



IN THE GRAND COURT OF THE CAYMAN ISLANDS

FINANCIAL SERVICES DIVISION

CAUSE NO. FSD OF 2021 ()

IN THE MATTER OF SECTIONS 15 AND 86 OF THE COMPANIES ACT (2021 REVISION)

AND IN THE MATTER OF ORDER 102 OF THE GRAND COURT RULES 1995

AND IN THE MATTER OF GOOD FRIEND INTERNATIONAL HOLDINGS INC. 友佳國際
控股有限公司

PETITION

To: The Grand Court of the Cayman Islands

THE HUMBLE PETITION OF Good Friend International Holdings Inc. 友佳國際控股有限公司, whose registered office is at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands (the "Company") shows the following:

1. The object of this Petition is to seek:
 - a. the sanction of the Court pursuant to section 86 of the Companies Act (2021 Revision) (the "Companies Act") to a proposed Scheme of Arrangement (the "Scheme") between the Company and the Scheme Shareholders as defined in the Scheme contained in a composite scheme document (the "Scheme Document") a draft of which is attached as Exhibit "CC -1" to the First Affirmation of Chu Chih-Yaung made on 29 September 2021, and

- b. the confirmation of the Court, pursuant to section 15 of the Companies Act, of the intended reduction of the issued share capital (the “Reduction of Capital”) of the Company consequent upon the cancellation of the Scheme Shares (as defined in the Scheme) pursuant to the Scheme which is expected to be approved by a special resolution of the shareholders passed at an extraordinary general meeting of the Company immediately after the Court Meeting referred to herein.

The Company

2. The Company is engaged in the business of investment holding and principally carries on business through its subsidiaries, whose principal business activities include 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. It is a Cayman Islands exempted company limited by shares incorporated under the name “Good Friend International Holdings Inc.” on 6 September 2005 under the Companies Act as an exempted company with registration number CT-154417. The Company changed its name to “Good Friend Limited” on 19 October 2005 and further to Good Friend International Holdings Inc. 友佳國際控股有限公司 on 19 October 2005. Its registered office is at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company in Hong Kong is at Room 2003, 20th Floor, Kai Tak Commercial Building, 317-319 Des Voeux Road Central, Hong Kong.
3. The objects for which the Company was established are unrestricted and except as prohibited or limited by the laws of the Cayman Islands, the Company shall have full power and authority to carry out any object. The Company shall have and be capable of from time to time and at all times exercising any and all of the power at

any time and from time to time exercisable by a natural person of full capacity irrespective of any question of corporate benefit.

4. The authorised share capital of the Company is HK\$10,000,000.00 consisting of 1,000,000,000 shares of HK\$0.01 each (the “Shares”). 403,074,000 of the Shares have been issued and fully paid-up or credited as fully paid-up and the remainder are unissued. The issued Shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).
5. As at the date of this Petition, 232,000,000 of the Shares were legally and/or beneficially owned by Good Friend (H.K.) Corporation Limited (the “Offeror”) representing approximately 57.56% of the issued Shares of the Company whilst 23,029,800 Shares, representing approximately 5.71% of the issued Shares of the Company were legally and/or beneficially owned by parties acting in concert or deemed or presumed to be acting in concert with the Offeror (the “Offeror Concert Parties”), under the definition of “acting in concert” under the Code on Takeovers and Mergers of Hong Kong (the “Takeovers Code”). In addition to the Shares that are held by the Offeror and the Offeror Concert Parties above, there are 148,044,200 Shares held by other persons representing approximately 36.72% of the issued Shares of the Company, which together with the 163,800 Shares which Ms. Wu Hui-fen (“Ms. Wu”) who is an Offeror Concert Party is interested in, constitute the Scheme shares (the “Scheme Shares”).

Good Friend (H.K.) Corporation Limited

6. The Offeror is a company incorporated under the laws of Hong Kong with limited liability on 20 July 1993. Its registered office is at Room 1102A, 11/F, Tower 2, Cheung Sha Wan Plaza, 833 Cheung Sha Wan Road, Kowloon, Hong Kong. The Offeror is principally engaged in the business of trading of machine tools and

components.

7. The Offeror and Offeror Concert Parties (other than Ms. Wu) will provide its undertaking to be bound by the terms of the Scheme.

The Scheme

8. The purpose of the Scheme is to privatise the Company so that the Offeror and the Offeror Concert Parties (other than Ms. Wu) will own 100% of the issued Shares of the Company.
9. This will be achieved by the steps summarised in paragraph 10 below.
10. The principal features of the Scheme are:
 - a. the Reduction of Capital by the cancellation and extinguishment of the Scheme Shares pursuant to the Scheme, in consideration of which the holders of the Scheme Shares (the “Scheme Shareholders”) will receive the Cancellation Price (as defined in the Scheme);
 - b. subject to and forthwith upon the Reduction of Capital taking effect, the share capital of the Company being restored to its former amount by the allotment and issue to the Offeror, credited as fully paid at par, the same number of Shares as the number of Scheme Shares cancelled and extinguished on the Effective Date (as defined in the Scheme) (the “Restoration of Capital”); and
 - c. the credit arising in the books of account of the Company as a result of the Reduction of Capital resulting from the cancellation and extinguishment of the Scheme Shares pursuant to the Scheme being applied in paying up in

full at par such number of Shares as is equal to the number of Scheme Shares cancelled on the Effective Date.

Reasons for and benefits of the Scheme

The Proposal will allow the Company more flexibility in implementing its long-term growth strategy

11. Implementation of the Proposal will permit the Offeror and the Company to make strategic decisions focused on long-term growth and benefits, free from regulatory constraints from the perspective of managing a publicly listed company, the pressure of market expectations and share price fluctuations which arise from being a publicly listed company.

An opportunity for Scheme Shareholders to realise their investment at a premium

12. During the six-month period preceding and including the Last Trading Day, the lowest and highest closing prices per Share on the Stock Exchange were HK\$0.83 and HK\$1.51, respectively, with a simple average closing price of approximately HK\$1.12. The Offeror believes that the Cancellation Price of HK\$1.50 per Share represents a premium to the prices at which the market had valued the Company and the consolidated net asset value per Share as of 31 December 2020, and therefore, the Proposal provides the Scheme Shareholders an attractive exit premium and opportunity to realise their investment in return for cash, and redeploy into other investment opportunities that they may be considered more attractive.
13. The Proposal is intended to provide the Scheme Shareholders with an attractive opportunity to realise their investments in the Company for cash at a premium. The Cancellation Price represents a premium of approximately (i) 50.00% over the

closing price of the Shares on the Last Trading Day; (ii) 73.81% over the average closing price of the Shares for the 10 trading days up to and including the Last Trading Day; (iii) 61.58% over the average closing price of the Shares for the 30 trading days up to and including the Last Trading Day; (iv) 49.01% over the average closing price of the Shares for the 60 trading days up to and including the Last Trading Day; (v) 38.89% over the average closing price of the Shares for the 90 trading days up to and including the Last Trading Day; (vi) 15.38% over the audited consolidated net asset value per Share as at 31 December 2020; and (v) 31.58% over the unaudited consolidated net asset value per Share as at 30 June 2021.

Lack of benefit from maintaining the listing status of the Company

14. The Company has not been successful in utilising its listing status in Hong Kong for any equity fund raising activities in recent years, nor has it been able to attract any prospective strategic or financial investors to further commit any resources. The listing status is not expected to provide any benefit to the Company in the near term but would involve administrative, compliance and other listing-related costs and expenses being incurred. The Proposal entails the privatisation and delisting of the Company and is expected to substantially reduce the administrative costs and management resources to be committed in maintaining its listing status in Hong Kong and Taiwan and compliance with regulatory requirements in the near term.

Low trading liquidity of the Shares

15. The trading liquidity of the Shares has been at a relatively low level over a prolonged period in recent years, with an average daily trading volume of approximately 9,143 Shares for the two months up to and including the Last Trading Day, representing less than approximately 0.01% of the total issued

Shares as at the Last Trading Day. The low trading liquidity of the Shares has rendered it difficult for Shareholders to execute substantial on-market disposals timely without adversely affecting the price of the Shares. Additionally, the low trading liquidity of Shares hinders the Company's ability to raise further funds from the equity market for the Group's business developments.

Shareholder Profile

16. On the assumption that there is no change in shareholding in the Company, the profile of the major legal and/or beneficial shareholders of the Company ("Shareholders") on the date of this Petition is as follows:

Shareholders	Number of Shares	Approximate percentage of the issued share capital
Offeror	232,000,000	57.56
Offeror Concert Parties		
Fair Friend Enterprise Company Limited* (友嘉實業股份有限公司)	1,984,000	0.49%
Sunward Gold Global Investments Limited	20,000,000	4.96%
Close relatives of Mr. Chu	882,000	0.22%
Ms. Wu	163,800	0.04%
Aggregate number of Shares held by the Offeror and the Offeror Concert Parties	255,029,800	63.27%
Disinterested Shareholders	148,044,200	36.72%
Total number of Scheme Shares	<u>148,208,000</u>	<u>36.77%</u>
Total number of Shares	<u>403,074,000</u>	<u>100.00%</u>

(All percentages above are approximates)

17. The Company does not have in issue any warrants, options, derivatives, convertible securities or other securities convertible into Shares as at the date of this Petition.

Proposed Sanction Process

18. After careful consideration, the board of directors of the Company (the “**Board**”) has determined that the Scheme is desirable and that the implementation of the Scheme is in the best interests of the Company and its Shareholders. Accordingly, the Board (with the interested directors of the Company abstaining from voting) unanimously approved the Scheme.
19. Scheme Shareholders whose names appear on the register of members of the Company as at the Scheme Court Meeting Record Date (as defined in the Scheme Document) will be entitled to attend and vote on the Scheme at the Court Meeting (as defined below) in person or by proxy. At the Court Meeting, Scheme Shareholders present and voting either in person or by proxy will be entitled to vote their Scheme Shares in favour of the Scheme or against it. Under the Takeovers Code, persons deemed to be acting in concert with the Offeror in connection with the implementation of the Scheme who are also Scheme Shareholders shall not be counted (unless permitted by the Securities and Futures Commission of Hong Kong) for the purposes of satisfying the voting requirements of the Takeovers Code. Therefore, the votes of the Shareholders who are both Scheme Shareholders and Offeror Concert Parties shall only be counted for the purpose of the calculation under the Companies Act, but shall not be counted for the purpose of the calculation under the Takeovers Code.

20. The Company intends to make an application for directions herein for declarations and orders that, among other things:
- a. the relevant class of shareholders affected by the Scheme are the Scheme Shareholders;
 - b. the Company be at liberty to convene a meeting of the Scheme Shareholders (the “Court Meeting”) for the purpose of considering and, if thought fit, approving (with or without modification) the Scheme;
 - c. directions as to the mode of delivery of an explanatory statement and proxy form to the Scheme Shareholders;
 - d. the appointment of a chairman of the Court Meeting and for the conduct of the Court Meeting generally; and,
 - e. directions as to the treatment of Shares held by custodians, clearing houses and other nominees for the purposes of the “majority in number” calculation.

21. The resolution intended to be submitted at the Court Meeting is:

“THAT a scheme of arrangement dated 21 October 2021 (the “Scheme”) between the Company and the holders of the Scheme Shares (as defined in the Scheme) in the form of the print thereof which has been produced to this Court Meeting and, for the purpose of identification signed by the chairman of this Court Meeting, or in such other form and on such terms and conditions or may be approved or imposed by the Grand Court of the Cayman Islands, be and is hereby approved.”

Reduction of Capital

22. Article 6 of the Articles of Association of the Company provides as follows:

“The Company may from time to time by special resolution, subject to any confirmation or consent required by the Law, reduce its share capital or any capital redemption reserve or other undistributable reserve in any manner permitted by law.”

23. The Company intends to convene an extraordinary general meeting to take place immediately after the Court Meeting at which it is intended to, among other things, submit the resolutions to confirm the Reduction of Capital pursuant to the Scheme and to approve the Restoration of Capital. The resolutions are set out below.

SPECIAL RESOLUTION

1. “THAT:
 - (a) pursuant to a scheme of arrangement dated 21 October 2021 (the “Scheme of Arrangement”) between the Company and the Scheme Shareholders (as defined in the Scheme of Arrangement) in the form of the print thereof, which has been produced to this meeting and for the purposes of identification signed by the chairman of this meeting, or in such other form and on such terms and conditions as may be approved or imposed by the Grand Court of the Cayman Islands, on the Effective Date (as defined in the Scheme of Arrangement), the issued shares in the share capital of the Company shall be reduced by the cancellation and extinguishment of the Scheme Shares (as defined in the Scheme of Arrangement); and
 - (b) any one of the directors of the Company be and is hereby authorised to do all acts and things considered by him to be necessary or desirable in connection with the implementation of the Scheme of Arrangement and the reduction of the number of issued shares in the share capital of the Company pursuant to the Scheme of Arrangement, including (without limitation) giving consent to any modification of, or addition to, the Scheme of Arrangement or the reduction of the number of issued shares in the issued share capital of the Company which the Grand Court of the Cayman Islands may see fit to impose.”

ORDINARY RESOLUTION

3. "THAT:
- (a) subject to and simultaneously with the cancellation and extinguishment of the Scheme Shares referred to in resolution 1(a) taking effect, the number of issued shares in the share capital of the Company be restored to its former amount immediately prior to the cancellation and extinguishment of the Scheme Shares by allotting and issuing to the Offeror (as defined in the Scheme of Arrangement), credited as fully paid at par, the same number of ordinary shares of HK\$0.01 each in the share capital of the Company as is equal to the number of Scheme Shares cancelled and extinguished;
 - (b) the credit arising in the books of account of the Company consequent upon the reduction of its issued share capital resulting from the cancellation and extinguishment of the Scheme Shares referred to in resolution 1(a) shall be applied by the Company in paying up in full at par the new ordinary shares allotted and issued to the Offeror pursuant to resolution 3(a) above, and any one of the directors of the Company be and is hereby authorised to allot and issue the same accordingly; and
 - (c) any one of the directors of the Company be and is hereby authorised to do all acts and things considered by him to be necessary or desirable in connection with the implementation of the Scheme of Arrangement and the restoration of capital pursuant to the Scheme of Arrangement, including (without limitation) the giving of consent to any modification of, or addition to, the Scheme of Arrangement or the restoration of capital, which the Grand Court of the Cayman Islands may see fit to impose."
24. The form of Minute proposed to be registered is as follows:

"The issued share capital of Good Friend International Holdings Inc. (the "Company") was by virtue of a Special Resolution passed on 2021 and with the confirmation of an order of the Grand Court of the Cayman Islands dated 2021, reduced from HK\$ divided into shares of par value HK\$0.01 each to HK\$ divided into shares of par value HK\$0.01 (the "Reduction of Capital"). Immediately upon the Reduction of Capital, the issued

share capital of the Company was restored to HK\$ by allotting and issuing to the Good Friend (H.K.) Corporation Limited, credited as fully paid at par, shares of par value HK\$ each.

The authorised share capital of the Company, on the registration of this Minute, is HK\$10,000,000 divided into 1,000,000,000 shares of par value HK\$0.01 each.”

YOUR PETITIONER, THE COMPANY, THEREFORE HUMBLY PRAYS:

- (1) That the Scheme to be approved at the Court Meeting to be convened at the direction of this Honourable Court be sanctioned by the Court so as to be binding on the Company, the Scheme Shareholders and the Offeror.
- (2) That the Reduction of Capital may be confirmed and that the above mentioned minute may be approved by the Court.
- (3) That the preparation of a list of creditors be dispensed with.
- (4) That, to this end, all necessary inquiries may be made and directions may be made and given.
- (5) Such further or other relief as the Court shall see fit.

And your Petitioner will ever pray etc.

Dated this 29th day of September 2021



Conyers Dill & Pearman LLP
Attorneys-at-Law for the Petitioner herein

This Petition is presented by Conyers Dill & Pearman LLP, Attorneys-at-Law, for and on behalf of the Petitioner whose address for service is that of its said Attorneys-at-Law, Second Floor, SIX, Cricket Square, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands

