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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)

CONTINUING CONNECTED TRANSACTIONS

(1) RENEWAL OF FRAMEWORK AGREEMENT

FOR THE PURCHASE AND SUPPLY OF COMPONENTS

(2) RENEWAL OF EXCLUSIVE FRAMEWORK AGREEMENT

FOR THE PURCHASE OF DESIGNATED CNC MACHINE TOOLS

The Board is pleased to announce that, on 22 May 2014, the Company and Taiwan FF entered into a conditional Components Agreement, pursuant to which the Group may supply CKD components to the Taiwan FF Group on a non-exclusive basis and the Taiwan FF Group may supply CKD components to the Group on a non-exclusive basis for a period of three years from the Effective Date. Furthermore, on 22 May 2014, the Company and Taiwan FF entered into a conditional Machine Tools Agreement, pursuant to which the Group may purchase from the Taiwan FF Group the Designated CNC Machine Tools for a period of three years from the Effective Date, and has the rights to sell such machine tools in the Sales Region on an exclusive basis, and upon the request of the Group, the Taiwan FF Group shall supply such machine tools to the Group on an exclusive basis and authorize the Group to sell such machine tools in the Sales Region on an exclusive basis.

Taiwan FF is an associate of Hong Kong GF, the controlling shareholder of the Company, and therefore, Taiwan FF is a connected person of the Company under the Listing Rules. The Transactions under the Agreements will be carried out in the ordinary and usual course of business of the Group and are expected to continue and extend over a period of time. The Transactions therefore constitute continuing connected transactions of the Company respectively under Chapter 14A of the Listing Rules.

As both Agreements are entered into with Taiwan FF, the transactions under the Components Agreement and the Machine Tools Agreement will be aggregated for consideration under the Listing Rules and will be classified according to the larger of the supply transaction or the procurement transactions. For the supply transaction with Taiwan FF under the Components Agreement, the highest applicable percentage ratio based on the Proposed Caps thereof is between 0.1% and 5% with an annual consideration of over HK\$1 million. For the two procurement transactions with Taiwan FF under the Agreements, the highest applicable percentage ratio based on the Proposed Caps thereof, on an aggregated basis, exceeds 25% with an annual consideration of over HK\$10 million, which is larger than the supply transaction. Accordingly, the Transactions under the Agreements will be classified according to the higher percentage ratio in the procurement transactions and all of the Agreements, the Transactions and the Proposed Caps thereunder will be subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Hong Kong GF, Sunward Gold Global Investments Limited, a company held as to approximately 72.22% by Mr. Chu, and any of their respective associates will abstain from voting in relation to the resolutions approving the Agreements, the Transactions and the Proposed Caps thereunder at the EGM.

An Independent Board Committee has been established to advise the Independent Shareholders in relation to the terms of the Agreements, the Transactions and the Proposed Caps thereunder. Altus Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and Independent Shareholders in this respect.

A circular containing, among others, details of (i) the terms of the Agreements, the Transactions and the Proposed Caps thereunder; (ii) the respective letters of advice from the Independent Board Committee and Altus Capital Limited; and (iii) a notice convening the EGM is expected to be despatched to the Shareholders on or before 30 May 2014.

Background

Reference is made to the announcement dated 19 May 2011 and the circular dated 24 May 2011 of the Company respectively in relation to, among others, the continuing connected transactions under the conditional Former Components Agreement for the purchase and supply of CKD components and the conditional Former Machine Tools Agreement for the purchase and sale of CNC Machine Tools, both entered into between the Company and Taiwan FF on 19 May 2011 respectively. The Former Components Agreement and the Former Machine Tools Agreement will expire on 22 June 2014 and 14 June 2014 respectively. As the Company and Taiwan FF intend to continue to carry out the relevant transactions, the Components Agreement and the Machine Tools Agreement were entered into on 22 May 2014 to renew the above arrangements.

THE AGREEMENTS

(1) COMPONENTS AGREEMENT

Date

22 May 2014

Parties

- (1) the Company; and
- (2) Taiwan FF

Summary of principal terms:

(A) *Condition precedent*

The Components Agreement is subject to and conditional upon the approval by the Independent Shareholders in respect of the Components Agreement, the Transactions and the Proposed Caps thereunder at the EGM.

(B) *Term of the Components Agreement*

The Components Agreement is for a term of three years from the Effective Date unless terminated by either party before the expiry of such term.

(C) *Details of the Transactions*

(a) *Supply of CKD components to the Taiwan FF Group*

Pursuant to the terms of the Components Agreement, the Group agrees to supply CKD components to the Taiwan FF Group for the production of CNC Machine Tools on a non-exclusive basis.

(b) Purchase of CKD components from the Taiwan FF Group

Pursuant to the terms of the Components Agreement, the Taiwan FF Group agrees to supply CKD components to the Group on a non-exclusive basis. The CKD components proposed to be sourced from and those proposed to be sold to the Taiwan FF Group are of different types.

The Company may designate its subsidiaries and Taiwan FF may designate its subsidiaries to be the Components Buyer or the Components Seller to enter into the Transactions under the Components Agreement. The Company and Taiwan FF shall undertake and be responsible for the fulfillment of such Transactions entered into by its respective designated parties. The Company or Taiwan FF shall obtain the prior consent of the other party if the designated parties are non-members of the Group or of the Taiwan FF Group.

(D) Delivery and payment arrangements

For the purpose of any Transaction under the Components Agreement, the Components Buyer shall send a purchase notice to the Components Seller specifying the quantity of CKD components required 90 days prior to the requested delivery date. Upon receipt of the purchase notice, the Components Seller shall issue a price quotation within 7 days. The quotation will become effective and binding upon the confirmation of the Components Buyer. The Components Buyer shall settle the payment within 30 days after receipt of the relevant CKD components.

(E) Price determination

The price of CKD components is to be determined by reference to:

- (i) the price quotation of same type of products updated quarterly and publicly provided by the Components Seller to its independent third party customers; or
- (ii) in the event that the Components Seller is unable to determine the price quotation on the basis stipulated in (i) above for any reason, the reasonable costs incurred by the Components Seller in producing the relevant products plus the sales margin adjusted or determined with reference to (a) or (b) below:
 - (a) the historical price quotation of the same type of products previously provided by the Components Seller to its independent third party customers; or
 - (b) failing (a) above, the price of similar products offered by third party manufacturers independent of the Components Seller.

For the avoidance of doubt, the Group will only purchase or sell the relevant products from the Components Sellers or Components Buyers on terms no less favourable to the Group than those the Group would have obtained from independent third party suppliers, in that the Group will not confirm any price quotation which does not meet such criteria.

Historical transaction amounts and Proposed Caps

The historical transaction amounts in respect of the purchase and supply of CKD components between the Group and the Taiwan FF Group under the Former Components Agreement were as follows (in RMB million):

| | Historical transaction amounts | | | |
|---|---|---|---|--|
| Relevant financial periods | 23 June 2011 to 31 December 2011 | 1 January 2012 to 31 December 2012 | 1 January 2013 to 31 December 2013 | 1 January 2014 to 22 June 2014 (up to 31 March 2014) |
| For the purpose of supplying CKD components to the Taiwan FF Group | 0.72 | 1.00 | 0.84 | 0.40 |
| For the purpose of purchasing CKD components from the Taiwan FF Group | 132.33 | 105.42 | 97.77 | 15.91 |

During the term of the Components Agreement, it is projected that the annual aggregate amounts receivable and payable by the Group, as appropriate, shall not exceed the Proposed Caps in respect of each of the relevant financial periods, the details of which are as follows (in RMB million):

| | Projected Proposed Caps | | | |
|---|---|---|---|--|
| Relevant financial periods | Effective Date to 31 December 2014 | 1 January 2015 to 31 December 2015 | 1 January 2016 to 31 December 2016 | 1 January 2017 to 3 years from the Effective Date |
| For the purpose of supplying CKD components to the Taiwan FF Group | 2.42 | 3.26 | 2.22 | 1.11 |
| For the purpose of purchasing CKD components from the Taiwan FF Group | 58.07 | 129.05 | 165.32 | 86.31 |

Basis of determining the Proposed Caps

Each of the projected Proposed Caps was determined after taking into account factors including the following:

- (i) the Group's view on the market outlook of the CNC Machine Tools industry during the term of the Components Agreement;
- (ii) the potential fluctuations in the estimated costs of purchasing CKD components;
- (iii) the recovery of the CNC Machine Tools market observed in early 2014;

- (iv) the projected breakdown of orders for CKD components from Taiwan FF for each of the 3 years commencing from the Effective Date;
- (v) in respect of the Proposed Caps for the provision of CKD components to the Taiwan FF Group by the Group, the production capacity of the Group; and
- (vi) the historical transaction amounts for the relevant transactions.

The consideration payable by the Group will be settled through the internal resources of the Group.

REASONS FOR AND BENEFITS OF ENTERING INTO THE COMPONENTS AGREEMENT

The sales and purchase of CKD components are transactions carried out in the usual and ordinary course of business activities of the Group.

Save for the independent non-executive Directors whose views will be provided after taking into account the views of the independent financial adviser, the Directors consider that entering into the Components Agreement provides the Group with an alternative source of CKD components and an additional income source. The Directors consider that the terms of the Components Agreement are fair and reasonable and in the interests of the Shareholders as a whole.

(2) MACHINE TOOLS AGREEMENT

Date:

22 May 2014

Parties:

- (1) the Company; and
- (2) Taiwan FF

Summary of principal terms:

(A) *Condition precedent*

The Machine Tools Agreement is subject to and conditional upon the approval by the Independent Shareholders in respect of the Machine Tools Agreement, the Transactions and the Proposed Caps thereunder at the EGM.

(B) *Term of the Machine Tools Agreement*

The Machine Tools Agreement is for a term of three years from the Effective Date unless terminated by either party before the expiry of such term.

(C) *Details of the Transactions*

The Group can purchase from the Taiwan FF Group the Designated CNC Machine Tools and has the right to sell such machine tools in the Sales Region on an exclusive basis, and at the request of the Group, the Taiwan FF Group shall supply such machine tools to the Group and authorize the Machine Tools Purchaser to sell such machine tools in the Sales Region on an exclusive basis.

The Company may designate any members of the Group as Machine Tools Purchaser, and Taiwan FF may designate any member of Taiwan FF Group as Machine Tools Seller to perform and procure those parties to perform such Transactions according to the terms of the Machine Tools Agreement. The Company or Taiwan FF shall obtain the prior consent of the other party if the designated parties are non-members of the Group or of the Taiwan FF Group.

(D) *Delivery and payment arrangements*

For the purpose of any Transactions under the Machine Tools Agreement, the Machine Tools Purchaser shall send the purchase notice to the Machine Tools Seller specifying the quantity of the Designated CNC Machine Tools required 90 days prior to the requested delivery date. Upon receipt of the purchase notice, the Machine Tools Seller shall issue a price quotation to the Machine Tools Purchaser within 7 days. The quotation will become effective and binding upon the confirmation of the Machine Tools Purchaser. The Machine Tools Purchaser shall settle 90% of the payment before delivery of the relevant Designated CNC Machine Tools, with the remaining 10% to be settled within 6 months after the relevant Designated CNC Machine Tools arrived at the port designated by the Machine Tools Purchaser.

(E) *Price determination*

The price of the designated CNC Machines Tools is to be determined by reference to:

- (i) the price quotation of same type of products updated quarterly and publicly provided by the Machine Tools Seller to its independent third party customers; or
- (ii) in the event that the Machine Tools Seller is unable to determine the price quotation on the basis stipulated in (i) above for any reason, the reasonable costs incurred by the Machine Tools Seller in producing the relevant products plus the sales margin adjusted or determined with reference to (a) or (b) below:

- (a) the historical price quotation of the same type of products previously provided by the Machine Tools Seller to its independent third party customers; or
- (b) failing (a) above, the price of similar products offered by third party manufacturers independent of the Machine Tools Seller.

For the avoidance of doubt, the Group will only purchase the relevant products from the Machine Tools Seller(s) on terms no less favourable to the Group than those the Group would have obtained from independent third party manufacturers, and the Group will not confirm any sale quotation which does not meet such criteria.

(F) Others

Taiwan FF has agreed that:

- (i) any Designated CNC Machine Tools, which are designated by the Machine Tools Purchaser to purchase from the Machine Tools Seller under the Machine Tools Agreement, are produced and sold under the designated brands which are owned or permitted to be used by the Group from time to time;
- (ii) it will procure or assist with any possible application for tariff reductions with the relevant regulatory authorities in respect of the Designated CNC Machine Tools upon receipt of the relevant purchase requests from the Machine Tools Purchaser;
- (iii) in the event that the Taiwan FF Group has sufficient production capacity, it will assist the Group by producing and supplying other CNC Machine Tools (not being Designated CNC Machine Tools on the date of signing the Machine Tools Agreement) to the Group in accordance with the reasonable instructions and designated production specifications of the Group. The Group shall request the Taiwan FF Group to produce such CNC Machine Tools specified under this provision on its behalf if the Group reasonably considers that the capacity of its own production of the relevant machine tools is insufficient or requesting Taiwan FF Group to produce on its behalf is more beneficial to the Group;
- (iv) the Group is entitled to request Taiwan FF Group to supply the Group with any other CNC Machine Tool products sold by the Taiwan FF Group (not being Designated CNC Machine Tools on the date of signing the Machine Tools Agreement) for sale in the Sales Region. Taiwan FF shall use its best endeavour to procure the supply of relevant products by the Machine Tools Seller to the Group and the Group shall have priority in acquiring the relevant products from the Machine Tools Seller over other customers of the Machine Tools Seller. The Group shall purchase such CNC Machine Tools specified under this provision if the Group reasonably considers that the capacity of its own production of the relevant machine tools is insufficient or requesting Taiwan FF Group to supply is more beneficial to the Group;

- (v) the Machine Tools Seller will not supply or sell any Designated CNC Machine Tools products to any parties other than the Machine Tools Purchaser in the Sales Region at any time. In the event that the Machine Tools Seller receives requests from any parties other than the Machine Tools Purchaser for the Machine Tools Seller to supply or sell any Designated CNC Machine Tools products in the Sales Region, Taiwan FF shall notify and procure the Machine Tools Seller to notify the Machine Tools Purchaser. The Machine Tools Seller shall not enter into or agree to any supply or sales arrangements or agreements in respect of these sales requests. The Group is entitled to request and Taiwan FF shall procure the Machine Tools Seller to notify the parties which intend to purchase the Designated CNC Machine Tools in the Sales Region to consider purchasing such machine tools from the Group directly. This undertaking will continue in effect after the termination of the Machine Tools Agreement; and
- (vi) for the avoidance of doubt, the Machine Tools Seller shall not request, require, direct, induce or compel the Machine Tools Purchaser to purchase any Designated CNC Machine Tools from it by any means, and the Machine Tools Seller shall supply the Designated CNC Machine Tools to the Machine Tools Purchaser only upon the receipt of purchase orders issued by the Machine Tools Purchaser under the Machine Tools Agreement.

Historical transaction amounts and Proposed Caps

The historical transaction amounts in respect of the purchase of CNC Machine Tools between the Group and Taiwan FF under the Former Machine Tools Agreement were as follows (in RMB million):

| | | | | |
|--------------------------------|--|--|--|--|
| Relevant financial periods | 15 June 2011 to 31 December 2011 | 1 January 2012 to 31 December 2012 | 1 January 2013 to 31 December 2013 | 1 January 2014 to 14 June 2014 (up to 31 March 2014) |
| Historical transaction amounts | 27.12 | 101.49 | 84.41 | 18.35 |

During the period of the Machine Tools Agreement, it is projected that the annual aggregate amounts payable by the Group shall not exceed the Proposed Caps in respect of each of the relevant financial periods, the details of which are as follows (in RMB million):

| | | | | |
|----------------------------|--|--|--|--|
| Relevant financial periods | Effective Date to 31 December 2014 | 1 January 2015 to 31 December 2015 | 1 January 2016 to 31 December 2016 | 1 January 2017 to 3 years from the Effective Date |
| Projected Proposed Caps | 62.68 | 138.93 | 153.19 | 75.67 |

Basis of determining the Proposed Caps

Each of the projected Proposed Caps was determined after taking into account factors that include the following:

- (i) the Group's view on the market outlook of the Designated CNC Machine Tools industry during the term of the Machine Tools Agreement;
- (ii) the potential fluctuations in the estimated costs of producing the Designated CNC Machine Tools;
- (iii) the recovery of the CNC Machine Tools market observed in early 2014; and
- (iv) the historical transaction amounts for the relevant transactions.

The consideration payable by the Group will be settled through the internal resources of the Group.

REASONS FOR AND BENEFITS OF ENTERING INTO THE MACHINE TOOLS AGREEMENT

The purchase and sale of CNC Machine Tools are transactions carried out in the usual and ordinary course of business activities of the Group.

The Directors consider that entering into the Machine Tools Agreement provides the Group with an alternative source of CNC Machine Tools and may enlarge the Group's customer base in the Sales Region. The Group will have the choice of sourcing under the Machine Tools Agreement or other third party suppliers in accordance with its procurement procedures. Under the Machine Tools Agreement, Taiwan FF can only supply CNC Machine Tools to the Group or those designated by the Group at the Group's request and shall not approach any customers in the Sales Region directly.

Save for the independent non-executive Directors whose views will be provided after taking into account the views of the independent financial adviser, the Directors consider that the terms of the Machine Tools Agreement are fair and reasonable, in the interests of the Shareholders as a whole and in line with the terms of the Non-Compete Deed.

INFORMATION ON THE GROUP AND TAIWAN FF GROUP

The Company is an investment holding company and its subsidiaries are 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 Group is 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, door drums, printed circuit boards, aviation parts, conducting pastes for solar cell, laser equipment for solar cell, LED lighting, magnesium alloy machining, testing equipment for PCB touch-sensing panels and testing equipment for semiconductor LED wafer.

LISTING RULES IMPLICATIONS

Taiwan FF is an associate of Hong Kong GF, the controlling shareholder of the Company, and therefore, Taiwan FF is a connected person of the Company under the Listing Rules. The Transactions under the Agreements will be carried out in the ordinary and usual course of business of the Group and are expected to continue and extend over a period of time. The Transactions therefore constitute continuing connected transactions of the Company respectively under Chapter 14A of the Listing Rules.

As both Agreements are entered into with Taiwan FF, the Transactions under the Components Agreement and the Machine Tools Agreement will be aggregated for consideration under the Listing Rules and will be classified according to the larger of the supply transaction or the procurement transactions. For the supply transaction with Taiwan FF under the Components Agreement, the highest applicable percentage ratio based on the Proposed Caps thereof is between 0.1% and 5% with an annual consideration of over HK\$1 million. For the two procurement transactions with Taiwan FF under the Agreements, the highest applicable percentage ratio based on the Proposed Caps thereof, on an aggregated basis, exceeds 25% with an annual consideration of over HK\$10 million, which is larger than the supply transaction. Accordingly, the Transactions under the Agreements will be classified according to the higher percentage ratio in the procurement transactions and all of the Agreements, the Transactions and the Proposed Caps thereunder will be subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Hong Kong GF, Sunward Gold Global Investments Limited, a company held as to approximately 72.22% by Mr. Chu, and any of their respective associates will abstain from voting in relation to the resolutions approving the Agreements, the Transactions and the Proposed Caps thereunder at the EGM.

An Independent Board Committee has been established to advise the Independent Shareholders in relation to the terms of the Agreements, the Transactions and the Proposed Caps thereunder. Altus Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and Independent Shareholders in this respect.

A circular containing, among others, details of (i) the terms of the Agreements, the Transactions and the Proposed Caps thereunder; (ii) the respective letters of advice from the Independent Board Committee and Altus Capital Limited; and (iii) a notice convening the EGM is expected to be despatched to the Shareholders on or before 30 May 2014.

DEFINITIONS

In this announcement, unless otherwise indicated in the context, the following terms shall have the meanings set out below:

| | |
|--------------|--|
| “Agreements” | the Components Agreement and the Machine Tools Agreement |
| “associates” | has the meaning ascribed to it under the Listing Rules |
| “Board” | means the board of Directors |

| | |
|--------------------------------|---|
| “CKD” | acronym for Complete, Knock Down |
| “CNC Machine Tools” | CNC is the short form and acronym for Computer Numerical Control, a numerical control system that utilizes a dedicated, storage-program computer and has the functions to perform some or all of the basic numerical control. CNC Machine Tools refer to those machine tools with CNC systems installed |
| “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 |
| “Components Agreement” | the conditional framework agreement entered into between the Company and Taiwan FF on 22 May 2014, in relation to the purchase and supply of CKD components between the Group and the Taiwan FF Group |
| “Components Buyer(s)” | the buyer designated by the Company or Taiwan FF under the Components Agreement |
| “Components Seller(s)” | the seller designated by the Company or Taiwan FF under the Components Agreement |
| “connected person” | has the meaning ascribed to it under the Listing Rules |
| “controlling shareholder” | has the meaning ascribed to it under the Listing Rules |
| “Designated CNC Machine Tools” | the CNC Machine Tools agreed to be sold pursuant to the Machine Tools Agreement and as mentioned under paragraphs (iii) and (iv) of section (F) headed “Others” in the summary of principal terms for the Machine Tools Agreement herein |
| “Directors” | the directors of the Company |
| “Effective Date” | the date on which the condition precedent of the Components Agreement and the Machine Tools Agreement is fulfilled |
| “EGM” | the extraordinary general meeting to be held to consider and, if thought fit, approve, among others, the Agreements, the Transactions and Proposed Caps thereunder |

| | | |
|-------------------------------|---------------|---|
| “Former Agreement” | Components | the conditional framework agreement entered into between the Company and Taiwan FF on 19 May 2011, in relation to the supply and sale of CKD components between the Company and Taiwan FF, which will expire on 22 June 2014 |
| “Former Agreement” | Machine Tools | the conditional framework agreement entered into between the Company and Taiwan FF on 19 May 2011, in relation to the purchase and exclusive sale of designated CNC Machine Tools in Sales Region from Taiwan FF by the Company, which will expire on 14 June 2014 |
| “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 |
| “Hong Kong GF” | | means Good Friend (H.K.) Corporation Limited, a company incorporated in Hong Kong with limited liability, beneficial owner of 232,000,000 Shares (representing approximately 57.54% of the issued share capital of the Company) and is owned as to approximately 99.99% by Taiwan FF |
| “Independent Board Committee” | | means the committee established by the Board, comprising the three independent non-executive Directors |
| “Independent Shareholders” | | Shareholders other than Hong Kong GF, Sunward Gold Global Investments Limited, a company held as to approximately 72.22% by Mr. Chu, and any of their respective associates and, if any, any other Shareholders who have a material interest and are required to abstain from voting at the EGM pursuant to the Listing Rules |
| “Listing Rules” | | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Machine Tools Agreement” | | the conditional framework agreement entered into between the Company and Taiwan FF on 22 May 2014, in relation to the exclusive sale of Designated CNC Machine Tools by the Taiwan FF Group to the Group |
| “Machine Tools Purchaser(s)” | | the Company and its designated parties under the Machine Tools Agreement |
| “Machine Tools Seller(s)” | | Taiwan FF and its designated parties under the Machine Tools Agreement |

| | |
|---------------------|--|
| “Mr. Chu” | Mr. CHU Chih-Yaung, an executive Director and the chairman of the Company, who was beneficially interested in 24,243,347 shares in Taiwan FF (representing approximately 15.40% 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) |
| “Non-Compete Deed” | the non-competition deed entered into among Taiwan FF, Hong Kong GF and Mr. Chu on 22 December 2005, as set out in the listing document of the Company dated 30 December 2005 |
| “percentage ratios” | has the meaning as ascribed to it under the Listing Rules |
| “PRC” | the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan |
| “Proposed Caps” | the proposed ceiling for the annual amounts payable or receivable by the Group in the relevant financial periods for the respective Transaction(s) under the Components Agreement or the Machine Tools Agreement (as the case may be) |
| “RMB” | Renminbi, the lawful currency of PRC |
| “Sales Region” | the PRC, Hong Kong and the Macau Special Administrative Region |
| “Share(s)” | the share(s) of HK\$0.01 each in the share capital of the Company |
| “Shareholder(s)” | the holder(s) of the Shares |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “subsidiary(ies)” | has the meaning ascribed to it under the Listing Rules |
| “Taiwan FF” | Fair Friend Enterprise Company Limited, a limited liability company incorporated in Taiwan on 15 March 1979 |
| “Taiwan FF Group” | Taiwan FF and its subsidiaries, excluding the Group |

“Transaction(s)” the continuing connected transactions under the Components Agreement and/or the Machine Tools Agreement (as the case may be)

“%” per cent

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

Hong Kong, 22 May 2014

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.