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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**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 form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. This circular is not intended to and does not constitute an offer to sell or solicitation of an offer to buy any securities.

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

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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)****GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES,  
RE-ELECTION OF RETIRING DIRECTORS  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

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A notice convening the annual general meeting of Good Friend International Holdings Inc. to be held at Vinson Room, Pacific Place Conference Centre, Level 5 One Pacific Place, 88 Queensway, Hong Kong, on Monday 23 June 2008 at 2:00 p.m., at which, among other things, the above proposals will be considered, the full text of which as set out on pages 13 to 16 of this circular.

Whether or not you intend to attend the annual general meeting, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to Good Friend International Holdings Inc.'s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Rooms 1806-1807, 18th Floor, 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 of the meeting or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

29 April 2008



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## DEFINITIONS

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*In this circular (other than in the notice of AGM), unless the context otherwise requires, the following expressions have the following meanings:*

“AGM”	the annual general meeting of the Company to be convened and held at Vinson Room, Pacific Place Conference Centre, Level 5 One Pacific Place, 88 Queensway, Hong Kong, on Monday, 23 June 2008 at 2:00 p.m. to consider and, if appropriate, to approve the resolutions as set out in the notice of AGM
“Articles”	the articles of association of the Company
“Board”	the board of Directors
“Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Company”	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
“Director(s)”	director(s) of the Company
“Extension Mandate”	the mandate to extend the limit under the Issue Mandate by the amount of Shares repurchased by the Company under the Repurchase Mandate
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Issue Mandate”	the general mandate to allot, issue and deal with Shares not exceeding 20% of the issued share capital of the Company as at the date of passing of the resolution approving such mandate
“Latest Practicable Date”	24 April 2008, being the latest practicable date for the purpose of ascertaining certain information herein contained prior to the printing of this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

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## DEFINITIONS

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“Repurchase Mandate”	the general mandate to exercise the power of the Company to repurchase Shares up to a maximum of 10% of the issued share capital of the Company as at the date of passing of the resolution approving such mandate
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary shares of nominal value HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers approved by the Securities and Futures Commission as amended from time to time
“HK\$” and “cents”	Hong Kong dollars and cents, being the lawful currencies of Hong Kong
“%”	per cent.

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LETTER FROM THE BOARD

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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)**

*Executive Directors:*

CHU Chih-Yaung (*Chairman*)  
CHEN Hsiang-Jung (*Chief Executive Officer*)  
CHEN Min-Ho  
WEN Chi-Tang  
CHIU Rung-Hsien

*Registered Office:*

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

*Independent Non-Executive Directors:*

KOO Fook Sun, Louis  
CHIANG Chun-Te  
YU Yu-Tang

*Principal Place of Business*

*in Hong Kong:*  
Room 2003, 20th Floor  
Kai Tak Commercial Building  
317-319 Des Voeux Road Central  
Hong Kong

29 April 2008

*To the Shareholders*

Dear Sir or Madam,

**GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES,  
RE-ELECTION OF RETIRING DIRECTORS  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

**INTRODUCTION**

The purpose of this circular is to provide you with information in respect of the ordinary resolutions to be proposed to seek approval of the Shareholders at the AGM in respect of, among other matters, (i) the Issue Mandate; (ii) the Repurchase Mandate; (iii) the Extension Mandate; and (iv) the re-election of retiring Directors. In compliance with the Listing Rules, this circular contains an explanatory statement which provides all the information reasonably necessary to enable the Shareholders to make informed decisions on whether to vote for or against the resolution approving the Repurchase Mandate and other relevant information.

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## LETTER FROM THE BOARD

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### **GENERAL MANDATE TO ISSUE SHARES**

At the annual general meeting of the Company held on 21 May 2007, an ordinary resolution was passed by the then Shareholders granting the existing Issue Mandate to the Directors, which is due to expire at the conclusion of the AGM.

An ordinary resolution will be proposed at the AGM to grant to the Directors a fresh Issue Mandate i.e. a general and unconditional mandate to allot, issue and deal with additional Shares with an aggregate nominal value not exceeding 20% of the aggregate of the total nominal value of the share capital of the Company in issue at the date of the passing of such resolution.

On the basis of a total of 336,000,000 Shares in issue as at the Latest Practicable Date and no further Shares are issued or repurchased prior to the AGM, the maximum number of Shares which may fall to be issued under this proposed Issue Mandate will be 67,200,000 Shares. The fresh Issue Mandate will remain in effect until the earliest of (i) the date of the next annual general meeting; (ii) the date by which the next annual general meeting is required to be held by any applicable laws of the Cayman Islands or the Articles; and (iii) the date upon which such authority is revoked or varied by an ordinary resolution of the Shareholders in a general meeting of the Company.

### **GENERAL MANDATE TO REPURCHASE SHARES**

At the annual general meeting of the Company held on 21 May 2007, an ordinary resolution was passed by the then Shareholders granting the existing Repurchase Mandate to the Directors, which is due to expire at the conclusion of the AGM.

An ordinary resolution will be proposed at the AGM to grant to the Directors a fresh Repurchase Mandate i.e. a general and unconditional mandate to repurchase Shares subject to the maximum number of shares of up to 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of such resolution. The fresh Repurchase Mandate will remain in effect until the earliest of (i) the date of the next annual general meeting; (ii) the date by which the next annual general meeting is required to be held by any applicable laws of the Cayman Islands or the Articles; and (iii) the date upon which such authority is revoked or varied by an ordinary resolution of the Shareholders in a general meeting of the Company.

Details concerning the proposed Repurchase Mandate are contained in Appendix I of this circular.

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## LETTER FROM THE BOARD

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### GENERAL EXTENSION MANDATE TO ISSUE SHARES

An ordinary resolution will be proposed at the AGM to extend the Issue Mandate by the addition to the aggregate nominal value of the share capital of the Company which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the share capital of the Company repurchased by the Company pursuant to the Repurchase Mandate provided that such extended amount shall not exceed 10% of the aggregate of the total nominal value of the issued share capital of the Company on the date of passing the resolution approving the Issue Mandate.

### RE-ELECTION OF RETIRING DIRECTORS

Pursuant to Article 87(1) of the Articles, Mr. Chu Chih-Yaung, Mr. Chen Hsiang-Jung and Mr. Koo Fook Sun, Louis will retire and, being eligible, offer themselves for re-election at the AGM.

Details of the above-mentioned Directors proposed to be re-elected at the AGM are set out in Appendix II to this circular.

### ANNUAL GENERAL MEETING

The notice of the AGM is set out on pages 13 to 16 of this circular. At the AGM, resolutions will be proposed to approve, inter alia, the granting of the Issue Mandate and Repurchase Mandate, the Extension Mandate and the re-election of retiring Directors.

A form of proxy for use at the AGM is enclosed herewith. If you are unable to attend and/or vote at the AGM in person, you are requested to complete the form of proxy and return it to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Rooms 1806-1807, 18th Floor, 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 of the AGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so wish.

### PROCEDURES FOR DEMANDING A POLL

Pursuant to article 66 of the Articles, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless voting by way of a poll is required by the Listing Rules or (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (a) by the chairman of the meeting; or

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## LETTER FROM THE BOARD

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- (b) by at least three Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or
- (c) by a Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the meeting; or
- (d) by a Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right; or
- (e) if required by the Listing Rules, by any Director or Directors who, individually or collectively, hold proxies in respect of shares representing five per cent. (5%) or more of the total voting rights at such meeting.

Under the Listing Rules, the Stock Exchange will require any Shareholder and his associates (as defined in the Listing Rules), being Shareholders themselves, to abstain from voting at any general meeting of the Company on any relevant resolution by virtue of such Shareholder having a material interest in the same. Where any Shareholder is required to abstain from voting on a particular resolution, any vote taken at the general meeting of the Company on such resolution shall be taken on a poll.

### **RESPONSIBILITY STATEMENT**

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

### **RECOMMENDATION**

The Board considers that the ordinary resolutions in relation to the Issue Mandate, the Repurchase Mandate, the Extension Mandate and the re-election of retiring Directors to be proposed at the AGM are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of such resolutions at the AGM.

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## LETTER FROM THE BOARD

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### MISCELLANEOUS

The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

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

This appendix serves as an explanatory statement, as required by Rule 10.06 of the Listing Rules, to provide the Shareholders with all the information reasonably necessary to enable them to make an informed decision on whether to vote for or against the ordinary resolution to approve the Repurchase Mandate proposed at the AGM.

## **1. EXERCISE OF THE REPURCHASE MANDATE**

Exercise in full of the Repurchase Mandate, on the basis of 336,000,000 Shares in issue as at the Latest Practicable Date and no further Shares are issued or repurchased prior to the AGM, could accordingly result in up to 33,600,000 Shares being repurchased by the Company during the period ending on the earliest of the date of the next annual general meeting, the date by which the next annual general meeting of the Company is required to be held by the Articles or any applicable laws of Cayman Islands or the date upon which such authority is revoked or varied by an ordinary resolution of the Shareholders in a general meeting of the Company.

## **2. REASONS FOR REPURCHASES**

The Directors believe that the Repurchase Mandate is in the best interests of the Company and the Shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets of the Company and/or its earnings per Share and will only be made when the Directors believe that such a repurchase will benefit the Company and the Shareholders.

## **3. FUNDING OF REPURCHASES**

Any repurchase of Shares would be funded entirely from the cash flow or working capital facilities available to the Company, and will, in any event be made out of funds legally available for such purpose in accordance with the Articles and the applicable laws of the Cayman Islands. Such funds include, but are not limited to, profits available for distribution. Purchases may only be effected out of the profits of the Company or out of the proceeds of a fresh issue of Shares made for the purpose of the purchase, or, if so authorised by its Articles and subject to the provisions of the Companies Law, out of capital. Any premium payable on a purchase over the par value of the Shares to be purchased must be provided for out of profits of the Company or out of the Company's share premium account, or, if so authorised by its Articles and subject to the provisions of the Companies Law, out of capital.

## **4. GENERAL**

There might be a material adverse impact on the working capital or gearing position as disclosed in the audited financial statement of the Company for the year ended 31 December 2007 in the event that the Repurchase Mandate were to be exercised in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing levels of the Company which in the opinion of the Directors are from time to time appropriate.

## 5. DIRECTORS AND CONNECTED PERSONS

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, their associates (as defined in the Listing Rules), have any present intention to sell Shares to the Company if the Repurchase Mandate is approved by the Shareholders.

The Company has not been notified by any of its connected person (as defined in the Listing Rules) that he has a present intention to sell Shares to the Company, or has undertaken not to do so, in the event that the Repurchase Mandate is approved by the Shareholders.

## 6. UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate pursuant to the proposed resolution in accordance with the Listing Rules and the applicable laws of Cayman Islands.

## 7. EFFECT OF TAKEOVERS CODE

If as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. As a result, a Shareholder or group of Shareholders acting in concert, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, Good Friend (H.K.) Corporation Limited ("Hong Kong GF"), beneficially held 252,000,000 Shares, representing approximately 75% of the existing issued share capital of the Company.

In the event that the Directors exercise in full the power to repurchase Shares which is proposed to be granted pursuant to the Repurchase Mandate then (if the number of Shares as held by Hong Kong GF and the then number of total issued Shares remained the same) the attributable shareholding of Hong Kong GF in the Company would be increased to approximately 83.33% of the issued share capital of the Company. Since the interest of Hong Kong GF in the issued Shares already exceeds 50%, such increase will not give rise to any obligation to make a mandatory offer pursuant to Rule 26 of the Takeovers Code. The Company has no present intention to repurchase Shares in such a manner or to such extent as to result in the Company failing to comply with the public float requirements under Rule 8.08 of the Listing Rules.

## 8. SHARE PURCHASE MADE BY THE COMPANY

During each of the six months preceding the Latest Practicable Date, no Shares have been repurchased, on the Stock Exchange or otherwise, by the Company.

**9. SHARE PRICES**

During the current month and each of the previous twelve months before the Latest Practicable Date, the highest and lowest traded prices for Shares on the Stock Exchange were as follows:

	<b>Shares</b>	
	<b>Highest</b>	<b>Lowest</b>
	<i>HK\$</i>	<i>HK\$</i>
<b>2007</b>		
April	4.158	3.000
May	4.980	3.583
June	4.900	4.400
July	7.600	4.500
August	6.800	4.500
September	7.280	6.000
October	6.780	6.080
November	7.000	5.600
December	6.090	5.580
<b>2008</b>		
January	6.400	3.330
February	6.200	5.380
March	5.400	4.500
April (up to the Latest Practicable Date)	4.990	4.500

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## APPENDIX II      DETAILS OF THE DIRECTORS PROPOSED TO BE RE-ELECTED AT THE ANNUAL GENERAL MEETING

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The following set out the details of the Directors who retire by rotation and, being eligible, will offer themselves for re-election at the AGM pursuant to the Article 87(1) of the Articles.

**Mr. Chu Chih-Yaung** (朱志洋先生), aged 61, was appointed as an executive Director in September 2005 and Chairman of the Board. He is responsible for the Group's overall strategic planning, management, business development, and the formulation of the Group's corporate policies. Mr. Chu has more than 30 years of experience in the mechanics, manufacturing and machine tools industry. Mr. Chu is also a director of Hangzhou Global Friend Precision Machinery Co., Ltd. (杭州友高精密機械有限公司) and Hangzhou Ever Friend Precision Machinery Co., Ltd. (杭州友華精密機械有限公司), both are wholly-owned subsidiaries of the Company.

Mr. Chu entered into a service agreement dated 22 December 2005 with the Company for an initial fixed term of three years commencing from 11 January 2006, and will continue thereafter until terminated by not less than three months' notice in writing served by either party to the other, but subject to the requirements for retirement and re-election under the Articles. He is entitled to an annual remuneration of RMB180,000, which is determined based on the prevailing market rate. Mr. Chu will also be entitled to receive an annual discretionary bonus, the amount of which shall not exceed 2% of the audited consolidated net profits of the Group for the relevant financial year and such amount has to be approved by the Remuneration Committee. Such emoluments are covered in his service agreement with the Company.

**Mr. Chen Hsiang-Jung** (陳向榮先生), aged 62, was appointed as an executive Director in December 2005 and chief executive officer. He is responsible for general management of the Group. Mr. Chen has more than 30 years of experience in the mechanics, manufacturing and machine tools industry. He is also a director of Hangzhou Good Friend Precision Machinery Co., Ltd. (杭州友佳精密機械有限公司), Hangzhou Global Friend Precision Machinery Co., Ltd. (杭州友高精密機械有限公司), Hangzhou Ever Friend Precision Machinery Co., Ltd. (杭州友華精密機械有限公司) and Hangzhou Glory Friend Machinery Technology Co., Ltd. (杭州友達機械科技有限公司) Mr. Chen joined the Group in 1993.

Mr. Chen entered into a service agreement dated 22 December 2005 with the Company for an initial fixed term of three years commencing from 11 January 2006, and will continue thereafter until terminated by not less than three months' notice in writing served by either party to the other, but subject to the requirements for retirement and re-election under the Articles. He is entitled to an annual remuneration of RMB180,000, which is determined based on the prevailing market rate. Mr. Chen will also be entitled to receive an annual discretionary bonus, the amount of which shall not exceed 2% of the audited consolidated net profits of the Group for the relevant financial year and such amount has to be approved by the Remuneration Committee. Such emoluments are covered in his service agreement with the Company.

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## APPENDIX II      DETAILS OF THE DIRECTORS PROPOSED TO BE RE-ELECTED AT THE ANNUAL GENERAL MEETING

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**Mr. Koo Fook Sun, Louis** (顧福身先生), aged 51, is an independent non-executive Director, Chairman of Audit Committee, Nomination Committee and Remuneration Committee. Mr. Koo joined the Group in December 2005. He is the founder and managing director of Hercules Capital Limited, a corporate finance advisory firm. He has more than 20 years of experience in investment banking and professional accounting. Mr. Koo currently acts as an independent non-executive director of Weichai Power Co., Ltd. (濰柴動力股份有限公司), Li Ning Company Limited (李寧有限公司), Midland Holdings Limited (美聯集團有限公司), China Communications Construction Company Limited (中國交通建設股份有限公司) and Xingda International Holdings Limited (興達國際控股有限公司), which are companies listed on the Main Board, and Midland IC&I Limited (美聯工商舖有限公司) (formerly named as EVI Education Asia Limited (EVI教育亞洲有限公司)) and Richfield Group Holdings Limited (田生集團有限公司) (formerly named as Maxitech International Holdings Limited (全美國際控股有限公司)), both are listed on the Growth Enterprise Market of the Stock Exchange. Mr. Koo graduated with a bachelor's degree in business administration from the University of California at Berkeley and is a certified public accountant.

Mr. Koo entered into a service agreement dated 22 December 2005 with the Company for an initial fixed term of two years commencing from 11 January 2006. Mr. Koo's service agreement was renewed on 10 January 2008 for a fixed term of two years commencing from 11 January 2008, and will continue thereafter until terminated by not less than three months' notice in writing served by either party to the other, but subject to the requirements for retirement and re-election under the Articles. He is entitled to an annual remuneration of HKD200,000, which is determined based on the prevailing market rate, or such higher amount as the Board may from time to time determine in its absolute discretion; and such additional fees or other remuneration in respect of any special services agreed by the parties to be rendered by Mr. Koo as the parties may from time to time agree. Such emoluments are covered in his service agreement with the Company.

Save as disclosed above, there is no other information required to be disclosed pursuant to any of the requirements of Rule 13.51(2)(a) to 13.51(2)(v) of the Listing Rules nor is there any other matter that needs to be brought to the attention of the Shareholders in respect of each of the above Directors proposed to be re-elected.

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## NOTICE OF ANNUAL GENERAL MEETING

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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)**

**NOTICE IS HEREBY GIVEN THAT** an Annual General Meeting of Good Friend International Holdings Inc. (the “Company”) will be held at Vinson Room, Pacific Place Conference Centre, Level 5 One Pacific Place, 88 Queensway, Hong Kong, on Monday, 23 June 2008 at 2:00 p.m. for the following purposes:

1. To receive and consider the audited financial statements and the reports of the directors and auditors of the Company and its subsidiaries for the year ended 31 December 2007;
2. To consider and, if thought fit, declare a final dividend;
3. To re-elect the directors and to authorise the board of directors to fix their remuneration;
4. To re-appoint Deloitte Touche Tohmatsu as auditors and to authorise the board of directors to fix their remuneration;

As special businesses, to consider and, if thought fit, pass the following as ordinary resolutions, with or without amendments:

### ORDINARY RESOLUTIONS

5. **“THAT:**
  - (a) subject to paragraph (c) below, the exercise by the directors of the Company (“Directors”) during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares of the Company (“Shares”) and to make or grant offers, agreements and options which might require the exercise of such power be and is hereby generally and unconditionally approved;
  - (b) the approval in paragraph (a) shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such power after the end of the Relevant Period;

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## NOTICE OF ANNUAL GENERAL MEETING

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- (c) the aggregate nominal amount of share capital of the Company allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a), otherwise than pursuant to (i) a Rights Issue (as hereinafter defined), or (ii) the exercise of the subscription rights or conversion under the terms of any warrants or other securities issued by the Company as at the date of this Resolution carrying a right to subscribe for or purchase Shares or otherwise convertible into Shares, or (iii) the exercise of rights granted pursuant to any option scheme of the Company or of any of its subsidiaries for the grant or issue of Shares or options to subscribe for or rights to acquire Shares, or (iv) any scrip dividend or similar arrangements providing for the allotment of Shares in lieu of the whole or part of a dividend of distribution in accordance with the memorandum and articles of association of the Company, from time to time shall not exceed 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of this Resolution and the said approval shall be limited accordingly; and
- (d) for the purposes of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws of the Cayman Islands to be held; and
- (iii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting.

“Rights Issue” means an offer of shares or an offer of warrants, options or other securities giving right to subscribe for shares, open for a period fixed by the Directors to holders of shares on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares (subject to such exclusion or other arrangements, if any, as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognized regulatory body or any stock exchange in any territory outside Hong Kong applicable to the Company).”

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## NOTICE OF ANNUAL GENERAL MEETING

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6. **“THAT:**

- (a) subject to paragraph (b) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all powers of the Company to repurchase Shares, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of the Shares repurchased which may be by the Company pursuant to the approval in paragraph (a) of this resolution during the Relevant Period shall not exceed 10% of the aggregate nominal amount of the Shares in issue as at the date of the passing of this resolution and the said approval be limited accordingly; and
- (c) for the purposes of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
  - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws of the Cayman Islands to be held; and
  - (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”
7. **“THAT** conditional upon Ordinary Resolution nos. 5 and 6 above being passed, the aggregate nominal amount of the number of shares in the capital of the Company which are repurchased by the Company under the authority granted to the Directors as mentioned in Ordinary Resolution no. 6 above shall be added to the aggregate nominal amount of share capital that may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to the authority granted under Ordinary Resolution no. 5 above.”

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

Hong Kong, 29 April 2008

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## NOTICE OF ANNUAL GENERAL MEETING

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*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. In order to be valid, the form of proxy must be deposited at the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Rooms 1806-1807, 18th Floor, 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 adjourned meeting.
2. Completion and return of the form of proxy will not preclude members from attending and voting in person at the annual general meeting or any adjournment.
3. 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.
4. The Register of Members of the Company will be closed from Wednesday, 18 June 2008 to Monday, 23 June 2008, both days inclusive, during which period no transfers of shares shall be effected. In order to qualify for receiving the final dividend and attending and voting at the forthcoming annual general meeting, all transfers of shares accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 17 June 2008.
5. As at the date of this notice, the board of directors 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.