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)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2015

INTERIM RESULTS

The board of directors (the "Board") of Good Friend International Holdings Inc. (the "Company") presents the unaudited condensed consolidated financial information of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2015 together with the comparative figures for the corresponding period in 2014.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Unaudited	
		Six months ended 30 June	
		2015	2014
	Note	***RMB'000***	*RMB'000*
Revenue	*4*	**513,531**	681,056
Cost of revenue		**(375,571)**	(510,411)
Gross profit		**137,960**	170,645
Other income	*5*	**16,928**	14,970
Distribution and selling expenses		**(62,166)**	(66,281)
Administrative expenses		**(50,702)**	(48,979)
Other expenses		**(745)**	(1,122)
Operating profit	*6*	**41,275**	69,233
Finance costs		**(4,190)**	(4,757)
Share of loss of joint ventures		**(674)**	(1,813)
Share of loss of an associate	*12*	**(1,207)**	(6,992)
Profit before taxation		**35,204**	55,671
Income tax expense	*7*	**(8,361)**	(9,900)

		Unaudited	
		Six months ended 30 June	
		2015	2014
	Note	***RMB'000***	*RMB'000*
Profit attributable to equity holders of the Company		**26,843**	45,771
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss			
Currency translation difference		**87**	(3,403)
Total comprehensive income attributable to equity holders of the Company		**26,930**	42,368
Earnings per share for profit attributable to the equity holders of the Company			
– basic and diluted	*8*	**0.07**	0.11

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		**216,336**	227,448
Investment properties		**8,909**	9,419
Intangible assets		**2,678**	1,696
Investments in joint ventures		**17,683**	18,357
Investment in an associate	*12*	**–**	1,207
Available-for-sale financial asset		**571**	571
Deferred income tax assets		**6,396**	6,144
Land use rights		**37,067**	37,538
Total non-current assets		**289,640**	302,380
Current assets			
Inventories		**272,698**	257,257
Debtors, deposits and prepayments	*10*	**472,556**	513,983
Amounts due from and prepayment to an investee		**142,606**	12,525
Amounts due from customers for contract work		**39,046**	32,494
Amount due from ultimate holding company		**1,625**	532
Amounts due from fellow subsidiaries and associates of ultimate holding company		**289**	296
Amounts due from joint ventures		**635**	891
Amounts due from subsidiaries of an associate		**16,861**	12,274
Restricted bank deposits		**192,715**	134,681
Term deposits with initial term of over three months		**25,000**	98,000
Cash and cash equivalents		**247,334**	262,751
Total current assets		**1,411,365**	1,325,684
Total assets		**1,701,005**	1,628,064
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		**4,022**	4,022
Share premium		**82,281**	82,281
Capital reserves		**77,338**	77,338
Other reserves		**53,153**	53,066
Retained earnings		**512,639**	509,988
Total equity		**729,433**	726,695

	Note	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**9,421**	16,118
Current liabilities			
Creditors, other payables and accrued charges	*11*	**407,631**	410,211
Amounts due to customers for contract work		**51,792**	42,800
Amount due to an ultimate holding company		**1,591**	1,716
Amount due to an immediate holding company		**4,319**	3,447
Amount due to a fellow subsidiary and an associate of ultimate holding company		**3,135**	784
Amount due to subsidiaries of an associate		**1,112**	1,128
Amount due to joint ventures		**123**	76
Current income tax liabilities		**10,676**	16,681
Warranty provision		**6,614**	6,329
Borrowings		**475,158**	402,079
Total current liabilities		**962,151**	885,251
Total liabilities		**971,572**	901,369
Total equity and liabilities		**1,701,005**	1,628,064
Net current assets		**449,214**	440,433
Total assets less current liabilities		**738,854**	742,813

Notes:

1 GENERAL INFORMATION

Good Friend International Holdings Inc. ("the Company") and its subsidiaries ("the Group") are engaged in design and production of computer numerical control machine tools, three dimensional car parking garage structures and forklift trucks.

The Company was incorporated in the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited ("the Stock Exchange") since 11 January 2006. The Company's 67,200,000 units of Taiwan depositary receipts ("TDRs"), representing 67,200,000 newly issued shares of the Company, were issued and listed on the Taiwan Stock Exchange Corporation ("Taiwan Stock Exchange") on 18 March 2010.

This condensed consolidated interim financial information is presented in Renminbi ("RMB"), unless otherwise stated. This condensed consolidated interim financial information has been approved for issue by the Board of Directors on 27 August 2015.

This condensed consolidated interim financial information has not been audited.

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2015 has been prepared in accordance with Hong Kong Accounting Standard 34 ("HKAS 34"), "Interim financial reporting". The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

3 ACCOUNTING POLICY

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2014, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

(a) New and amended standards adopted by the Group

The following amendments to standards are mandatory for the first time for the financial year beginning 1 January 2015 but do not have a material impact on the Group:

HKAS 19 Amendment	Defined benefit plans: Employee contributions
Annual improvements projects 2012	Annual improvements 2010-2012 cycle
Annual improvements projects 2013	Annual improvements 2011-2013 cycle

The adoption of these standards and amendments to existing standards does not have significant impact on the Group's interim financial information.

There are no other amended standards or interpretations effective for the first time for this interim period that could be expected to have a material impact on the Group.

(b) The following new standards and amendments to standards have been issued but are not effective for the financial year beginning 1 January 2015 and have not been early adopted:

		Effective for annual periods beginning on or after
HKFRS 14	Regulatory deferral accounts	1 January 2016
HKFRS 11 Amendment	Accounting for acquisitions of interests in joint operations	1 January 2016
HKAS 16 and HKAS 38 Amendments	Clarification of acceptable methods of depreciation and amortisation	1 January 2016
HKFRS 10 and HKAS 28 Amendments	Sale or contribution of assets between an investor and its associate or joint venture	1 January 2016
HKFRS 27 Amendment	Equity method in separate financial statements	1 January 2016
HKFRS 10, HKFRS 12 and HKAS 28 Amendments	Investment entities: applying the consolidation exception	1 January 2016
HKFRS 1 Amendment	Disclosure initiative	1 January 2016
Annual improvements projects 2014	Annual improvements 2012-2014 cycle	1 January 2016
HKFRS 15	Revenue from contracts with customers	1 January 2017
HKFRS 9	Financial instruments	1 January 2018

The directors of the Company are in the process of assessing the financial impact of the adoption of the above new standards, amendments to standards and annual improvement. The directors of the Company will adopt the new standards, amendments to standards and annual improvement when they become effective.

4 SEGMENT INFORMATION

The chief operating decision-maker has been identified as the executive directors (the "Executive Directors") of the Company. The Executive Directors review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports reviewed by the Executive Directors that are used to make strategic decisions.

The Executive Directors consider that the Group has three reportable segments: (1) machine tools; (2) parking garage structure; and (3) forklift trucks.

The Executive Directors assess the performance of the operating segments based on their respective gross profit, which is consistent with that in the condensed consolidated financial information.

The Group does not allocate operating costs or assets to its segments, as the Executive Directors do not use this information to allocate resources to or evaluate the performance of the operating segments. Therefore, the Group does not report a measure of profit for each reportable segment and total assets for each reportable segment.

Six months ended 30 June 2015	**Machine Tools** *RMB'000*	**Parking Garage Structures** *RMB'000*	**Forklift Trucks** *RMB'000*	**Total Group** *RMB'000*
Revenue (all from external sales)	**350,796**	**110,358**	**52,377**	**513,531**
Cost of Sales	**(238,180)**	**(90,759)**	**(46,632)**	**(375,571)**
Segment profit	**112,616**	**19,599**	**5,745**	**137,960**

Six months ended 30 June 2014	Machine Tools *RMB'000*	Parking Garage Structures *RMB'000*	Forklift Trucks *RMB'000*	Total Group *RMB'000*
Revenue (all from external sales)	546,826	65,607	68,623	681,056
Cost of Sales	(389,569)	(59,681)	(61,161)	(510,411)
Segment profit	157,257	5,926	7,462	170,645

5 OTHER INCOME

	Six months ended 30 June	
	2015 *RMB'000*	2014 *RMB'000*
Interest income	**10,410**	5,347
Sales of scrap materials	**669**	5,327
Repair income	**2,666**	2,173
Government subsidies	**706**	1,462
Rental income from investment properties	**129**	111
Net gain on disposal of property, plant and equipment	**50**	4
Net exchange gain	**578**	–
Others	**1,720**	546
	16,928	14,970

6 OPERATING PROFIT

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
Allowance for bad and doubtful debts, net	**4,398**	7,569
Amortisation of intangible assets	**395**	360
Amortisation of land use rights	**471**	471
Depreciation of property, plant and equipment	**13,579**	14,039
Depreciation of investment properties	**217**	10
Allowance for inventories, net	**3,132**	2,362
Research and development expenses	**17,059**	18,294
Net exchange loss	**–**	1,551
Net loss on disposal of property, plant and equipment	**–**	274

7 INCOME TAX EXPENSE

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
Enterprise income tax	**8,613**	10,434
Deferred tax	**(252)**	(534)
	8,361	9,900

No provision for Hong Kong profits tax has been made since the Group did not have any assessable profit arising in Hong Kong for both periods.

Enterprise income tax ("EIT") is provided at 25% for enterprises in the PRC except for Hangzhou Good Friend Precision Machinery Co., Ltd. ("Hangzhou Good Friend"). In 2014, Hangzhou Good Friend renewed its New and High-Tech Enterprise status, which has been approved by the relevant government authorities, and it is entitled to a reduced tax rate of 15% for a three-year period commencing 2014. Accordingly, the applicable tax rate for Hangzhou Good Friend for the six months ended 30 June 2015 is 15% (2014: 15%).

8 EARNINGS PER SHARE

	Six months ended 30 June *(RMB per share)*	
	2015	2014
Earnings per share for profit for the period attributable to the equity holders of the Company – basic	**0.07**	0.11

The calculation of the basic earnings per share is based on the profit attributable to equity holders of the Company of RMB26,843,000 (six months period ended 30 June 2014: RMB45,771,000) and 403,200,000 (2014: 403,200,000) ordinary shares in issue.

There were no potential dilutive shares in issue for both periods.

9 DIVIDENDS

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
Interim dividend: Nil (2014: RMB0.06 per share)	**–**	24,192

At a meeting of the board of directors held on 27 August 2015, the directors resolved not to declare an interim dividend for the six months ended 30 June 2015 (2014: RMB0.06 per share). The 2014 interim dividend was not recognised as dividend payable in the unaudited condensed consolidated financial information for the six months ended 30 June 2014.

10 DEBTORS, DEPOSITS AND PREPAYMENTS

	As at	
	30 June 2015	31 December 2014
	RMB'000	*RMB'000*
Trade debtors and bills receivables	**464,864**	500,438
Less: provision for impairment of trade receivables	**(39,392)**	(36,544)
Trade receivables – net	**425,472**	463,894
Prepayments	**19,326**	25,667
Others	**27,758**	24,422
Total debtors, deposits and prepayments	**472,556**	513,983

The Group generally allows a credit period of 30 to 180 days to its customers. The Group also allows its customers to retain certain percentage of the outstanding balances as retention money for a one-year warranty period. The ageing analysis of trade debtors and bills receivable were as follows:

	As at	
	30 June 2015	31 December 2014
	RMB'000	*RMB'000*
Current – 30 days	**353,291**	383,483
31 – 60 days	**7,780**	5,141
61 – 90 days	**3,974**	11,542
91 – 180 days	**14,424**	20,366
Over 180 days	**85,395**	79,906
	464,864	500,438

11 CREDITORS, OTHER PAYABLES AND ACCRUED CHARGES

	As at	
	30 June 2015	31 December 2014
	RMB'000	*RMB'000*
Trade creditors	**193,738**	204,785
Advance deposits from customers	**140,365**	118,682
Other payables	**24,146**	41,847
Accrued charges	**49,382**	44,897
	407,631	410,211

The Group is normally granted credit terms of 30 to 60 days. The ageing analysis of the creditors is as follows:

	As at	
	30 June 2015	31 December 2014
	RMB'000	*RMB'000*
Current – 30 days	**97,392**	116,788
31 – 60 days	**47,729**	57,515
61 – 90 days	**9,126**	4,657
91 – 180 days	**5,959**	9,853
Over 180 days	**33,532**	15,972
	193,738	204,785

12 INVESTMENT IN AN ASSOCIATE

The formation of FFG Europe S.p.A. ("FFG Europe") was completed on 1 January 2013, and it is owned approximately as to 30.16% by Sky Thrive Hong Kong Enterprise Limited ("Sky Thrive") (a subsidiary of the Company), 15.05% by Golden Friendship International Limited ("Golden Friendship") (a wholly owned subsidiary of the Company's ultimate holding company), 14.79% by World Ten Limited ("World Ten") (11.76% of its issued share capital held by the Company's ultimate holding company), and 40% by Alma S.r.l (an independent third party).

There are two representations of the Group in the board of directors of FFG Europe and the Group has significant influence in FFG Europe. Accordingly, the Group accounted for such investment as an associate in the financial statements. Details are shown below:

	Six months ended 30 June *RMB'000*
Beginning of the period	1,207
Share of loss *(Note (a))*	(1,207)
End of the period	–

Note (a):

As at 30 June 2015, the Group's share of loss of FFG Europe amounted to RMB4,723,000 which exceeded its investment in FFG Europe of RMB1,207,000. Hence, the Group has discontinued recognising its share of further losses of RMB3,516,000 (31 December 2014: nil).

The Group has not incurred legal or constructive obligations or made payments on behalf of FFG Europe.

The Group's share of the results in FFG Europe for the six months ended 30 June 2015 and its aggregated assets and liabilities as at 30 June 2015 are shown below:

	RMB'000
Assets	567,819
Liabilities	579,477
Revenue	146,473
Share of loss	(1,207)
Percentage held	30.16%

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

During the first half of 2015, sales volume of CNC machine tools, parking garage structures and forklift trucks amounted to 842 units, 7,168 units and 845 units respectively (2014 comparative figures: 1,103 units, 4,300 units and 1,106 units). The mainstream product of the Group CNC machine tools focus mainly on the China market, with the major customers being those automobile parts and mechanical manufacturers. During the first half of 2015, the economy of China has entered into a "new normal state" of medium to high growth. According to the economic data released by the National Bureau of Statistics of China, China's gross domestic product GDP grew by a year-on-year rate of 7.0% in the first half of 2015, which was the lowest half-year growth rate during the past 10 years. Sales orders for the Group's CNC machine tools business were also affected by that. For the six months ended 30 June 2015, sales volume and sales revenue of CNC machine tools amounted to 842 units and approximately RMB350.80 million respectively, both representing a decrease when compared to corresponding period in 2014. Moreover, the gross profit margin of CNC machine tools business increased to approximately 32.1% during the period under review. This was mainly attributable to the decrease of the raw material prices.

During the period under review, the Group continued to offer high-end CNC machine tools products to the customers. These high-end products could optimise the product portfolio of the Group, and strengthen its core competitiveness. Moreover, the Group has incorporated a wholly-owned entity at the China (Shanghai) Pilot Free Trade Zone. The activities of this Shanghai entity is mainly to exploring and selling the high-end machine tools brands (including "Huller Hille") of FFG Werke GmbH ("FFG Werke", an entity incorporated in Germany) to customers in China.

The Group currently holds 13.5% equity interest in FFG Werke. In August 2015, the Group entered into a sale and purchase agreement for the acquisition of an aggregate of 25.5% equity interest in FFG Werke from the other shareholders, with the aggregate consideration amounted to Euro 2,340,000. The Group shall then hold 39% equity interest in FFG Werke after completion of this transaction. The management are confident of the business development prospects of FFG Werke. It is believed that the increase of equity interest in FFG Werke would be beneficial to the future business development and results of the Group.

Financial Review

Revenue

For the six months ended 30 June 2015, the Group recorded revenue of approximately RMB513.53 million, representing a decrease of approximately 24.6% as compared to the corresponding period in 2014. CNC machine tools remained the major source of the Group's revenue. During the period under review, sales revenue of CNC machine tools business amounted to approximately RMB350.80 million, representing an decrease of 35.8% as compared to the corresponding period in last year. Revenue of CNC machine tools accounted for approximately 68.3% of the Group's total revenue. On the other hand, sales revenue of the Group's forklift trucks business during the period under review was decreased by 23.7%, as compared to corresponding period in last year, to approximately RMB52.38 million and approximately 10.2% of the Group's total revenue. Moreover, sales revenue of parking garage structures amounted to approximately RMB110.36 million during the period under review, representing an increase of approximately 68.2% as compared to corresponding period in last year and accounted for approximately 21.5% of the total revenue.

Gross profit and margin

During the period under review, gross profit of the Group amounted to approximately RMB137.96 million. Overall gross profit margin was approximately 26.9%, compared to 25.1% for the corresponding period in last year. The gross profit margin of CNC machine tools (the Group's major product) during the period under review increased as compared to last year. As a result, the overall gross profit margin for the period under review increased.

Distribution and selling expenses

Distribution and selling expenses for the six months ended 30 June 2015 amounted to approximately RMB62.17 million, representing a decrease of 6.2% as compared to corresponding period in last year. This was mainly attributable to the stringent control of the corresponding expenses by the management. During the period under review, distribution and selling expenses as a percentage of the Group's revenue was approximately 12.1%, compared to 9.7% for the corresponding period in last year.

Administrative expenses

Administrative expenses increased by approximately 3.5% to approximately RMB50.70 million during the period under review. This was mainly attributable to the increase of the relevant administrative expenses arising from the incorporation of the new entity at the Shanghai Pilot Free Trade Zone.

Share of loss of an associate

For the six months ended 30 June 2015, share of loss of an associate amounted to approximately RMB1.21 million (2014 comparative figures: share of loss of approximately RMB6.99 million). The amount represented the Group's share of loss of the associate "FFG Europe", located in Italy, for the period under review. The decrease of the share of loss was due to the improvement of the operating results of FFG Europe during the period.

Profit attributable to the equity holders of the Company

For the six months ended 30 June 2015, profit attributable to the equity holders of the Company amounted to approximately RMB26.84 million, representing a decrease of approximately 41.4% as compared to the same period last year.

Prospects

China's economy came to a "new normal state". Looking ahead to the second half of the year, the economy of China will still face challenges but economic growth should be on a more balanced and sustainable track. China is the largest machine tools consuming country. It is anticipated that the demand of machine tools from the industries of high-speed railway, transit rails, aerospace, and energy in China, especially demand of those high-end CNC machine tools, would still be great. This in turn will benefit the Group's CNC machine tools business. The Group will continue to explore and sell those high-end CNC machine tools products (production of such primarily from Italy and Germany) to the customers. The management believes that with its extensive sales network and comprehensive after-sales service, solid business foundation as well as outstanding product quality, the Group is capable of meeting customers' different needs and continue to strengthen its market position.

Looking ahead, with the current complex economic environment, the Group will continue to strengthen its business foundation under a consistent cautions manner under tough market environment, in order to weather against the volatility and uncertainty of the market condition ahead. On the other hand, the management will continue to look for appropriate investing projects or acquisition activities so as to increase the competitive edge of the Group. The Group is committed to becoming an international CNC machine tools manufacturer. The management is optimistic on the long-term development prospects of the Group.

The management will also strive to control operating costs for achieving better operating results, in order to bring favorable returns to the shareholders of the Company.

Liquidity and financial resources

The working capital of the Group was mainly financed by internal cash flows generated from its operation and its existing banking facilities. As at 30 June 2015, the Group's cash and cash equivalents amounted to approximately RMB247.33 million (at 31 December 2014: RMB262.75 million). As at 30 June 2015, the Group had net current assets of approximately RMB449.21 million (at 31 December 2014: RMB440.43 million) and short-term bank borrowings of approximately RMB475.16 million (at 31 December 2014: RMB402.08 million). The current ratio (total current assets to total current liabilities) of the Group as at 30 June 2015 was approximately 1.5 (at 31 December 2014: 1.5). The gearing ratio as at 30 June 2015 (total interest bearing liabilities to total assets) was approximately 27.9% (at 31 December 2014: 24.7%), indicated that the Group's overall financial position remained strong.

Capital structure

The share capital of the Company as at 30 June 2015 was HK$4,032,000 divided into 403,200,000 shares of HK$0.01 each (at 31 December 2014: HK$4,032,000 divided into 403,200,000 shares of HK$0.01 each).

Staff and remuneration policies

As at 30 June 2015, the Group employed a total of approximately 1,450 full time employees (31 December 2014: 1,500) in Hong Kong and the PRC. The Group's emolument policies are formulated on the basis of market trends, future plans and the performance of individuals, which will be reviewed periodically. Apart from provident fund scheme and state-managed social welfare scheme, share options (if any) will also be awarded to employees according to assessment of individuals' performance.

Capital commitments and contingencies

The Group had capital expenditure commitments mainly for property, plant and equipment of approximately RMB0.74 million (at 31 December 2014: RMB0.74 million) which were contracted but not provided in the financial statements. The Group had no material contingent liabilities as at 30 June 2015 (at 31 December 2014: Nil).

Charges on the group's assets

As at 30 June 2015, the Group had restricted bank deposits with an amount of approximately RMB192.72 million (at 31 December 2014: RMB134.68 million) which mainly represented deposits placed in banks for guarantees issued for finance facilities used by the Group.

Subsidiaries of the Company had pledged their land use rights and building with an aggregate carrying amount of RMB5.20 million (31 December 2014: RMB5.26 million) as at 30 June 2015 in order to secure banking facilities granted to the Group.

Interim dividend

In order to retain resources for the Group's future business development, the Board resolved not to declare an interim dividend for the six months ended 30 June 2015 (2014: interim dividend of RMB0.06 per share).

Purchase, redemption or sale of listed securities of the Company

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2015.

Model code for securities transactions by directors

The Company has adopted the Model Code for Securities Transactions by Directors of the Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiry, the Company confirmed that all Directors have complied with the required standard as set out in the Model Code during the period under review.

Corporate governance

The Company has complied with the Corporate Governance Code ("CG Code") as set out in Appendix 14 to the Listing Rules for the six months ended 30 June 2015 except the following.

Code provision E.1.2 of the CG Code stipulates that the chairman of the board should attend the annual general meeting. The Chairman of the Board, Mr. Chu Chih-Yaung, was unable to attend the annual general meeting of the Company held on 29 May 2015 due to business trip. Mr. Chen Hsiang-Jung, an executive Director of the Company, took the chair of the annual general meeting pursuant to the Articles of the Association of the Company.

Audit committee

The Company established an audit committee (the "Audit Committee") with written terms of reference in compliance with the CG Code which comprises three independent non-executive Directors, namely Mr. Koo Fook Sun, Louis (as chairman), Mr. Chiang Chun-Te and Mr. Yu Yu-Tang. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group. The Audit Committee has reviewed the unaudited financial information of the Group for the six months ended 30 June 2015. The Company's external auditor, PricewaterhouseCoopers, has conducted a review of the interim financial information of the Group for the six months ended 30 June 2015 in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

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

Hong Kong, 27 August 2015

As at the date of this announcement, the Board of the Company 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.