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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)**

**(1) DISCLOSEABLE TRANSACTION**

**(2) CONNECTED TRANSACTION**

**RESPECTIVE PROVISION OF FINANCIAL ASSISTANCE TO MAG GROUP AND FFG WERKE GROUP**

On 3 June 2019, the Company entered into the Guarantees with Siemens, to guarantee Siemens of up to EUR11 million and EUR2 million on any outstanding payment obligations of MAG Group and FFG Werke Group under their procurement contracts with Siemens respectively.

As the highest applicable percentage ratio in respect of the Guarantee for MAG is more than 5% but less than 25%, the Guarantee for MAG constitutes a discloseable transaction of the Company and accordingly is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As FFG Werke is a commonly held entity under Chapter 14A of the Listing Rules and as the highest applicable percentage ratio in respect of the Guarantee for FFG Werke is more than 0.1% but less than 5%, the Guarantee for FFG Werke constitutes a connected transaction of the Company and accordingly is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **BACKGROUND**

On 3 June 2019, the Company entered into the Guarantees with Siemens, to guarantee Siemens of up to EUR11 million and EUR2 million on any outstanding payment obligations of MAG Group and FFG Werke Group under their procurement contracts with Siemens respectively.

## **THE GUARANTEES**

### **(1) GUARANTEE FOR MAG**

Date: 3 June 2019

Parties: (1) the Company  
(2) Siemens

Subject matter: the Company, as guarantor, agreed to provide guarantee in favour of Siemens to secure the payment obligations of MAG Group under its procurement contracts with Siemens in an amount of up to EUR11 million, which is determined based on the estimated purchases of machine tools components by MAG Group from Siemens

Period: from 3 June 2019 to 31 December 2021 (unless terminated earlier by Siemens)

Payment: payment under the Guarantee (if any) will be funded by the internal resources of the Company and will be made by the Company if and when it receives a valid payment demand issued by Siemens

### **(2) GUARANTEE FOR FFG WERKE**

Date: 3 June 2019

Parties: (1) the Company  
(2) Siemens

Subject matter: the Company, as guarantor, agreed to provide guarantee in favour of Siemens to secure the payment obligations of FFG Werke Group under its procurement contracts with Siemens in an amount of up to EUR2 million, which is determined based on the estimated purchases of machine tools components by FFG Werke Group from Siemens

Period: from 3 June 2019 to 31 December 2021 (unless terminated earlier by Siemens)

Payment: payment under the Guarantee (if any) will be funded by the internal resources of the Company and will be made by the Company if and when it receives a valid payment demand issued by Siemens

As at the date of this announcement, Taiwan FF is an associate of Hong Kong GF, the controlling shareholder of the Company, and hence, Taiwan FF is a connected person of the Company under the Listing Rules. As the Company and Taiwan FF indirectly hold approximately 39% and 10% shareholding in FFG Werke respectively, FFG Werke constitutes a commonly held entity under Chapter 14A of the Listing Rules.

To the best of the Director's knowledge, information and belief having made all reasonable enquiries, each of Siemens and MAG and their respective ultimate beneficial owners (save in respect of the Company's and Taiwan FF's approximately 45% and 3.6% respective indirect shareholding in MAG) are third parties independent of the Group and its connected persons.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE GUARANTEES**

MAG and FFG Werke are two associated companies of the Company in Europe and procure machine tools components from Siemens from time to time. For Siemens' supply of goods, Siemens requested the Company, as the single largest shareholder in MAG and FFG Werke, to provide the Guarantees on any outstanding obligations of the procurement contracts of MAG Group and FFG Werke Group with Siemens, which would facilitate their ordinary course of business. The production of a variety of products by MAG Group and FFG Werke Group will optimise the product portfolio of the Group and strengthen its core competitiveness.

The Directors (including the independent non-executive Directors) consider that the terms of the Guarantees are fair and reasonable, on normal commercial terms, in line with the ordinary and usual course of business of the Group and in the interests of the shareholders of the Company as a whole.

## **INFORMATION ON THE PARTIES**

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

Siemens is a German multinational conglomerate and is the one of the largest industrial manufacturing companies in Europe with branch offices abroad. Siemens is principally engaged in activities in the fields of electrification, automation and digitalisation worldwide.

MAG Group is principally engaged in the manufacture and sale of machine tools and production systems in Germany.

FFG Werke Group is principally engaged in the manufacture and sale of machine tools and production systems in Germany.

## **LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio in respect of the Guarantee for MAG is more than 5% but less than 25%, the Guarantee for MAG constitutes a discloseable transaction of the Company and accordingly, is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As FFG Werke is a commonly held entity under Chapter 14A of the Listing Rules and as the highest applicable percentage ratio in respect of the Guarantee for FFG Werke is more than 0.1% but less than 5%, the Guarantee for FFG Werke constitutes a connected transaction of the Company and accordingly is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Guarantees were not made under any master agreement. The Guarantees concern separate day-to-day procurement transactions by each of MAG and FFG Werke in their respective ordinary course of business with Siemens, which is also in line with the principal business of the Group.

Other than Mr. Chu who had voluntarily abstained from voting, no Director had a material interest which would require abstinence from voting on the relevant Board resolution approving the Guarantees.

## DEFINITIONS

In this announcement, the following terms shall have the meanings set respectively adjacent below:

<b>“associate(s)”</b>	has the meaning under the Listing Rules
<b>“Board”</b>	means the board of Directors
<b>“Company”</b>	Good Friend International Holdings Inc., a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange
<b>“connected person”</b>	has the meaning under the Listing Rules
<b>“controlling shareholder”</b>	has the meaning under the Listing Rules
<b>“Director(s)”</b>	the director(s) of the Company
<b>“EUR”</b>	Euro, the lawful currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union
<b>“FFG Werke”</b>	FFG Werke GmbH, a limited liability company incorporated in Germany
<b>“FFG Werke Group”</b>	FFG Werke and its subsidiaries
<b>“Group”</b>	the Company and its subsidiaries
<b>“Guarantees”</b>	the guarantees dated 3 June 2019 entered into between the Company and Siemens for MAG and FFG Werke respectively, and each a “Guarantee”
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the PRC
<b>“Hong Kong GF”</b>	Good Friend (H.K.) Corporation Limited, a company incorporated in Hong Kong with limited liability, a controlling shareholder of the Company and a subsidiary of Taiwan FF
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange
<b>“MAG”</b>	MAG IAS GmbH, a limited liability company incorporated in Germany
<b>“MAG Group”</b>	MAG and its subsidiaries
<b>“Mr. Chu”</b>	Mr. CHU Chih-Yaung, an executive Director, the Chairman and Chief Executive Officer of the Company, who is also beneficially interested in approximately 17.73% of the share capital in Taiwan FF as at the date of this announcement

“percentage ratios”	has the meaning ascribed to it under the Listing Rules
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Siemens”	Siemens Aktiengesellschaft, a multinational industrial manufacturing conglomerate incorporated in Germany
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Taiwan FF”	Fair Friend Enterprise Company Limited, a limited liability company incorporated in Taiwan
“%”	per cent.

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

Hong Kong, 6 June 2019

*As at the date of this announcement, the Board comprises (i) four executive Directors, namely Mr. CHU Chih-Yaung, 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.*