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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 TRANSACTION
ACQUISITION OF ASSETS**

The Board announces that on 24 June 2010, ST Rambaudi, an indirect wholly-owned subsidiary of the Company and the Receiver entered into the Agreement, pursuant to which ST Rambaudi agreed to purchase and the Receiver agreed to sell the Assets at an aggregate consideration of Euro 2,258,865.30 (equivalent to approximately RMB18,882,984.48). Since not all of the relevant percentage ratios under Chapter 14 of the Listing Rules are less than 5% but all of them are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

THE AGREEMENT

Date

24 June 2010

Parties to the Agreement

- (1) ST Rambaudi, an indirect wholly-owned subsidiary of the Company, as the purchaser; and
- (2) the Receiver as the vendor. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry by the Directors, the Receiver is a third party independent of the Company and is not a connected person (as defined in the Listing Rules) of the Company.

Assets to be acquired

Pursuant to the Agreement, ST Rambaudi agreed to acquire and the Receiver agreed to sell the Assets, which comprise, among others, the Tangible Assets, the Stock and the Intangible Assets.

Based on the financial information provided by the Receiver, the book value of the Assets as at 30 September 2008 amounted to approximately Euro 11,671,000 (equivalent to approximately RMB97,563,724.50). The net profits before and after taxation and extraordinary items for the financial year ended 30 September 2008 attributable to the Assets were approximately Euro 454,000 (equivalent to approximately RMB3,795,213.00) and approximately Euro 35,000 (equivalent to approximately RMB292,582.50) respectively, and for the financial year ended 30 September 2007 were approximately Euro 724,000 (equivalent to approximately RMB6,052,278.00) and approximately Euro 196,000 (equivalent to approximately RMB1,638,462.00) respectively.

Consideration

The Consideration payable by ST Rambdaudi is Euro 2,258,865.30 (equivalent to approximately RMB18,882,984.48), comprising :-

- (i) Euro 1,040,000.00 (equivalent to approximately RMB8,693,880.00) for the Tangible Assets and Intangible Assets; and
- (ii) Euro 1,218,865.30 (equivalent to approximately RMB10,189,104.48) for the Stock, which represents a 71.13% discount to the value of the Stock as indicated in the Bankruptcy Inventory.

The Consideration shall be payable by ST Rambdaudi in three installments: -

- (i) Euro 1,129,431.30 (equivalent to approximately RMB9,441,480.95), being 50% of the Consideration, shall be paid in cash by bank wire transfer to the bank account designated by the Receiver upon the signing of the Agreement;
- (ii) Euro 564,717.00 (equivalent to approximately RMB4,720,751.76), being 25% of the Consideration, shall be payable within 6 months from the date of the Agreement to the bank account designated by the Receiver; and
- (iii) the remaining balance of Euro 564,717.00 (equivalent to approximately RMB4,720,751.76), being 25% of the Consideration shall be payable within 12 months from the date of the Agreement to the bank account designated by the Receiver.

Upon the signing of the Agreement, ST Rambdaudi shall provide a first demand bank guarantee to the Receiver, securing the payment of the subsequent two installments.

Basis of the Consideration

The Consideration was determined after arm's length negotiation between the Receiver and ST Rambdaudi, with reference to various factors including, among others, the value of the Assets of Euro 5,522,276.39 (equivalent to approximately RMB

46,163,469.48) as stated in the Bankruptcy Inventory, the market price of the Assets, the value attributable to the Rambaudi Trademark and the opportunity for the Group to enhance its product portfolio. The Consideration is to be funded by internal resources of the Group.

REASONS FOR AND BENEFITS OF THE ACQUISITION

Insofar as the Company is aware, Sachman Rambaudi was founded in 1945 and the “Rambaudi” business division was principally engaged in the design and production of milling and machining centers for aerospace and mould and die. Due to global financial crisis occurred in the last quarter of 2008, the business of Sachman Rambaudi was severely affected and it officially went into liquidation on 22 October 2009.

The Acquisition involves the acquisition of the Tangible Assets, the Stock and the Intangible Assets of the “Rambaudi” business division of Sachman Rambaudi. The Directors are of the view that the Acquisition would enable the Company to enhance its product portfolio in particular for the application sectors of aerospace and mould and die. The Acquisition also provides an opportunity for the Group to diversify its investment portfolio and helps enlarging the revenue base of the Group, which is therefore beneficial to the Company’s overall business development as a whole.

The Directors consider that the terms of the Agreement and the Acquisition are fair and reasonable and are in the interests of the Group and the shareholders of the Company as a whole.

Since not all of the relevant percentage ratios under Chapter 14 of the Listing Rules are less than 5% but all of them are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

GENERAL

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.

Insofar as the Company is aware, the Receiver is the official receiver appointed by the Tribunal of Reggio Emilia in Italy on 22 October 2009 following the liquidation of Sachman Rambaudi and is responsible for the insolvency administration of Sachman Rambaudi.

DEFINITION

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

“Acquisition”	the acquisition of the Assets by ST Rambaudi pursuant to the Agreement
“Agreement”	a business transfer agreement dated 24 June 2010 entered into by ST Rambaudi and the Receiver for the Acquisition
“Bankruptcy Inventory”	the bankruptcy file of Sachman Rambaudi maintained with the Bankruptcy Chancellery at the Tribunal of Reggio Emilia in Italy pursuant to the Italian Bankruptcy Law, which set out the assets of Sachman Rambaudi, including the Assets
“Board”	the board of Directors
“Assets”	including the Tangible Assets, the Stock and the Intangible Assets
“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
“Consideration”	the total consideration for the Acquisition in an aggregate amount of Euro 2,258,865.30 (equivalent to approximately RMB18,882,984.48)
“Directors”	directors of the Company
“Euro”	the lawful currency of the European Union
“Group”	the Company and its subsidiaries
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Intangible Assets”	the intangible assets of the “Rambaudi” business division, including but not limited to the trademark and the patents relating to the products produced by Sachman Rambaudi under the “Rambaudi” brand name
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Receiver”	Mr. Maurizio Bergomi, the official receiver appointed by the Tribunal of Reggio Emilia in Italy following the liquidation of Sachman Rambaudi, who is responsible for the insolvency administration of Sachman Rambaudi
“Sachman Rambaudi”	a company incorporated in Italy with limited liability which was declared insolvent by the Tribunal of Reggio Emilia of Italy on 22 October 2009
“Stock”	the commodities, semi-finished goods, raw materials, consumable and maintenance materials, finished goods and spare parts of the “Rambaudi” business division as stated in the Bankruptcy Inventory
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“ST Rambaudi”	a company incorporated in Italy with limited liability, being an indirect wholly-owned subsidiary of the Company
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Tangible Assets”	the tangible assets which include the machineries, equipment, tools, furniture, fittings, fixtures and vehicles of the “Rambaudi” business division as listed in the Bankruptcy Inventory
“%”	per cent

For purpose of this announcement, the exchange rate of Euro 1 = RMB8.3595 has been used, where applicable, for purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be exchanged at such rates or any other rates or at all on the date or dates in question or any other date.

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

Hong Kong, 25 June 2010

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.