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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)

PROFIT WARNING

This announcement is made by the Company pursuant to Rule 13.09(1) of the Listing Rules.

The Board wishes to inform the shareholders of the Company and potential investors that, based on the management's preliminary assessment of the unaudited consolidated management accounts, the profit of the Group for the six months ended 30 June 2012 are estimated to decrease significantly as compared to that for the same period in 2011.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by Good Friend International Holdings Inc. (the “**Company**”) pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company and potential investors that, based on the management's preliminary assessment of the unaudited consolidated management accounts, the profit of the Company and its subsidiaries (the “**Group**”) and for the six months ended 30 June 2012 are estimated to decrease significantly as compared to that for the same period in 2011.

The significant decline in the profit was primarily attributable to the increase in raw material prices and labour costs in Mainland China, which in turn resulted in the decline of the gross profit.

Despite the estimated decrease of the profit, the Board considers that the overall financial position of the Group remains solid, and the Board is positive on the long term prospect of the Group.

The Company is in the process of finalising the interim results of the Group for the six months ended 30 June 2012. The information contained in this announcement is only a preliminary assessment made by the management of the Company which is based on the unaudited consolidated management accounts of the Group and such information is being reviewed by the Company's auditors. A Board meeting will be held on 28 August 2012 to consider and approve the unaudited results of the Group for the six months ended 30 June 2012 and the relevant interim results announcement will be issued by the Company in accordance with the requirements of the Listing Rules.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 17 August 2012

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.