended 31 December 2010 <i>Euro</i></b>
Net profit/(loss) before taxation and extraordinary items	(621,000)	1,763,000
Net profit/(loss) after taxation and extraordinary items	(492,000)	1,890,000

\* *Note:* The revaluation gain of Euro 2,180,000 was disclosed in the Company's audited financial statements for the year ended 31 December 2010. Pursuant to the Hong Kong Financial Reporting Standard 3 (revised) "Business combinations", the Group has to perform valuation on those Rambaudi assets (including inventories etc.) acquired in June 2010, and to be recorded at fair values. Since discounting (in particular inventories) were offered upon the acquisition of those Rambaudi assets, accordingly the fair values after valuation was greater than the book values as at acquisition.

The Independent Valuer was appointed by Sky Thrive, jointly with Golden Friendship, World Ten and Alma, in accordance with Italian law, having taken into account the Independent Valuer's relevant experience of about 30 years in the appraisal and accounting industry, in particular in the mechanical and automobile sector, including providing appraisals of companies in various mergers and acquisitions transactions. In arriving at the net asset value of Jobs and Rambaudi, the Independent Valuer made certain assumptions including, as applicable, the prospects of the political, legal, fiscal and economic condition of Italy and other regions relevant to the company having no material adverse change, key management and staff of the company to be retained, the lack of significant change or deviation from the existing practice of the general management of the subject company, market trend, taxation laws and/or rates relevant to the business of the company, and the truthfulness and accuracy of the opinions and representations given by the company.

As a result of the JV Formation and the Assets Injection, Rambaudi will no longer be a subsidiary of the Company and its financial statements will not be consolidated into the Group's financial statements. It is expected that the Group will record a gain of approximately RMB3,378,000 on the disposals of its 15% interest in Jobs and the entire equity of Rambaudi.

Such gain on the disposals was determined based on the difference between (i) the aggregate of the book values of the Company's indirect interest in 15% of Jobs and 100% of Rambaudi as recorded in the unaudited financial statements of the Company as at 30 June 2012 of approximately RMB26,203,000; and (ii) the estimated consideration of approximately RMB29,581,000, being the value of the 30.16% interest in FFG Europe to be held by Sky Thrive upon completion of the JV Formation with reference to the Valuation Reports.

### ADDITIONAL HISTORICAL FINANCIAL FIGURES OF JOBS AND RAMBAUDI

Set out below is a summary of the sales amount of machine tools in different application sectors, and sales amount to customers in China of Rambaudi (unaudited) and Jobs (audited) for the two respective financial years ended 31 December 2010 and 2011 and for the six months ended 30 June 2012 (unaudited):–

Application sectors	Sales amount for the year ended 31 December								Sales amount for six months ended 30 June			
	2010		2011		2012		2012		2012		2012	
	Jobs (unaudited)	Rambaudi (unaudited)	Jobs (unaudited)	Rambaudi (unaudited)	Jobs (unaudited)	Rambaudi (unaudited)	Jobs (unaudited)	Rambaudi (unaudited)	Jobs (unaudited)	Rambaudi (unaudited)	Jobs (unaudited)	Rambaudi (unaudited)
	<i>Euro '000</i>	%	<i>Euro '000</i>	%	<i>Euro '000</i>	%	<i>Euro '000</i>	%	<i>Euro '000</i>	%	<i>Euro '000</i>	%
Aerospace	19,058	46%	0	0%	18,095	53%	0	0%	4,331	34%	0	0%
Automotive	9,081	22%	0	0%	5,936	17%	0	0%	3,535	27%	0	0%
General Mechanical/ Mould and Die	12,972	32%	1,215	100%	10,100	30%	4,700	100%	5,056	39%	2,928	100%
<b>Total</b>	<b>41,111</b>	<b>100%</b>	<b>1,215</b>	<b>100%</b>	<b>34,131</b>	<b>100%</b>	<b>4,700</b>	<b>100%</b>	<b>12,922</b>	<b>100%</b>	<b>2,928</b>	<b>100%</b>
Sales amount to customers in China	8,785	21%	0	0%	6,731	20%	1,167	25%	1,872	14%	1,832	63%

Set out below is the summary of the respective revenue amount, the net income (after taxation and extraordinary items) and net asset value of Jobs as disclosed in the audited Jobs Accounts for the two respective financial years ended 31 December 2010 and 2011 and the unaudited financial statements of Jobs for the six months ended 30 June 2012:–

	<b>For the year ended</b>		<b>For the six</b>
	<b>31 December</b>		<b>months ended</b>
	<b>(audited)</b>		<b>30 June</b>
	<i>Euro'000</i>		<i>(unaudited)</i>
	<i>Euro'000</i>		<i>Euro'000</i>
	<b>2010</b>	<b>2011</b>	<b>2012</b>
Revenue	41,111	34,131	12,922
Net income/(loss)	61	102	(1,689)
Net Asset Value	7,718	7,825	6,136

Set out below is the summary of the respective revenue amount, the net income (after taxation but including an exceptional gain on revaluation of Euro 2,180,000) and net asset value of Rambaudi as disclosed in the unaudited financial statements of Rambaudi for the two respective financial years ended 31 December 2010 and 2011 and for the six months ended 30 June 2012:–

	<b>For the year ended</b>		<b>For the six</b>
	<b>31 December</b>		<b>months ended</b>
	<b>(audited)</b>		<b>30 June</b>
	<i>Euro'000</i>		<i>(unaudited)</i>
	<i>Euro'000</i>		<i>Euro'000</i>
	<b>2010</b>	<b>2011</b>	<b>2012</b>
Revenue	1,215	4,700	2,928
Net income/(loss)	1,890	(492)	(652)
Net Asset Value	2,400	1,908	1,756

## LISTING RULES IMPLICATIONS

As Golden Friendship is an associate of Taiwan FF, the controlling shareholder of the Company, Golden Friendship is a connected person of the Company. As the relevant applicable percentage ratios are more than 5% but less than 25% and the consideration involved exceeds HK\$10 million, the JV Formation and the Assets Injection constitute both a discloseable transaction and a connected transaction for the Company under the Listing Rules. The JV Formation and the Assets Injection will be subject to the announcement requirement under Chapter 14 and the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Taiwan FF (which is indirectly interested in approximately 57.54% of the issued share capital of the Company as at the date hereof) and its associate(s) will abstain from voting in relation to the resolution to be proposed at the EGM to consider the JV Formation and the Assets Injection.

An Independent Board Committee has been established to advise the Independent Shareholders in relation to the terms of the JV Formation and the Assets Injection. Altus Capital Limited, as the independent financial adviser, has been appointed to advise the Independent Board Committee and the Independent Shareholders in this respect. Under the Listing Rules, other than Mr. Chu Chih-Yaung, an Executive Director and the Chairman of the Company who is beneficially interested in 24,403,347 shares in Taiwan FF (representing approximately 15.50% of the entire issued capital thereof) had chosen to abstain from voting, no Directors were required to abstain from voting on the relevant Board resolution.

A circular containing, among others, (i) details on the JV Formation and the Assets Injection; (ii) the recommendation from the Independent Board Committee; (iii) the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice convening the EGM is expected to be despatched to the Shareholders on or before 3 October 2012.

The Board (including the independent non-executive Directors after taking into account the opinion of the independent financial adviser) considers that the terms of the JV Formation and the Assets Injection are fair and reasonable and are in the interests of the Shareholders as a whole.

## **GENERAL INFORMATION**

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 and its subsidiaries are a conglomerate in Taiwan and have investments in a wide range of businesses such as the production of CNC machine tools, three-dimensional car parking garage structures, electric forklift trucks, construction machinery, power tools, elevators, anode-ray tube display, thin film transistor liquid crystal display, door drums, printed circuit boards and aviation parts.

Sky Thrive, Golden Friendship, World Ten and Alma are each an investment holding company.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following terms have the meanings respectively set adjacent below:–

“Alma”	Alma S.r.l., a company incorporated in Italy with limited liability and wholly-owned by the Managers
“Assets Injection”	the injection of 900,000 Jobs Shares, representing 15% of the share capital of Jobs, and the entire capital of Rambaudi by Sky Thrive into FFG Europe
“associate”	has the meaning ascribed under the Listing Rules
“Board”	the board of Directors
“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
“connected person”	has the meaning ascribed under the Listing Rules
“connected transaction”	has the meaning ascribed under Chapter 14A of the Listing Rules



“Contribution Agreement”	the “FFG Europe S.p.A. Contribution Agreement” dated 27 September 2012 entered into by the Parties
“controlling shareholder”	has the meaning ascribed under the Listing Rules
“Directors”	the directors of the Company
“discloseable transaction”	has the meaning ascribed under Chapter 14 of the Listing Rules
“EGM”	an extraordinary general meeting of the Shareholders to be convened and held
“Euro”	Euro, the lawful currency of the member states of the European Union
“Fair Market Value”	the fair market value as determined by the Parties in accordance with the International Accounting Principles adopted by the European Union pursuant to the Italian Civil Code
“FFG Europe” or “JV”	FFG Europe S.p.A., a joint stock company to be formed in Italy with limited liability and its predecessor shelf company incorporated in Italy with limited liability, FFG Europe S.r.l., prior to completion of the JV Formation
“Golden Friendship”	Golden Friendship International Limited, a limited liability company incorporated in Hong Kong and is a wholly-owned subsidiary of Taiwan FF
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	committee comprising the three independent non-executive Directors

“Independent Shareholders”	Shareholders other than Taiwan FF and its associate(s)
“Independent Valuer”	Dr. Massimo Greco, a chartered accountant and registered auditor in Italy, being the independent valuer appointed by the Parties for the professional appraisal valuations on Jobs and Rambaudi in compliance with the Italian law
“Jobs”	Jobs Automazione S.p.A., a joint stock company incorporated in Italy and held as to 15% by Sky Thrive, 18.319% by Golden Friendship, 18% by World Ten and 48.681% by Alma as at the date hereof
“Jobs Accounts”	the consolidated financial statements of Jobs prepared in accordance with the generally accepted accounting principles in Italy for the relevant financial period
“Jobs Share(s)”	shares in the issued and fully paid-up share capital of Jobs
“JV Formation”	the entering into of the Contribution Agreement, the Shareholders’ Agreement and any ancillary documentation and transaction by Sky Thrive for the formation of FFG Europe by way of the Assets Injection
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Managers”	Messrs. Luigi Maniglio, Marco Livelli, Luigi Riboli and Antonio Dordoni, who are Italian citizens and the members of Alma, as at the date hereof, and hold major managerial functions in Jobs
“Overseas Parties”	Sky Thrive, Golden Friendship and World Ten
“Parties”	Sky Thrive, Golden Friendship, World Ten and Alma and “Party” shall mean any one of them

“percentage ratios”	has the meaning ascribed under Chapter 14 of the Listing Rules
“PRC” or “China”	the People’s Republic of China
“Rambaudi”	Sky Thrive Rambaudi S.r.l., a limited liability company incorporated in Italy and a wholly-owned subsidiary of Sky Thrive as at the date hereof
“RMB”	Renminbi, the lawful currency of the PRC
“Rambaudi Accounts”	the financial statements of Rambaudi prepared in accordance with the generally accepted accounting principles in Hong Kong for the relevant financial period
“Shareholders”	the shareholders of the Company
“Shareholders’ Agreement”	the shareholders’ agreement in relation to FFG Europe to be entered into by the Parties and the Managers pursuant to the Contribution Agreement
“Sky Thrive”	Sky Thrive Hong Kong Enterprise Limited, 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, and indirectly interested in 232,000,000 issued ordinary shares of the Company, representing approximately 57.54% of the issued share capital of the Company as at the date hereof
“US”	the United States of America

“Valuation Report(s)”	the respective appraisal reports of Jobs and Rambaudi issued by the Independent Valuer based on the net equity approach which, on the assumption that the value of a company corresponds to its shareholders’ equity, the financial statements and accounting treatments adopted by Jobs and Rambaudi have been reviewed and adjustments have been made, when necessary
“World Ten”	World Ten Limited, a limited liability company incorporated in Hong Kong, and 8.35% of the issued share capital of which is held by Taiwan FF
“%”	per cent

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

Hong Kong, 28 September 2012

*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.*