THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action you should take, you should consult appropriate independent professional advisers.

If you have sold or transferred all your shares in Good Friend International Holdings Inc., you should at once hand this circular and the accompanying proxy form to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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 ACQUISITION OF 25.5% EQUITY INTEREST IN FFG WERKE GMBH

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

ALTUS CAPITAL LIMITED

A letter from the Board is set out on pages 4 to 11 of this circular. A letter from the Independent Board Committee containing its advice to the Independent Shareholders is set out on page 12 of this circular. A letter from Altus Capital containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 13 to 24 of this circular.

A notice convening the extraordinary general meeting of the Company to be held at 11:00 a.m. on Wednesday, 23 September 2015 at Taichi Room, Unit 3810, 38/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong is set out on pages 28 to 29 of this circular. A form of proxy for use at the aforesaid extraordinary general meeting is enclosed with this circular. Whether or not you propose to attend the meeting or any adjournment thereof, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return the same to the Company's Branch Share Registrar and Transfer Office in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the meeting if you so wish.

7 September 2015

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In this circular (other than in the notice of EGM), the following expressions shall have the meanings set out below unless the context requires otherwise:

"Acquisition"	the proposed acquisition of 25.5% equity interest in the Target Company by the Purchaser from the Vendors pursuant to the Sale and Purchase Agreement
"Altus Capital" or the "Independent Financial Adviser"	Altus Capital Limited, a corporation licensed to carry on type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholder in respect of the Acquisition
"Announcement"	the announcement of the Company dated 17 August 2015
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors of the Company
"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
"Completion"	completion of the Acquisition
"connected person"	has the meaning ascribed to it under Chapter 14A of the Listing Rules
"connected transaction"	has the meaning ascribed to it under Chapter 14A of the Listing Rules
"Consideration"	the consideration payable by the Purchaser to the Vendors under the Sale and Purchase Agreement
"controlling shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	the director(s) of the Company
"discloseable transaction(s)"	has the meaning ascribed under Chapter 14 of the Listing Rules
"EGM"	the extraordinary general meeting of the Company to be convened for considering and, if thought fit, to approve the Acquisition

"Euro"	Euro, the lawful currency of the member states of the European Union
"First Vendor" or "Golden Friendship"	Golden Friendship International Limited, a limited liability company incorporated in Hong Kong and a wholly-owned subsidiary of Taiwan FF
"Golden Wealth"	Golden Wealth Inc Limited, a limited liability company incorporated in Hong Kong
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong GF"	Good Friend (H.K.) Corporation Limited, a company incorporated in Hong Kong with limited liability, the beneficial owner of 232,000,000 Shares (representing approximately 57.54% of the total issued share capital of the Company as at the date hereof) and is owned as to approximately 99.99% by Taiwan FF and 0.01% by a Taiwanese individual who is an independent third party
"Independent Board Committee"	the independent non-executive Directors appointed as the members of an independent committee of the Board to advise the Independent Shareholders on the Acquisition
"Independent Shareholder(s)"	Shareholder(s) other than Hong Kong GF, Sunward Gold Global Investments Limited, a company held as to approximately 72.22% by Mr. Chu, and their respective associates and, if any, any other Shareholder who has a material interest and is required to abstain from voting at the EGM pursuant to the Listing Rules
"Latest Practicable Date"	2 September 2015, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Mr. Chu"	Mr. CHU Chih-Yaung, an executive Director and the Chairman of the Company, who is beneficially interested in 15,720,255 shares in Taiwan FF (representing approximately 15.35% 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)

"percentage ratios"	has the same meaning ascribed to it under the Listing Rules
"PRC"	The People's Republic of China, which for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
"Purchaser"	Sky Thrive Hong Kong Enterprise Limited, a limited liability company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
"RMB"	Renminbi, the lawful currency of the PRC from time to time
"Sale and Purchase Agreement"	the sale and purchase agreement dated 17 August 2015 entered into by and among the Vendors and the Purchaser in respect of the Acquisition
"Second Vendor" or "World Ten"	World Ten Limited, a limited liability company incorporated in Hong Kong, and 15.58% of the issued share capital of which is indirectly held by Taiwan FF
"Shareholder(s)"	Holder(s) of the Share(s) of the Company
"Share(s)"	the ordinary share(s) of HK$ 0.01 each in the share capital 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
"Target Company"	FFG Werke GmbH, a limited liability company incorporated in Germany
"Target Company Group"	means, collectively, the Target Company and its subsidiaries
"Vendors"	collectively, the First Vendor and the Second Vendor
"%"	per cent.

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)

Executive Directors:–
Mr. Chu Chih-Yaung *(Chairman)*
Mr. Chen Hsiang-Jung *(Chief Executive Officer)*
Mr. Chen Min-Ho
Mr. Wen Chi-Tang
Mr. Chiu Rung-Hsien

Independent non-executive Directors:–
Mr. Koo Fook Sun, Louis
Mr. Chiang Chun-Te
Mr. Yu Yu-Tang

Registered Office:–
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal Place of Business in Hong Kong:–
Room 2003, 20th Floor
Kai Tak Commercial Building
317-319 Des Voeux Road Central
Hong Kong

Principal Place of Business in the PRC:–
No. 120 Shixin North Road
Xiaoshan Economic and Technological
Development Zone
Xiaoshan District
Hangzhou City
Zhejiang Province
The PRC

7 September 2015

To the Shareholders

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTION ACQUISITION OF 25.5% EQUITY INTEREST IN FFG WERKE GMBH

1. INTRODUCTION

Reference is made to the Announcement in relation to the Sale and Purchase Agreement entered among the Purchaser (a wholly-owned subsidiary of the Company) and the Vendors pursuant to which the Vendors agreed to sell and the Purchaser has conditionally agreed to acquire from the Vendors an aggregate of 25.5% equity interest in the Target Company for the aggregate consideration of Euro 2,340,000. As at the Latest Practicable Date, the Group owns 13.5% interest in the Target Company and the Group is expected to own 39% interest in the Target Company after Completion.

The First Vendor is wholly owned by Taiwan FF a controlling shareholder of the Company. The First Vendor is therefore an associate of Taiwan FF and a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Acquisition constitutes a connected transaction of the Company under the Listing Rules. As one or more of the applicable percentage ratios for the Acquisition is more than 5% but all are less than 25%, the Acquisition also constitutes a discloseable transaction of the Company for the purpose of Chapter 14 of the Listing Rules. The Acquisition is subject to reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

The purpose of this circular is to provide you with, among others, (i) further details of the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Acquisition; (iii) a letter from the Altus Capital containing its advice to the Independent Board Committee and the Independent Shareholders; and (iv) the notice convening the EGM.

2. THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are set out as follows:–

Date: 17 August 2015

Parties (i) First Vendor and Second Vendor as sellers; and

(ii) Purchaser as purchaser

As at the Latest Practicable Date, the First Vendor and the Second Vendor, respectively, hold 168,750 and 218,750 shares in the Target Company, representing, respectively, 33.75% and 43.75% equity interest in the Target Company.

The Purchaser is a wholly owned subsidiary of the Company.

Subject matter of the Sale and Purchase Agreement

A total of 127,500 shares of the Target Company, representing 25.5% equity interest in the Target Company at Completion. The number of shares proposed to be acquired from the First Vendor and Second Vendor are as follows:–

The First Vendor: 118,750 shares, representing 23.75% equity interest in the Target Company

The Second Vendor: 8,750 shares, representing 1.75% equity interest in the Target Company

As at the Latest Practicable Date and to the best knowledge, information and belief of the Directors of the Company after having made all reasonable enquiry, the First Vendor is an associate of Taiwan FF and a connected person of the Company and the Second Vendor has 15.58% of its issued share capital indirectly held by Taiwan FF and 84.42% of its issued share capital indirectly held by individuals and corporate shareholders who are independent of and not connected with the Company.

Consideration

The Consideration is Euro 2,340,000, of which Euro 2,179,000 and Euro 161,000 are payable to the First Vendor and the Second Vendor respectively. The Consideration shall be payable in cash to the Vendors upon Completion.

The First Vendor acquired the 118,750 shares in December 2013 and the original acquisition cost paid by the First Vendor for the said 118,750 shares of the Target Company was approximately Euro 2,019,000.

Basis of the determination of the Consideration

The Consideration was arrived at after arm's length negotiations between the Purchaser and the Vendors based on the net asset value of the Target Company as at 31 December 2014 of approximately Euro 9,177,000 which is derived from the audited accounts of the Target Company Group for the financial year ended 31 December 2014.

The net asset value of the Target Company Group as at 31 December 2014 represented the difference between its assets and liabilities where the assets comprised of inventories, trade receivables, property, plant and equipment whereas the liabilities comprised of trade payables, accrual and provisions, bank loans.

Condition Precedent

Completion of the Acquisition is conditional upon then obtaining of the approval of Independent Shareholders by way of poll at the EGM of the Sale and Purchase Agreement and the transactions contemplated thereunder (the "Condition Precedent").

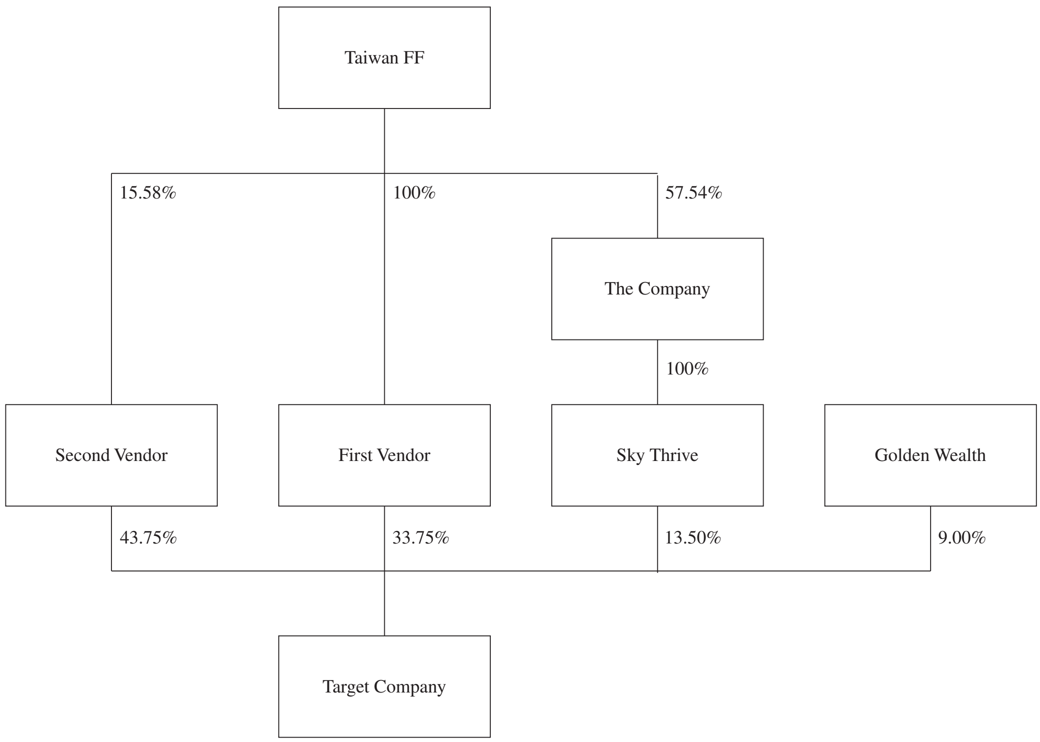
Save the Condition Precedent, the Acquisition is not subject to any other approval or consent, including approval or consent of Golden Wealth, an independent third party.

Completion

Completion shall take place on or before the second Business Day after the Condition Precedent having been fulfilled or such other date as the parties to the Sale and Purchase Agreement may agree.

3. CORPORATE STRUCTURE

The following diagram illustrates the shareholding structure of the Target Company as at the Latest Practicable Date:



Note:

The Group is expected to own 39% interest in the Target Company after Completion.

4. INFORMATION ABOUT THE GROUP, THE VENDORS AND THE PURCHASER

The Group is principally engaged in the design and production of computer numerical control machine tools, design and construction of three-dimensional car parking garage structures and design and assembling of forklift trucks. Taiwan FF indirectly controls 57.54% of the total issued share capital of the Company and, is therefore, a controlling shareholder, and a connected person of the Company under Chapter 14A of the Listing Rules.

Both of the First Vendor and the Second Vendor are principally engaged in investment holding.

Taiwan FF, being the sole holding company of the First Vendor and the single largest shareholder of the Second Vendor, is a conglomerate in Taiwan and has investments in wide range of businesses such as production of computer numerical control machine tools, three dimensional car parking garage structures, construction machinery.

The Purchaser is principally engaged in investment holding and is a wholly owned subsidiary of the Company.

5. INFORMATION ABOUT THE TARGET COMPANY GROUP

Target Company

The Target Company was set up in October 2013 and the Target Company Group is principally engaged in the development, manufacturing and sale of machine tools and production systems. The Target Company had subsequently acquired the industrial equipment division of MAG IAS GmbH (namely the customer base, the sales, research and development personnel, the design and production expertise, and its plants and equipment) (see note below) in December 2013, which was a leading manufacturing technology group. The Target Company Group's key products (i.e. those produced by the industrial equipment division of MAG IAS GmbH) are machine tools and production systems, comprising four/five axis horizontal machining centres or as flexible production systems; and are mainly sold to customers in the automotive industry. The Target Company Group's revenue is primarily derived from the sale of these products.

Consolidated financial information of the Target Company Group

Set out below are certain consolidated audited financial information of the Target Company for (a) the period from 17 October 2013, being the date of incorporation of the Target Company to 31 December 2013 and (b) the financial year ended 31 December 2014:

	From 17 October 2013 to 31 December 2013	**For the year ended 31 December 2014**
	Approximate Euro'000 (equivalent to approximate RMB'000)	*Approximate Euro'000 (equivalent to approximate RMB'000)*
Net Profit (before tax)	Euro 0.329 RMB2.335	Euro 1,012 RMB7,183
Net Profit (after tax)	Euro 0.329 RMB2.335	Euro 676 RMB4,798

As at 31 December 2013 and 31 December 2014, the consolidated audited net asset value of the Target Company Group were, respectively, approximately Euro 8.500 million and Euro 9.177 million. R14.58(6)

The above financial figures of the Target Company Group were prepared in accordance with international accounting standards and the Company confirms that there is no material difference between the said accounting standards and those adopted by the Company.

Note: The Target Company did not acquire an entity or MAG IAS GmbH. The historical financial information on the industrial equipment division of MAG IAS GmbH which was under the management of MAG IAS GmbH has no relevance to the Company; and no historical financial information on the industrial equipment division of MAG IAS GmbH was available to the Company.

As disclosed in the 2013 Annual Report and the announcement made by the Company on 20 December 2013, the initial contribution of approximately Euro 4,050 was paid by the Purchaser upon incorporation of the Target Company and the Group had subsequently provided further equity contribution and shareholder's loan in the total amount of Euro 1,717,500 in 2013 and agreed to procure on or before 31 January 2014, the issuance of offshore credit instrument for a total credit amount of Euro 2,800,000 so as to secure a corresponding amount of facility in Germany for the Target Company. The further equity contribution and shareholder's loan made in 2013 was to finance the acquisition of industrial equipment division of MAG IAS GmbH by the Target Company. The Euro2,800,000 facility in Germany was and has been used to finance the operations of the Target Company. The said offshore credit instrument has expired and no longer existed.

6. REASONS FOR AND THE BENEFITS OF THE ACQUISITION

The quality machinery manufactured by the Target Company Group and the renowned machines tools brands under Target Company are expected to be the key factors for further business development of the Target Company. For the year ended 31 December 2014, which being the first full financial year of the Target Company since its incorporation in October 2013, the Target Company Group managed to recorded a consolidated revenue of approximately Euro 173.4 million (equivalent to approximately RMB1,196.5 million) and the Company found such results encouraging. Since its commencement of business in the fall of 2013, the Target Company Group has been providing the Group access to renowned brands of the industrial equipment business. Such access has enabled the Group to diversify its product coverage and facilitated its efforts in broadening its customer base to capture customers with demand for high-end machine tools. While it is expected that the Target Company Group will, on one hand, engage in additional sales with its existing clients, who are mainly European clients, the Target Company will, on the other hand, develop new clientele in Europe as well as in the PRC. In view of the Target Company's PRC business development, the Group has incorporated a wholly-owned entity at the China (Shanghai) Pilot Free Trade Zone in 2014. The activities of this Shanghai entity is mainly in exploring and selling the high-end machine tools brands of the Target Company (including "Huller Hille" "Hessapp", "Honsberg", "Modul", "Witzig & Frank", "Boehringer-VDF") to customers in PRC on a non-exclusive basis. Accordingly, the Company believed it is an opportune time to enhance its relationship with the Target Company Group so as to capture the abovementioned benefits and that the Acquisition would be beneficial to the future development.

Currently, the Target Company Group has shared information with the Group through which Group can access to the catalogue and technical specifications of the high-end machine tools manufactured by the Target Company Group. With these information the Group will be able to identify potential customers in the PRC who may have needs for such machinery. In the event such potential customers are interested in such machinery, the Group (including the aforesaid wholly-owned Shanghai entity) will purchase the machinery from the Target Group Company and re-sell to the potential customers. As at the Latest Practicable Date, there is no existing transaction between the Target Company and the Group. If any transaction between the Target Company Group and the Group in the future give rise to any compliance obligations under the Listing Rules, the Group will comply with the relevant requirements as and when appropriate.

The Consideration will be financed by internal resources of the Group. Prior to Completion, the Company's investments in the Target Company has been accounted for as financial asset available-for-sale. After Completion, the Group is expected to own 39% interest in the Target Company which will be accounted for as an associate company of the Company using equity accounting method.

In view of the aforesaid, the Board (excluding the independent non-executive Directors whose opinion will be subject to the advice of Altus Capital) considers that the terms and conditions of the Sale and Purchase Agreement, including the Consideration are on normal commercial terms and fair and reasonable and in the interests of the Company and the Shareholders as a whole.

7. IMPLICATIONS UNDER THE LISTING RULES

The First Vendor is wholly owned by Taiwan FF, a controlling shareholder of the Company. The First Vendor is therefore an associate of Taiwan FF and a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Acquisition constitutes a connected transaction of the Company under the Listing Rules. As one or more of the applicable percentage ratios for the Acquisition is more than 5% but all are less than 25%, the Acquisition also constitutes a discloseable transaction of the Company for the purpose of Chapter 14 of the Listing Rules. The Acquisition is subject to reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

The Independent Board Committee has been established to advise the Independent Shareholders in relation to, among others, the Acquisition. Altus Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders.

Taiwan FF is held as to approximately 15.35% by Mr. Chu, as to approximately 20.17% by the family members and relatives of Mr. Chu and as to the remaining 64.48% by individuals and corporations who are independent third parties.

Other than Mr. Chu, an executive Director and the Chairman of the Company, who is beneficially interested in 15,720,255 shares in Taiwan FF (representing approximately 15.35% of the entire issued capital thereof), who had abstained from voting, no Director had a material interest in the Acquisition which would require him to abstain from voting on the relevant Board resolution.

Mr. Chen Hsiang Jung, an executive Director, also had interest in Taiwan FF but his shareholdings in Taiwan FF was only 1.9% and he did not hold any management or executive role in Taiwan FF. Accordingly, Mr. Chen Hsiang Jung was not considered to be having a material interest in the Acquisition and was therefore not required to abstain from voting on the relevant Board resolution approving the Acquisition.

8. EGM AND ACTION TO BE TAKEN

The EGM will be held at 11:00 a.m. on Wednesday, 23 September 2015 at Taichi Room, Unit 3810, 38/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong to consider and, if thought fit, approve the Acquisition. A notice convening the EGM is set out on pages 28 to 29 of this circular. A form of proxy for use at the EGM is enclosed with this circular. Whether or not you intend to attend the EGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return the same to the Company's Branch Share Registrar and Transfer Office in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM. Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjournment thereof if you so wish.

Any connected person of the Company with a material interest in the Acquisition, and any Shareholder with a material interest in the transactions thereof and its associates, shall not vote upon the proposed resolutions in relation to the Acquisition at the EGM. In this respect, 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 are required to abstain from voting in relation to the relevant resolution at the EGM.

9. RECOMMENDATION

Your attention is drawn to (i) the letter from the Independent Board Committee set out on page 12 of this circular; and (ii) the letter from Altus Capital set out on pages 13 to 24 of this circular which contain their advice to the Independent Board Committee and the Independent Shareholders. The Independent Board Committee concurs with the opinion of Altus Capital that the terms of the Acquisition are in the interests of the Company and the Shareholders as a whole and are fair and reasonable.

The Board is of the view that the terms of the Acquisition are in the interests of the Company and the Shareholders as a whole and are fair and reasonable. Accordingly, the Board recommends the Independent Shareholders to vote in favour of the relevant resolution at the EGM.

10. GENERAL

Your attention is drawn to the general information set out in the appendix to this circular.

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

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)

7 September 2015

To the Independent Shareholders

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTION ACQUISITION OF 25.5% EQUITY INTEREST IN FFG WERKE GMBH

We have been appointed to form this Independent Board Committee to consider and advise you on the terms of the Acquisition, details of which are set out in the circular issued by the Company to the Shareholders dated 7 September 2015 (the "**Circular**"), of which this letter forms part. Terms defined in the Circular will have the same meanings when used herein unless the context otherwise requires. Altus Capital has been appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in this matter.

Under Chapter 14A of the Listing Rules, the transaction contemplated under the Sale and Purchase Agreement constitutes a connected transaction for the Company and is thus subject to the approval of the Independent Shareholders.

We wish to draw your attention to the letter from the Board and letter of advice from Altus Capital set out on pages 4 to 11 and pages 13 to 24 of the Circular respectively.

Having taken into account (i) the factors as disclosed in the section headed **"Reasons for and the benefits of the Acquisition"** in the **"Letter from the Board"** of the Circular; and (ii) the principal factors and reasons considered by Altus Capital, and their conclusion and advice, we consider and concur with the opinion of Altus Capital that although the Sale and Purchase Agreement was not entered into in the ordinary and usual course of business of the Group, the terms of the Sale and Purchase Agreement and the transaction contemplated thereunder are on normal commercial terms and are fair and reasonable, and that the Acquisition is in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the said transaction.

Yours faithfully,
For and on behalf of the Independent Board Committee
KOO Fook Sun, Louis **CHIANG Chun-Te** **YU Yu-Tang**
Independent non-executive Directors

The following is the text of a letter of advice from Altus Capital to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition, which has been prepared for the purpose of incorporation in this circular.

ALTUS CAPITAL LIMITED
21 Wing Wo Street
Central, Hong Kong

7 September 2015

To the Independent Board Committee and the Independent Shareholders

Good Friend International Holdings Inc.
Room 2003, 20th Floor
Kai Tak Commercial Building
317-319 Des Voeux Road Central
Hong Kong

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION ACQUISITION OF 25.5% EQUITY INTEREST IN FFG WERKE GMBH

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and Independent Shareholders in respect of the Acquisition. Details of the Acquisition are set out in the "Letter from the Board" contained in the circular of the Company dated 7 September 2015 (the "**Circular**"), of which this letter forms part. Terms used herein shall have the same meanings as those defined in the Circular unless the context requires otherwise.

On 17 August 2015, Sky Thrive Hong Kong Enterprise Limited, being the Purchaser, (a wholly-owned subsidiary of the Company) entered into the Sale and Purchase Agreement with the Vendors pursuant to which each of the Vendors has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire from the Vendors an aggregate of 25.5% equity interest in the Target Company for an aggregate consideration of Euro 2,340,000. As at the Latest Practicable Date, the Group owns 13.5% interest in the Target Company and the Group is expected to own 39.0% interest in the Target Company upon Completion.

As at the Latest Practicable Date, Taiwan FF, which is interested in approximately 57.54% of the issued share capital of the Company, is a controlling shareholder of the Company. As the First Vendor is wholly-owned by Taiwan FF, it is an associate of Taiwan FF and hence a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Sale and Purchase Agreement and the transaction contemplated thereunder constitute a connected transaction of the Company under the Listing Rules. As one or more of the applicable percentage ratios for the Acquisition is more than 5% but all are less than 25%, the Sale and Purchase Agreement and the transaction contemplated thereunder also constitute a discloseable transaction of the Company for the purpose of Chapter 14 of the Listing Rules. As such, the Acquisition is subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

Taiwan FF is held as to approximately 15.35% by Mr. Chu, as to approximately 20.17% by the family members and relatives of Mr. Chu and as to the remaining 64.48% by individuals and corporations who are independent third parties.

Other than Mr. Chu Chih-Yaung, an executive Director and Chairman of the Company, who is beneficially interested in 15,720,255 shares in Taiwan FF (representing approximately 15.35% of the entire issued capital thereof), who had abstained from voting on the relevant Board resolution, no other Directors had a material interest in the Acquisition which required him to abstain from voting on the relevant Board resolution.

Mr. Chen Hsiang Jung, an executive Director, also had interest in Taiwan FF but his shareholdings in Taiwan FF was only 1.9% and he did not hold any management or executive role in Taiwan FF. Accordingly, Mr. Chen Hsiang Jung was not considered to be having a material interest in the Acquisition and was therefore not required to abstain from voting on the relevant Board resolution approving the Acquisition.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising all the independent non-executive Directors, namely, Mr. Koo Fook Sun, Louis, Mr. Chiang Chun-Te and Mr. Yu Yu-Tang, has been established to consider the Sale and Purchase Agreement and the transaction contemplated thereunder, and to give advice and recommendation to the Independent Shareholders as to whether the Sale and Purchase Agreement and the transaction contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole and on how to vote on the resolution to be proposed at the EGM.

As the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders as to (i) whether the Sale and Purchase Agreement was entered into in the ordinary and usual course of business of the Group, and the Sale and Purchase Agreement and the transaction contemplated thereunder are in the interests of the Company and the Shareholders as a whole; (ii) whether the terms of the Sale and Purchase Agreement and the transaction contemplated thereunder are on normal commercial terms and are fair and reasonable as far as the Independent Shareholders are concerned; and (iii) how the Independent Shareholders should vote in respect of the resolution to be proposed at the EGM.

BASIS OF OUR OPINION

In formulating our opinion, we have relied on the statements, information, opinions, and representations contained or referred to in the Circular and/or provided to us by the Company, the Directors and the management of the Company (the "**Management**"). We have assumed that all statements, information, opinions, and representations contained or referred to in the Circular and/or provided to us were true, accurate, and complete at the time they were made and continued to be so as at the date of the Circular.

We have no reason to believe that any statements, information, opinions, or representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the statements, information, opinions or representations provided to us to be untrue, inaccurate or misleading. We have assumed that all the statements, information, opinions and representations for matters relating to the Group contained or referred to in the Circular and/or provided to us by the Company, the Directors and the Management have been reasonably made after due and careful enquiry. We have relied on such statements, information, opinions and representations and have not conducted any independent investigation into the business, financial conditions and affairs or the future prospects of the Group.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our recommendation, we have taken into consideration the following principal factors and reasons:

1. Information of the Group

The Company is an investment holding company and its subsidiaries are principally engaged in the design and production of computer numerical control ("**CNC**") machine tools, design and construction of three-dimensional car parking garage structures and design and assembling of forklift trucks.

1.1 Historical financial information

Set out below is a summary of the Group's financial performance for the three years ended 31 December 2012, 2013 and 2014 as extracted from the respective annual reports of the Company for the years ended 31 December 2013 and 2014 (the "**2013 Annual Report**" and "**2014 Annual Report**" respectively).

	Year ended 31 December		
	2012	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*
	(audited)	(audited)	(audited)
Revenue	1,540,856	1,350,271	1,300,119
Gross profit	308,947	309,771	344,894
Share of (loss) of joint venture	(1,859)	(3,975)	(2,458)
Share of profit/(loss) of an associate	197	(26,321)	(8,559)
(Loss) on disposal of a subsidiary and an associate	–	(9,742)	–
Profit attributable to equity holders of the Company	42,022	36,868	101,313

	As at 31 December		
	2012	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*
	(audited)	(audited)	(audited)
Cash and cash equivalents	109,547	211,829	262,751
Net asset value	661,891	673,000	726,695

Sources: The 2013 Annual Report and 2014 Annual Report

For the year ended 31 December 2013 as compared to the year ended 31 December 2012

As mentioned in the 2013 Annual Report, for the year ended 31 December 2013, the Group recorded revenue of approximately RMB1,350.3 million, representing a decrease of approximately 12.4% as compared to 2012. This was mainly due to the decrease in sales with regards to both the CNC machine tools business and the forklift truck business, whilst sales of CNC machine tools remained the major source of the Group's revenue. Gross profit for the years ended 31 December 2012 and 2013 amounted to approximately RMB308.9 million and RMB309.8 million respectively, representing gross profit margin of approximately 20.1% and 22.9% respectively. The year-on-year increase in gross profit margin was mainly attributable to the increase in gross profit margin of CNC machine tools business arising from the stabilisation of the raw material prices. Profit attributable to equity holders of the Company amounted to approximately RMB36.9 million in 2013, representing a decrease of approximately 12.3% as compared to 2012. Such decrease in profit was mainly due to the negative impact from the combination of the Group's loss on disposal of a subsidiary and an associate, share of loss of an associate and share of loss of jointly controlled entities.

During the year ended 31 December 2013, the working capital of the Group was mainly financed by internal cash flows generated from its operation and its existing banking facilities. As at 31 December 2013, the Group's cash and cash equivalents amounted to approximately RMB211.8 million (at 31 December 2012: RMB109.5 million), whilst net current assets amounted to approximately RMB361.7 million (at 31 December 2012: RMB339.8 million). The gearing ratio as at 31 December 2013 (total interest bearing liabilities to total assets) was approximately 23.2% (at 31 December 2012: 23.8%).

For the year ended 31 December 2014 as compared to the year ended 31 December 2013

As mentioned in the 2014 Annual Report, for the year ended 31 December 2014, the Group recorded revenue of approximately RMB1,300.1 million, representing a decrease of approximately 3.7% as compared to the year ended 2013. Similar to 2013, the decrease in revenue was mainly due to the decrease in sales of both CNC machine tools business and forklift truck business. During 2014, the sales of CNC machine tools continued to remain as the major source of the Group's revenue, which accounted for approximately 74.2% of the Group's total revenue. Gross profit of the Group for the years ended 31 December 2013 and 2014 amounted to approximately RMB309.8 million and RMB344.9 million respectively, representing gross profit margin of approximately 22.9% and 26.5% respectively. The year-on-year increase in gross profit margin was mainly attributable to the reduction in raw material prices. Profit attributable to equity holders of the Company amounted to approximately RMB101.3 million in 2014, representing an increase of approximately 174.8% as compared to 2013. The increase in profit attributable to equity shareholder of the Company from 2013 to 2014 is in line with the aforementioned rise in gross profit margin. The respective lower levels in the share of loss of an associate and share of loss of joint ventures in 2014 compared to 2013 as well as the absence of the one-off loss on disposal of a subsidiary and an associate in 2013 also contributed to the rise in profit from 2013 to 2014.

During the year ended 31 December 2014, the working capital of the Group was mainly financed by internal cash flows generated from its operation and its existing banking facilities. As at 31 December 2014, the Group's cash and cash equivalents amounted to approximately RMB262.8 million (at 31 December 2013: RMB211.8 million) whilst net current assets amounted to approximately

RMB440.4 million (at 31 December 2013: RMB361.7 million). The gearing ratio as at 31 December 2014 (total interest bearing liabilities to total assets) was approximately 24.7% (at 31 December 2013: 23.2%).

1.2 Prospects of the Group

According to the 2014 Annual Report, during the year 2014, the Group has incorporated a wholly-owned entity at the China (Shanghai) Pilot Free Trade Zone ("**Shanghai Entity**"), of which its main principal business activities are to explore and sell the high-end machine tools under the brands of the Target Company to customers in the PRC. As disclosed in the 2014 Annual Report, the Management believed that the Target Company would be beneficial to the future development of the Group's business since the high-end machine tools carried under the Target Company will enhance the Group's product portfolio.

The implementation of the 12th Five Year Plan by the PRC central government is also expected to stimulate demand for machine tools from the industries of high-speed railway, aerospace, motor vehicle and energy, especially demand for high-tech CNC machine tools, which is expected to benefit the Group's CNC machine tools business. Notwithstanding this, in view of the recent market conditions, the Directors expect the operating environment in 2015 will continue to be challenging and the Group intends to strengthen its business foundation under a consistent and cautions manner in order to maintain its competitiveness. The Management is optimistic on the long-term development prospects of the Group.

2. Information of the Target Company

On 17 October 2013, the Target Company, being FFG Werke, was incorporated in Germany. It is principally engaged in the development, manufacturing and sale of machine tools and production systems. The Target Company had subsequently acquired the industrial equipment division of MAG IAS GmbH (namely the customer base, the sales, research and development personnel, the design and production expertise, and its plants and equipment)[1] in December 2013. MAG ISA GmbH is a leading manufacturing technology group. The Target Company Group's key products (i.e. those produced by the industrial equipment division of MAG IAS GmbH) are machine tools and production systems, comprising four/five axis horizontal machining centres or flexible production systems; and are mainly sold to customers in the automotive industry. The Target Company Group's revenue is primarily derived from the sale of these products. As at the Latest Practicable Date, the shareholders of the Target Company held as to 43.75% by World Ten, 33.75% by Golden Friendship, 13.50% by the Purchaser and 9.00% by Golden Wealth. Details of the shareholding structure of FFG Werke are set out in the "Letter from the Board" of the Circular.

1 *The Target Company did not acquire an entity or MAG IAS GmbH. The historical financial information on the industrial equipment division of MAG IAS GmbH which was under the management of MAG IAS GmbH has no relevance to the Company; and no historical financial information on the industrial equipment division of MAG IAS GmbH was available to the Company.*

As disclosed in the 2013 Annual Report and the announcement made by the Company on 20 December 2013, the initial contribution of approximately Euro 4,050 was paid by the Purchaser upon incorporation of the Target Company and the Group had subsequently provided further equity contribution and shareholder's loan in the total amount of Euro 1,717,500 in 2013 and agreed to procure on or before 31 January 2014, the issuance of offshore credit instrument for a total credit amount of Euro 2,800,000 so as to secure a corresponding amount of facility in Germany for the Target Company.

2.1 Historical financial information

Set out below is a summary of financial highlights of the Target Company for the period from its incorporation on 17 October 2013 to 31 December 2013 and for the year ended 31 December 2014 as extracted from the audited financial accounts of the Target Group.

	For the period from 17 October 2013 to 31 December 2013 *(Note 1)* *Euro'000* (audited)	**Year ended 31 December 2014** *Euro'000* (audited)
Revenue	4,310	173,366
Profit before tax	0.3	1,012
Net profit	0.3	676

	As at 31 December	
	2013	**2014**
	Euro'000	*Euro'000*
	(audited)	(audited)
Cash and cash equivalents	46	1,601
Net asset value	8,500	9,177
Gearing ratio *(Note 2)*	40.7%	40.9%
Net gearing ratio *(Note 3)*	40.6%	39.1%

Source: Audited financial statements as of 31 December, 2014 and Management Report of FFG Werke GmbH

Notes:

1. The Target Company was incorporated on 17 October 2013 and commenced operations on 21 December 2013.

2. The gearing ratio of the Target Company is calculated as the total liabilities over total assets of the Target Company.

3. The net gearing ratio of the Target Company is calculated by dividing net debt (being total liabilities less cash and cash equivalent) against the total assets of the Target Company.

The Target Company recorded revenue of approximately Euro 173.4 million, profit before tax of approximately Euro 1.0 million and net profit of approximately Euro 0.7 million during the year ended 31 December 2014, being its first full year of operation. Based on our discussion with the Management, the low profit margin was in line with the low gross profit margin of the Target Company in its first full year of operation. Cash and cash equivalents as at 31 December 2014 was approximately Euro 1.6 million with net asset value amounting to approximately Euro 9.2 million. The gearing ratio of the Target Company was approximately 40.9% as at 31 December 2014 (approximately 40.7% in 2013) and the net gearing ratio was approximately 39.1% (approximately 40.6% in 2013).

2.2 Prospects of the Target Company

As mentioned in the "Letter from the Board" of the Circular and based on our discussion with the Management, the Target Company had recorded encouraging results in its turnover and operating performance since its incorporation in 2013. Against the backdrop of stable economic growth, the Management advised that they see good opportunities for the Target Company to assert itself in its domestic (Germany) and international business environment and to generate growth in sales revenue. Strategically, the Target Company intends to (i) consolidate its operation following its acquisition of the industrial equipment division of MAG IAS GmbH in December 2013; (ii) to internationalise its business; and (iii) to enhance its innovative strength. Further analysis of the Management's view on the Target Company's prospects is set out below under the section headed "*4. Reasons and benefits of the Acquisition*" of this letter.

3. The Sale and Purchase Agreement

3.1 The Consideration

As stated in the "Letter from the Board" of the Circular, the Consideration for the Acquisition is Euro 2,340,000, of which Euro 2,179,000 and Euro 161,000 are payable to the First Vendor and the Second Vendor respectively. The Consideration was arrived at after arm's length negotiations between the Purchaser and the Vendors based on the net asset value of the Target Company as at 31 December 2014 of approximately Euro 9,177,000.

It is noted that the total assets of the Target Company as at 31 December 2014 comprise of mainly property, plant and equipment, trade receivables and inventories. It is also noted that the total liabilities of the Target Company as at 31 December 2014 comprise of mainly trade payables, liabilities to banks and pension provisions and other provisions. In view of the aforesaid composition of the assets and liabilities of the Target Company as at 31 December 2014, and due to the capital intensive nature of the Target Company's business (such that additional investment in property, plant and equipment and other fixed assets represented approximately 11% of the total assets of the Target Group during the first full year of operation in 2014), the Management used the net asset value of the Target Company as at 31 December 2014 to determine the Consideration, which we consider this to be fair and reasonable.

Moreover, given the Target Company's short operating history (as explained in the paragraph headed "2. Information of the Target Company" above), with the year ended 31 December 2014 being the first full financial year after its commencement of business operations, there is a lack of historical information to support a meaningful projection of income stream required for an income-approach valuation. In this regard, we believe using income approach to derive the value of the Target Company is not appropriate, in particular, when the Target Company only has one full financial year result, and its limited historical financial information will not be representative for projecting its future income when it is at a more mature stage of its business cycle.

In addition, since the Target Company is privately held and as abovementioned has a limited period of operating history, the Management is of the view and we concur that a market comparable approach valuation would be inappropriate as (i) listed companies for which sufficiency information is publicly available to enable a meaningful comparison tend to be at a more mature stage of the business lifecycle; and (ii) there is limited information available for potentially comparable private companies.

We note the Company has considered the original acquisition cost paid by the First Vendor for the 118,750 shares of Target Company in the sum of approximately Euro 2,019,000, and in particular, such amount was determined with reference to the net asset value of the Target Company as at 31 December 2013. Hence, since the Company had consistently applied the net asset value at the relevant time to determine the consideration, we are of the view that it is fair and reasonable for the Company to determine the Consideration based on the net asset value as at 31 December 2014. In view of the foregoing together with the history of initial capital contribution from each of the shareholders of the Target Company as described in the paragraph headed "2. Information of the Target Company", we are of the view that based on the net asset value of the Target Company as at 31 December 2014 to determine the Consideration is fair and reasonable.

We note that the Consideration equals to the net asset value of the Target Company as at 31 December 2014, being the latest available audited financial information prior to the signing of the Sales and Purchase Agreement, of the respective proportion of the shareholding interests of each of the Vendors. We also understand from the Management that there has been no change to the business and financial operations of the Target Company since 1 January 2015 to the Latest Practicable Date, which may have a material adverse impact on the Target Company's financial position. As such, we are of the view that the Consideration, representing the net asset value at the respective proportion of the shareholding interests in question to be fair and reasonable.

3.2 Payment terms

The Consideration is payable upon Completion of the Acquisition, which pursuant to the Sale and Purchase Agreement, shall take place on or before the second Business Day after all the condition precedent as stated in the "Letter of the Board" of the Circular has been fulfilled. The Consideration will be settled in cash with the Group's internal resources.

As at 31 December 2014, the Group had cash and cash equivalents of approximately RMB 262.8 million and unutilised credit facilities of approximately RMB 692.7 million granted by several financial institutions. We have discussed with the Management and noted that they have the aforesaid financial resources available to the Group and there are no other material capital expenditure requirements in the near term. Hence, given the ample amount of cash available for the Group, we are of the view that (i) the Group will be able to settle the Consideration without any material adverse impact on its general working capital and (ii) the Consideration to be settled by cash is fair and reasonable.

4. Reasons and benefits of the Acquisition

As mentioned in the "Letter from the Board" in the Circular, the Directors believed that the Acquisition would be beneficial to the future development of the Group's business.

In this regard, we understand from the Management that since its commencement of business in the fall of 2013, the Target Group has been providing the Group access to renowned brands of the industrial equipment business. Such access has enabled the Group to diversify its product coverage and facilitated its efforts in broadening its customer base to capture customers with demand for high-end machine tools. While it is expected that the Target Company will, on one hand, engage in additional sales with its existing clients, who are mainly European clients, the Target Company will, on the other hand, develop new clientele in Europe as well as in the PRC. In view of the Target Company's PRC business development, the Group had incorporated the Shanghai Entity in the Shanghai Free Trade Zone in 2014 with the intention to explore and sell the high-end machine tools under the brands of the Target Company, namely "Huller Hille", "Hessapp", "Honsberg", "Modul", "Witzig & Frank", "Boehringer-VDF". According to the Management, the aforesaid brands are not and will not be carried by the Shanghai Entity on an exclusive basis. Notwithstanding that the aforesaid arrangement was and will continue to be on a non-exclusive basis, the Management believes and we concur that under the challenging market conditions as mentioned below, the extended product list will enhance the competiveness of the Group and, in turn, will be beneficial to the Group. In addition, the Management advised that given the challenging market conditions for low-end machine tools in the PRC (as evidenced by the declining trend in sales for the past two financial years), the enhanced relationship with the Target Company is expected to strengthen the aforementioned product diversification strategy into the high-end machine tools through leveraging on the Target Company's research and development expertise on high-end machine tools.

Moreover, in view of the performance of the Target Company in its first year of operations, with revenue of approximately Euro 173.4 million (equivalent to approximately RMB1,196.5 million) for the year ended 31 December 2014 (which is comparable to the revenue recorded by the Group for the same period) and good opportunities for sales growth (as further elaborated in the paragraph headed "2.2 Prospects of the Target Company" above), the Management believes it is an opportune time to enhance its relationship with the Target Company so as to capture the abovementioned benefits.

Given the products of the Group and the Target Company are mainly sold to customers in the automotive industry (i.e. namely automotive groups or parts suppliers of these automotive groups), and the Target Company's business development strategy in the PRC (that is to sell high-end machine tools of the Target Company to customers in the PRC), we have considered the outlook of the automotive industry in the PRC. We have made reference to the information about the automotive industry in the PRC set out in the published annual report of listed automobile group in the PRC and some news extracts related to the automotive industry in the PRC. It is noted that the automotive industry in the PRC will continue to grow but at a moderate pace, and competition among automotive groups are intense, as the majority of the sales are concentrated within a handful of major automobile groups in the PRC. Hence, through the Acquisition and by implementing the Target Company's business development strategy in the PRC, the Group will be able to expand its product range to cover the high-end machine tools and to upgrade its existing product range with the Target Company's research and development expertise; which in turn, the Group will, under the current challenging market conditions, be able to better serve its existing customers as well as to position itself with better opportunity to compete with other machine tools manufacturers selling machine tools and production systems to the abovementioned handful of major automotive groups in the PRC.

In view of the foregoing, we concur with the Directors that the Acquisition would be beneficial to the future development of the Group and is in the interests of the Company and Shareholders as a whole.

5. Financial effects as a result of the Acquisition

Upon Completion, the Company will hold 39.0% interest in the Target Company and the financial performance will be accounted for as an associate company of the Company using equity accounting method.

As such, upon Completion, as the Consideration will be settled in cash, the cash and cash equivalent balance is expected to decrease. Such negative impact on the Group's net asset value, however, may be set off by the positive effect on the net asset value arising from the increase in the Group's investment in associate. Moreover, as aforementioned in the paragraph headed "*3.2 Payment terms*", given the amount of cash available, the settlement of the Consideration is not expected to have any material adverse financial impact on the Group's operations.

RECOMMENDATION

Having considered the above principal factors and reasons, we are of the view that the (i) Sale and Purchase Agreement and the transaction contemplated thereunder are in the interests of the Company and the Shareholders as a whole despite that the Sale and Purchase Agreement was not entered into in the ordinary and usual course of business of the Group; and (ii) the terms of the Sale and Purchase Agreement and the transaction contemplated thereunder are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the resolution to be proposed at the EGM to approve the Sale and Purchase Agreement and the transaction contemplated thereunder at the EGM.

Yours faithfully,
For and on behalf of
Altus Capital Limited
Chang Sean Pey
Executive Director

*Mr. Chang Sean Pey (“**Mr. Chang**”) is a Responsible Officer of Altus Capital Limited licensed to carry on Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO and permitted to undertake work as a sponsor. He is also a Responsible Officer of Altus Investments Limited licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO. Mr. Chang has over 15 years of experience in banking, corporate finance and advisory and investment management. In particular, he has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance advisory transactions.*

With the exception of acting as the independent financial adviser for the transaction involving the provision of financial assistance made by the Group to the Target Company as described in the circular of the Company dated 22 July 2014, Altus Capital Limited has not acted as an independent financial adviser of the Company’s other transactions in the last two years from the date of the Circular. Pursuant to Rule 13.84 of the Listing Rules, and given that remuneration for our engagement to opine on this is at a market level and is not conditional upon successful passing of the resolution and that our engagement is on normal commercial terms, Altus Capital Limited is independent of the Company.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. INTERESTS OF DIRECTORS

Save as disclosed below, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required pursuant to (a) Divisions 7 and 8 of Part XV of the SFO, to be notified to the Company and the Stock Exchange; or (b) section 352 of the SFO, to be entered in the register required to be kept by the Company under such provision; or (c) the Model Code for Securities Transactions by Directors of Listed Companies of the Listing Rules, to be notified to the Company and the Stock Exchange:

(a) Interests in the Company

	Number of Shares held as			
Name of Director	**Beneficial owner**	**Interest in controlled corporation**	**Total**	**Approximate percentage of shareholding**
Mr. Chu	–	20,000,000 *(Note)*	20,000,000	4.96%

Note: These Shares were held by Mr. Chu through Sunward Gold Global Investments Limited, a company held as to approximately 72.22% by Mr. Chu.

(b) Interests in the associated corporations of the Company

Name of Director	Name of associated corporation	Nature of interest	Number and class of securities	Approximate percentage of shareholding
Mr. Chu	Taiwan FF	Beneficial owner	15,720,255 ordinary shares	15.35%
Mr. Chu *(Note 1)*	Taiwan FF	Spouse interest	2,733,926 ordinary shares	2.67%
Mr. Chen Hsiang-Jung	Taiwan FF	Beneficial owner	1,948,553 ordinary shares	1.90%
Mr. Chu	Fair Fine (Hongzhou) Industrial Co., Ltd. *(Note 2)*	Beneficial owner	750 ordinary shares	0.03%
Mr. Chen Hsiang-Jung	Fair Fine (Hongzhou) Industrial Co., Ltd. *(Note 2)*	Beneficial owner	750 ordinary shares	0.03%

Notes:

1. Ms. Wang Tz-Ti (formerly known as Wang Jin-Zu) ("**Ms. Wang**"), the spouse of Mr. Chu, held 2.67% of the issued share capital of Taiwan FF. Mr. Chu was deemed to be interested in all the shares held by Ms. Wang in Taiwan FF under the SFO.

2. These companies are non-wholly-owned subsidiaries of Taiwan FF and are therefore associated corporations of the Company for the purpose of the SFO.

All interests disclosed above represent long positions in the relevant ordinary shares of the associated corporations.

(c) Interests in contracts and assets

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any asset which had been, since 31 December 2014, being the date to which the latest published audited consolidated financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement which was significant in relation to the business of the Group.

3. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered or proposed to enter into a service contract with any member of the Group which did not expire or was not determinable by the relevant member of the Group within one year without payment of compensation (other than statutory compensation).

4. COMPETING INTERESTS

Save that Mr. Chu and Mr. Chen Hsiang-Jung have interests, as disclosed in the section headed "2. Interests of Directors" in this Appendix, in Taiwan FF and its subsidiaries which may engage in businesses similar to the Group, such as the manufacturing and sales of CNC machine tools, in markets other than the markets in the PRC, Hong Kong and Macau where the Group has exclusive rights to serve pursuant to the deed of non-competition dated 22 December 2005 entered into between Taiwan FF, Hong Kong GF and Mr. Chu, none of the Directors or their respective associates was considered to have any interest in a business which competed or may compete with the business of the Group as at the Latest Practicable Date.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were of the view that there was no material adverse change in the financial or trading position of the Group since 31 December 2014, being the date to which the latest published audited consolidated financial statements of the Company were made up.

6. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinion or advice contained in this circular:

Name	Qualifications
Altus Capital Limited	a licensed corporation to carry out type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO

As at the Latest Practicable Date, Altus Capital was not beneficially interested in the share capital of any member of the Group, nor had any right (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Altus Capital did not have any direct or indirect interest in any asset which had been, since 31 December 2014, being the date to which the latest published audited consolidated financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

Altus Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter dated 7 September 2015 (as set out on pages 13 to 24 of and made for incorporation in this circular) and references to its name in the form and context in which they respectively appear.

7. DOCUMENT AVAILABLE FOR INSPECTION

A copy of the Sale and Purchase Agreement will be available for inspection at the office of the Company at Room 2003, 20th Floor, Kai Tak Commercial Building, 317-319 Des Vouex Road Central, Hong Kong during normal business hours from the date of this circular up to and including the date of the EGM.

8. GENERAL

The English text of this circular shall prevail over the Chinese text in the event of inconsistency.

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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**Meeting**") of Good Friend International Holdings Inc. (the "**Company**") will be held at 11:00 a.m. on Wednesday, 23 September 2015 at Taichi Room, Unit 3810, 38/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong for the purpose of considering and, if thought fit, passing with or without modifications the following as an ordinary resolution of the Company:–

ORDINARY RESOLUTION

"**THAT**:–

(a) the entering into of the sale and purchase Agreement dated 17 August 2015 (the "**Agreement**") (a copy of which marked "A" has been produced to the Meeting and initialed by the chairman of the Meeting for identification purpose) by Sky Thrive Hong Kong Enterprise Limited ("**Sky Thrive**"), a wholly-owned subsidiary of the Company and the transactions contemplated thereunder be and are hereby confirmed, approved and ratified and in respect of the Agreement, subject to such addition or amendment as any director(s) or authorised person(s) of the Company and/or Sky Thrive may consider necessary, desirable or appropriate;

(b) any director(s) or authorised person(s) of the Company and/or Sky Thrive be and are hereby authorised for and on behalf of the Company and/or Sky Thrive to, amongst others, sign, execute and deliver or to authorise the signing, execution and delivery of all such documents and deeds as such director(s) or authorised person(s) may consider necessary, expedient or desirable to give effect to or otherwise in connection with the Agreement and any ancillary documentation and transaction thereof."

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

Hong Kong, 7 September 2015

Principal Place of Business in Hong Kong
Room 2003, 20th Floor
Kai Tak Commercial Building
317-319 Des Voeux Road Central
Hong Kong

Notes:

1. A member of the Company entitled to attend and vote at the Meeting convened by the above notice is entitled to appoint one or, if he holds two or more shares, more proxies to attend and vote in his stead. A proxy need not be a member of the Company.

2. In order to be valid, the form of proxy must be deposited at the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong together with a power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority, not less than 48 hours before the time for holding the Meeting or any adjournment thereof.

3. Completion and return of the form of proxy will not preclude a shareholder of the Company from attending and voting in person at the Meeting or any adjournment thereof if the shareholder of the Company so desires, and in such event, the form of proxy will be deemed to be revoked.

4. In the case of joint holders of shares in the Company, the vote of the senior who tenders a vote whether in person or by proxy, shall be accepted to the exclusion of the vote(s) of the other joint holders, seniority being determined by the order in which names stand in the register of members.

5. As at the date of this notice, the board of directors of the Company comprises Mr. Chu Chih-Yaung, Mr. Chen Hsiang-Jung, Mr. Chen Min-Ho, Mr. Wen Chi-Tang and Mr. Chiu Rung-Hsien, all being the executive directors and Mr. Koo Fook Sun, Louis, Mr. Chiang Chun-Te and Mr. Yu Yu-Tang, all being the independent non-executive directors.