
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 your 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 proxy form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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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)**

**PROPOSALS INVOLVING
GENERAL MANDATES TO REPURCHASE SHARES
AND TO ISSUE SHARES,
RE-ELECTION OF RETIRING DIRECTORS,
ADOPTION OF THE NEW SHARE OPTION SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the annual general meeting of Good Friend International Holdings Inc. to be held at 35th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Thursday, 2 June 2016 at 11:00 a.m. is set out on pages 29 to 34 of this circular. Whether or not you propose to attend the meeting, 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 in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding 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 should you so wish.

Hong Kong, 29 April 2016

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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context requires otherwise:–

“2005 Share Option Scheme”	the share option scheme adopted by the Company on 22 December 2005
“Adoption Date”	the date on which the New Share Option Scheme is adopted by resolution of the Shareholders in general meeting
“Annual General Meeting”	the annual general meeting of the Company to be held at 35th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Thursday, 2 June 2016 at 11:00 a.m., notice of which is set out on pages 29 to 34 of this circular
“Articles of Association”	the articles of association of the Company as amended from time to time
“associate”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors, and in Appendix III to this circular, references to the “Board” shall mean the board of Directors or a duly authorised committee thereof for the time being, including the independent non-executive Directors
“Business Day”	means a day on which the Stock Exchange is open for business of dealing in securities
“chief executive”	has the meaning ascribed thereto in the Listing Rules
“Companies Law”	the Companies Law, Cap.22 (Law 3 of 1961, as consolidated and revised from time to time) 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 Main Board of the Stock Exchange (Stock Code: 2398)
“connected person”	has the meaning ascribed thereto in the Listing Rules

DEFINITIONS

“core connected person”	has the meaning ascribed thereto in the Listing Rules
“Date of Grant”	the date (which shall be a Business Day) on which the grant of an Option is made to (and subject to acceptance by) an Eligible Person as determined in accordance with the terms of the New Share Option Scheme
“Directors”	the directors of the Company
“Eligible Person(s)”	any Executive, director or proposed director (including an independent non-executive director) of any member of the Group, consultant of any member of the Group, dependent of any of the foregoing persons, and such other persons as the Board may approve from time to time having contributed to the Company or the Group
“Employee”	any proposed Employee, any full-time or part-time Employee, or a person for the time being seconded to work full-time or part-time for any member of the Group
“Executive”	any executive Director, manager, or other employee holding an executive, managerial, supervisory or similar position in any member of the Group
“Grantee”	an Eligible Person who accepts the grant of any Option in accordance with the terms of the New Share Option Scheme or (where the context so permits) the legal personal representative(s) entitled under the New Share Option Scheme to exercise any such Option in consequence of the death of the original Grantee
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of The People’s Republic of China
“Latest Practicable Date”	25 April 2016, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular

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“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“New Share Option Scheme”	the new share option scheme proposed to be adopted by the Company at the Annual General Meeting, a summary of the principal terms of which is set out in the Appendix III to this circular
“Option”	an option to subscribe for Shares granted pursuant to the terms of the New Share Option Scheme
“Option Period”	means a period, in relation to the relevant Option, to be determined by the Board at its absolute discretion and notified by the Board to each Grantee as being the period during which an Option may be exercised
“Repurchase Proposal”	the proposal to give a general mandate to the Directors to exercise the powers of the Company to repurchase during the period as set out in the Repurchase Resolution Shares up to a maximum of 10 percent of the total number of issued Shares as at the date of passing the Repurchase Resolution
“Repurchase Resolution”	the proposed ordinary resolution as referred to in item 5 of the notice of the Annual General Meeting
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company, and in Appendix III to this circular, references to “Share(s)” shall mean ordinary share(s) of HK\$0.01 each in the share capital of the Company, or, if there has been a consolidation or subdivision of the share capital of the Company, shares forming part of the ordinary share capital of the Company
“Share Repurchase Rules”	the relevant rules set out in the Listing Rules to regulate the repurchase by companies with primary listing on the Stock Exchange of their own securities on the Stock Exchange

DEFINITIONS

“Shareholders”	holders of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the price per Share at which a Grantee may subscribe for Shares on the exercise of an Option, subject to adjustment in accordance with the terms of the New Share Option Scheme
“substantial shareholder”	has the meaning ascribed thereto in the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	percent

LETTER FROM THE BOARD

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

Hong Kong, 29 April 2016

To the Shareholders

Dear Sir or Madam,

**PROPOSALS INVOLVING
GENERAL MANDATES TO REPURCHASE SHARES
AND TO ISSUE SHARES,
RE-ELECTION OF RETIRING DIRECTORS,
ADOPTION OF THE NEW SHARE OPTION SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING**

1. INTRODUCTION

The purpose of this circular is to provide you with the information regarding the proposed renewal of the general mandates to repurchase Shares and to allot, issue and deal with Shares, re-election of retiring Directors, adoption of the New Share Option Scheme and to seek your approval of the resolutions relating to these matters at the Annual General Meeting.

LETTER FROM THE BOARD

2. GENERAL MANDATE TO REPURCHASE SHARES

At the annual general meeting of the Company held on 29 May 2015, a general mandate was given by the Company to the Directors to exercise the powers of the Company to repurchase Shares. Such mandate will lapse at the conclusion of the forthcoming Annual General Meeting of the Company. The Directors propose to seek your approval of the Repurchase Resolution to be proposed at the Annual General Meeting granting to the Directors a general mandate to repurchase Shares not exceeding 10% of the total number of issued Shares as at the date of passing the resolution (i.e. 40,320,000 Shares based on the total number of issued Shares of 403,200,000 as at the Latest Practicable Date and assuming that such total number of issued Shares remains the same as at the date of passing the ordinary resolution). An explanatory statement as required under the Share Repurchase Rules to provide the requisite information of the Repurchase Proposal is set out in Appendix I hereto.

The general mandate granted pursuant to the Repurchase Resolution shall be exercisable during the period from the passing of the Repurchase Resolution until whichever is the earliest of:–

- (i) the conclusion of the next annual general meeting of the Company; or
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the laws of the Cayman Islands or the articles of association of the Company to be held; or
- (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the Shareholders in general meeting of the Company.

3. GENERAL MANDATE TO ISSUE NEW SHARES

It will also be proposed at the Annual General Meeting two ordinary resolutions (namely ordinary resolutions as referred to in items 6 and 7 of the notice of Annual General Meeting) respectively granting to the Directors a general mandate to allot, issue and deal with Shares not exceeding 20% of the total number of issued Shares as at the date of passing the resolution (i.e. 80,640,000 Shares based on the total number of issued Shares of 403,200,000 as at the Latest Practicable Date and assuming that such total number of the issued Shares remains the same as at the date of passing the ordinary resolution) and adding to such general mandate so granted to the Directors any Shares representing the total number of issued Shares repurchased by the Company after the granting of the general mandate to repurchase Shares up to 10% of the total number of issued Shares as at the date of passing the Repurchase Resolution.

LETTER FROM THE BOARD

The mandate to allot, issue and deal with Shares shall be exercisable during the period from the passing of the ordinary resolution until whichever is the earliest of:-

- (i) the conclusion of the next annual general meeting of the Company; or
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the laws of the Cayman Islands or the articles of association of the Company to be held; or
- (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the Shareholders in general meeting of the Company.

4. RE-ELECTION OF RETIRING DIRECTORS

The board of Directors currently consists of eight Directors, namely Messrs. Chu Chih-Yaung, Chen Hsiang-Jung, Chen Min-Ho, Wen Chi-Tang, Chiu Rung-Hsien as executive Directors and Messrs. Koo Fook Sun, Louis, Chiang Chun-Te and Yu Yu-Tang as independent non-executive Directors.

Pursuant to Article 87(1) of the articles of association of the Company, Messrs. Chen Hsiang-Jung, Chen Min-Ho and Chiu Rung-Hsien shall retire by rotation from office at the Annual General Meeting and shall be eligible and offer themselves for re-election.

Details of retiring Directors proposed for re-election at the Annual General Meeting are set out in Appendix II of this circular.

5. ADOPTION OF THE NEW SHARE OPTION SCHEME

The 2005 Share Option Scheme had a term of 10 years and had expired on 21 December 2015. In view of the expiry of the 2005 Share Option Scheme, the Board proposes to adopt the New Share Option Scheme. The New Share Option Scheme will become effective on the date of fulfilment of all the conditions precedent as referred to under the paragraph headed "Conditions precedent of the New Share Option Scheme" below.

LETTER FROM THE BOARD

As at the Latest Practicable Date, there were a total of 403,200,000 Shares in issue. Assuming that there is no change in issued share capital of the Company between the period from the Latest Practicable Date up to the Adoption Date, the maximum number of Shares which may be issued pursuant to the New Share Option Scheme and any other schemes (if any) will be 40,320,000 Shares, representing 10% of the total number of Shares in issue as at the Adoption Date, unless the Company obtains a fresh approval from its Shareholders to renew the 10% limit on the basis that the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Share Option Scheme and any other share option schemes of the Company shall not exceed 30% of the total number of Shares in issue from time to time.

No option has been granted under the 2005 Share Option Scheme since its adoption on 22 December 2005. The Company currently does not have any plan and is not contemplating to grant any share options.

Principal terms of the New Share Option Scheme

A summary of the principal terms of the New Share Option Scheme is set out in Appendix III to this circular. The terms of the New Share Option Scheme are in line with the provisions of Chapter 17 of the Listing Rules, which governs the terms of the share option schemes of listed companies.

There is no trustee appointed for the purposes of the New Share Option Scheme.

Value of the Options

The Directors consider that it is not appropriate to disclose the value of all Options that can be granted under the New Share Option Scheme as if they had been granted on the Latest Practicable Date as a number of variables which are crucial for the calculation of the value of all Options have not been determined. Such variables include but are not limited to the exercise price, exercise period and any performance targets to be set. The Directors believe that any calculation of the value of all Options as at the Latest Practicable Date based on a great number of speculative assumptions would not be meaningful and would be misleading to the Shareholders.

LETTER FROM THE BOARD

Conditions precedent of the New Share Option Scheme

The New Share Option Scheme is conditional upon:

- (1) the passing of an ordinary resolution by the Shareholders in general meeting to approve the adoption of the New Share Option Scheme; and
- (2) the Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, any new Shares which may fall to be issued and allotted pursuant to the exercise of the Options granted under the New Share Option Scheme.

An application will be made to the Stock Exchange for the approval for the listing of, and permission to deal in, any new Shares which may fall to be issued and allotted pursuant to the exercise of the Options granted under the New Share Option Scheme.

Once the New Share Option Scheme is adopted, any alterations to the terms and conditions thereof, which are of a material nature, must be approved by the Shareholders in general meeting, except where the alterations take effect automatically pursuant to the terms originally provided in the New Share Option Scheme.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting on the ordinary resolution to be proposed at the Annual General Meeting approving the adoption of the New Share Option Scheme.

6. ANNUAL GENERAL MEETING

On pages 29 to 34 of this circular, you will find a notice convening the Annual General Meeting at which the following resolutions will be proposed:–

- an ordinary resolution to grant to the Directors a general mandate to exercise all powers of the Company to repurchase on the Stock Exchange Shares representing up to 10% of the total number of issued Shares as at the date of passing the Repurchase Resolution;

LETTER FROM THE BOARD

- an ordinary resolution to grant to the Directors a general mandate to authorise the Directors to issue, allot and deal with Shares with an aggregate nominal value not exceeding 20% of the total number of issued Shares as at the date of passing such resolution;
- an ordinary resolution to extend the general mandate which will be granted to the Directors to issue, allot and deal with additional Shares by adding to it the number of Shares repurchased under the Repurchase Proposal after the granting of the general mandate; and
- an ordinary resolution to approve and adopt the New Share Option Scheme.

7. VOTING BY WAY OF POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting of the Company must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

8. ACTION TO BE TAKEN

A notice convening the Annual General Meeting to be held at 35th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Thursday, 2 June 2016 at 11:00 a.m. is set out on pages 29 to 34 of this circular.

A proxy form for use at the Annual General Meeting is enclosed with this circular. Whether or not you intend to attend the Annual General Meeting, you are requested to complete the proxy form and return it to the Company's branch share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the Annual General Meeting or any adjournment thereof. Completion and return of the proxy form will not prevent Shareholders from attending and voting at the Annual General Meeting if they so wish.

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9. DOCUMENT AVAILABLE FOR INSPECTION

A copy of the rules of the New Share Option Scheme is available for inspection at the principal place of business of the Company in Hong Kong at Room 2003, 20th Floor, Kai Tak Commercial Building, 317-319 Des Voeux Road Central, Hong Kong during normal business hours from the date of this circular up to and including the date of the Annual General Meeting, which is a period of not less than 14 days before the date of the Annual General Meeting. A copy of the rules of the New Share Option Scheme will also be available for inspection at the Annual General Meeting.

10. RECOMMENDATION

The Directors believe that the proposals and re-election of Directors and the adoption of the New Share Option Scheme referred to in this circular are all in the best interests of the Company and its Shareholders as a whole. Accordingly, the Directors recommend that all Shareholders should vote in favour of the relevant resolutions as set out in the notice of Annual General Meeting.

11. 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 Group. The Directors, having made all reasonable enquires, 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.

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

This appendix serves as an explanatory statement, as required by the Share Repurchase Rules, to provide requisite information to you for your consideration of the proposal to permit the repurchase of Shares up to a maximum of 10% of the total number of issued Shares as at the date of passing the Repurchase Resolution.

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 403,200,000 Shares.

Subject to the passing of the Repurchase Resolution and on the basis that no further Shares are issued or repurchased prior to the Annual General Meeting, the Company would be allowed under the Repurchase Resolution to repurchase a maximum of 40,320,000 Shares, representing not more than 10% of the total number of issued Shares as at the Latest Practicable Date.

2. REASONS FOR REPURCHASE

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

3. FUNDING OF REPURCHASES

In repurchasing Shares, the Directors will only apply funds legally available for such purpose in accordance with its memorandum and articles of association and the applicable laws of the Cayman Islands. The Companies Law provides that the amount of capital repaid in connection with a share repurchase may only be paid out of either the capital paid up on the relevant shares, or out of the funds of the Company otherwise available for dividend or distribution or the proceeds of a fresh issue of shares made for the purpose. The amount of premium payable on repurchase may only be paid out of either the funds of the Company that would otherwise be available for dividend or distribution or out of the share premium of the Company.

There might be a material adverse impact on the working capital or gearing position of the Company as compared with the position disclosed in the audited accounts contained in the annual report for the year ended 31 December 2015 in the event that the power to repurchase Shares pursuant to the Repurchase Proposal were to be exercised in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the power to repurchase Shares pursuant to the Repurchase Proposal to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

4. SHARE PRICES

The highest and lowest prices at which the Shares have traded on the Stock Exchange during each of the previous twelve months before the Latest Practicable Date were as follows:–

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
April 2015	2.700	2.290
May 2015	2.650	2.360
June 2015	2.500	2.190
July 2015	2.240	1.910
August 2015	2.200	1.620
September 2015	2.040	1.880
October 2015	2.180	1.860
November 2015	2.230	1.940
December 2015	1.940	1.750
January 2016	2.190	1.760
February 2016	1.900	1.650
March 2016	2.000	1.750
April 2016 up to the Latest Practicable Date	1.770	1.750

5. UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will only exercise the powers of the Company to make repurchases pursuant to the Repurchase Proposal in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

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

No core connected persons have notified the Company that they have a present intention to sell Shares to the Company or its subsidiaries, or have undertaken not to do so, in the event that the Repurchase Proposal is approved by the Shareholders.

6. TAKEOVERS CODE

If, on the exercise of the power to repurchase Shares pursuant to the Repurchase Proposal, 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 Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, Good Friend (H.K.) Corporation Limited ("Hong Kong GF"), beneficially held 232,000,000 Shares representing approximately 57.54% 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 Proposal 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 63.93% 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.

In the event that the Repurchase Proposal is exercised in full, the number of Shares held by the public would not fall below 25%.

7. SHARES REPURCHASE MADE BY THE COMPANY

The Company had not repurchased any Shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

The following are the particulars of the retiring Directors proposed to be re-elected at the Annual General Meeting to be held on 2 June 2016:-

Mr. Chen Hsiang-Jung, aged 70, was appointed as an executive Director in December 2005 and chief executive officer. Mr. Chen was graduated from Taiwan Ocean University in 1972. He is also a member of the remuneration committee and the nomination committee of the Company. 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., Hangzhou Global Friend Precision Machinery Co., Ltd., Hangzhou Ever Friend Precision Machinery Co., Ltd. and Hangzhou Glory Friend Machinery Technology Co., Ltd. Mr. Chen joined the Group in 1993. Mr. Chen did not hold any directorship in other listed public companies in the past three years and save as disclosed above, does not hold any position of the Company and other companies within the Group.

Mr. Chen entered into a service agreement dated 11 January 2015 with the Company for a term of 3 years until 10 January 2018 and he is subject to retirement by rotation and re-election in accordance with the Company's articles of association. He is entitled to an annual remuneration of RMB180,000 and was entitled to a performance related bonus of RMB500,000 for the year ended 31 December 2015. There is no agreement as to the Directors' fee of Mr. Chen and his Director's fee will be determined by the remuneration committee of the Company as well as the board of Directors by reference to the prevailing market conditions and subject to the approval of the Company's Shareholders at the Annual General Meeting.

Mr. Chen does not have any relationship with any Directors, senior management and substantial or controlling Shareholders and does not have any interest in any of the Shares as defined under Part XV of the SFO.

Save as disclosed above, Mr. Chen confirmed that there are no other matters that need to be brought to the attention of the Shareholders in connection with his re-election and no other information that should be disclosed pursuant to rule 13.51(2)(h) to (v) of the Listing Rules.

Mr. Chen Min-Ho, aged 65, was appointed as an executive Director in December 2005. He is responsible for the overall business operation of the Group. Mr. Chen has more than 15 years of experience in mechanics, manufacturing and machine tools industry. He is also a director of Hangzhou Good Friend Precision Machinery Co., Ltd., Rich Friend (Shanghai) Precision Machinery Co., Ltd., Hangzhou Glory Friend Machinery Technology Co., Ltd and Huller Hille (Shanghai) Machinery Co., Ltd. He joined the Group in 1993. Mr. Chen did not hold any directorship in other listed public companies in the past three years and save as disclosed above, does not hold any position of the Company and other companies within the Group.

Mr. Chen entered into a service agreement dated 11 January 2015 with the Company for a term of 3 years until 10 January 2018 and he is subject to retirement by rotation and re-election in accordance with the Company's articles of association. He is entitled to an annual remuneration of RMB144,000. There is no agreement as to the Directors' fee of Mr. Chen and his Director's fee will be determined by the remuneration committee of the Company as well as the board of Directors by reference to the prevailing market conditions and subject to the approval of the Company's Shareholders at the Annual General Meeting.

Mr. Chen does not have any relationship with any Directors, senior management and substantial or controlling Shareholders and does not have any interest in any of the Shares as defined under Part XV of the SFO.

Save as disclosed above, Mr. Chen confirmed that there are no other matters that need to be brought to the attention of the Shareholders in connection with his re-election and no other information that should be disclosed pursuant to rule 13.51(2)(h) to (v) of the Listing Rules.

Mr. Chiu Rung-Hsien, aged 58, was appointed as an executive Director in December 2005. Mr. Chiu was graduated from Kwang Wu Junior College of Technology (光武工業專科學校) in 1978. He was the manager of the parking garage structures division of Hangzhou Good Friend Precision Machinery Co., Ltd. and then was promoted as the senior manager with effect from 1 January 2011. He is responsible for the production and operation of this division. Mr. Chiu has more than 31 years of experience in the mechanics and manufacturing industry. He joined the Group in 2001.

Mr. Chiu did not hold any directorship in other listed public companies in the past three years and save as disclosed above, does not hold any position of the Company and other companies within the Group.

Mr. Chiu entered into a service agreement dated 11 January 2015 with the Company for a term of 3 years until 10 January 2018 and he is subject to retirement by rotation and re-election in accordance with the Company's articles of association. He is entitled to an annual remuneration of RMB144,000. There is no agreement as to the Directors' fee of Mr. Chiu and his Director's fee will be determined by the remuneration committee as well as the board by reference to the prevailing market conditions and subject to the approval of the Company's Shareholders at the Annual General Meeting.

Mr. Chiu does not have any relationship with any Directors, senior management and substantial or controlling Shareholders and does not have any interest in any of the Shares as defined under Part XV of the SFO.

Save as disclosed above, there are no other matters that need to be brought to the attention of the Shareholders in connection with the re-election of Mr. Chiu and no other information that should be disclosed pursuant to rule 13.51(2)(h) to (v) of the Listing Rules.

The following is a summary of the principal terms of the New Share Option Scheme to be approved at the Annual General Meeting. It does not form part of, nor is it intended to be part of the rules of the New Share Option Scheme and it should not be taken as affecting the interpretation of the rules of the New Share Option Scheme. The Directors reserve the right at any time prior to the Annual General Meeting to make such amendments to the New Share Option Scheme as they may consider necessary or appropriate provided that such amendments do not conflict with any material aspects with the summary of this appendix.

1 PURPOSE OF THE NEW SHARE OPTION SCHEME

The purpose of the New Share Option Scheme is to motivate Eligible Persons to optimise their future contributions to the Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain ongoing relationship with such Eligible Persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group, and additionally in the case of Executive, to enable the Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions.

2 ELIGIBLE PERSONS OF THE NEW SHARE OPTION SCHEME

Persons eligible to participate in the New Share Option Scheme include any Executive, director or proposed director (including an independent non-executive director) of any member of the Group, consultant of any member of the Group, dependent of any of the foregoing persons, and such other persons as the Board may approve from time to time having contributed to the Company or the Group.

In determining the basis of eligibility of each Eligible Person, the Board would take into account such factors as the Board may at its discretion consider appropriate. On and subject to the requirements of the Listing Rules and the terms of the New Share Option Scheme, the Board shall be entitled to grant to any Eligible Person an Option to subscribe for such number of Shares as the Board may determine at the Subscription Price.

3 MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION

- (a) The total number of Shares which may be issued upon exercise of all options to be granted under the New Share Option Scheme and any other share option scheme(s) of the Company must not in aggregate exceed 10% of the number of Shares in issue as at the Adoption Date, unless the Company obtains an approval from its Shareholders pursuant to sub-paragraphs 3(b) or 3(c). Options lapsed in accordance with the terms of the New Share Option Scheme will not be counted for the purpose of calculating such 10% limit.
- (b) The Company may seek approval by Shareholders in general meeting to refresh the 10% limit set out in sub-paragraph 3(a) such that the total number of Shares which may be issued upon exercise of all options to be granted under the New Share Option Scheme and any other share option schemes of the Company under the limit as “refreshed” shall not exceed 10% of the total number of Shares in issue as at the date of approval to refresh such limit. Options previously granted under the New Share Option Scheme and any other share option schemes of the Company (including those outstanding, cancelled, lapsed in accordance with the New Share Option Scheme or exercised Options) will not be counted for the purpose of calculating such limit as refreshed. In such case, the Company shall send a circular to its Shareholders containing the information required under the Listing Rules.
- (c) The Company may seek separate approval by its Shareholders in general meeting for granting Options beyond the 10% limit set out in sub-paragraphs 3(a) or (b) (as the case may be) provided that the Options in excess of such limit are granted only to the Eligible Persons specially identified by the Company before such approval is sought. In such case, the Company shall send a circular to the Shareholders containing a generic description of the specified Eligible Person(s) who may be granted such Options, the number of Shares subject to the Options to be granted, the terms of the Options to be granted, the purpose of granting Options to the specified Eligible Person(s), an explanation as to how the terms of these Options serve such purpose, and such other information as required under the Listing Rules.

- (d) The limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the total number of Shares in issue from time to time (or such other percentage as may be allowed under the Listing Rules). No options may be granted under the New Share Option Scheme and any other share option schemes of the Company if this will result in such limit being exceeded.

- (e) If the Company conducts a share consolidation or subdivision after the 10% limit set out in sub-paragraphs 3(a) or (b) (as the case may be) has been approved in general meeting, the maximum number of Shares that may be issued upon exercise of all options to be granted under all of the share option schemes of the Company under the 10% limit set out in sub-paragraphs 3(a) or (b) (as the case may be) as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or subdivision shall be the same.

4 MAXIMUM ENTITLEMENT OF SHARES OF EACH ELIGIBLE PERSON

Unless approved by Shareholders in the manner as set out in this paragraph, the total number of Shares issued and to be issued upon exercise of the options granted to each Eligible Person under the New Share Option Scheme or any other share option schemes adopted by the Company (including both exercised, cancelled and outstanding options) in any 12-month period must not exceed 1% of the total number of Shares in issue. Where any further grant of Options to an Eligible Person would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such Eligible Person under the New Share Option Scheme and any other share option schemes of the Company (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the total number of Shares in issue, such further grant must be separately approved by the Shareholders in general meeting with such Eligible Person and such Eligible Person's close associates (within the meaning as ascribed under the Listing Rules) (or his associates if the Eligible Person is a connected person) abstaining from voting. The Company shall send a circular to the Shareholders containing, amongst other terms, the identity of such Eligible Person, the number and the terms of the Options to be granted (and options previously granted to such Eligible Person under the New Share Option Scheme and any other share option schemes of the Company), and such other information as required under the Listing Rules. The number and terms (including the Subscription Price) of Options to be granted to such Eligible Person shall be fixed before shareholders' approval and the date of Board meeting for proposing such further grant should be taken as the Date of Grant for the purpose of calculating the Subscription Price.

5 OPTION PERIOD

- (a) The period within which the Options must be exercised will be specified by the Company at the time of grant. This period must expire no later than 10 years from the relevant Date of Grant. The Board may also provide restrictions on the exercise of an Option during the period an Option may be exercised.
- (b) If the Grantee is an Eligible Person and ceases to be an Eligible Person for any reason other than death or for serious misconduct or other grounds referred to in subparagraph 5(d) below before exercising his Option in full, the Option (to the extent it has become exercisable but not already exercised) will lapse on the date of cessation and will not be exercisable unless the Board otherwise determines in which event the Grantee may exercise the Option (to the extent that it has not already been exercised) in whole or in part (but if in part only in respect of a board lot for dealing in Shares on the Stock Exchange or any integral multiple thereof) within such period as the Board may determine following the date of such cessation, which will be taken to be the last day on which the Grantee was at work with the Group whether salary is paid in lieu of notice or not.
- (c) If the Grantee is an Eligible Person and ceases to be an Eligible Person by reason of his death before exercising the Option in full, his personal representative(s) may exercise the Option (to the extent it has become exercisable but not already exercised) in whole or in part (but if in part only in respect of a board lot for dealing in Shares on the Stock Exchange or any integral multiple thereof) within a period of 12 months, following the date of death or such longer period as the Board may determine.
- (d) If the Grantee is an Eligible Person and ceases to be an Eligible Person by reason that he has been guilty of misconduct or has committed an act of bankruptcy or has become insolvent or has made any arrangements or composition with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty or (if so determined by the Board) on any ground on which an employer would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the Eligible Person's service contract with the Company or the relevant subsidiary, his Option will lapse automatically on the date the Eligible Person ceases to be an employee of the relevant member of the Group.

- (e) If the Board at its absolute discretion determines that the Grantee of any Option or his associate has committed any breach of any contract entered into between the Grantee or his associate on the one part and the Group on the other part or that the Grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally, the Board shall determine that the outstanding Option granted to the Grantee shall lapse. In such event, his Option will lapse automatically and will not in any event be exercisable on or after the date on which the Board has so determined.

- (f) If a general offer (whether by takeover offer, merger, privatisation proposal, by scheme of arrangement between the Company and its members or otherwise in like manner other than a compromise or arrangement specified in paragraph (h)) is made to all the Shareholders (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror) and such offer, having been approved in accordance with applicable laws and regulatory requirements, becomes or is declared unconditional, the Grantee (or his legal personal representative(s)) shall be entitled to exercise in full the Option (to the extent it has become exercisable but not already exercised) at any time until whichever is the earlier of the date of expiry of the Option Period or the last day of the period of 14 days after the date on which the offer becomes or is declared unconditional, after which the Option shall lapse.

- (g) In the event of an effective resolution being proposed for the voluntary winding-up of the Company during the Option Period, the Grantee may, subject to the provisions of all applicable laws, by notice in writing to the Company at any time no later than 2 Business Days prior to the date on which such resolution is passed, exercise his Option (to the extent it has become exercisable but not already exercised) to its full extent in accordance with the provisions of the New Share Option Scheme. Subject to the above, an Option will lapse automatically (to the extent not exercised) on the date of the commencement of the winding-up of the Company.

- (h) If a compromise or arrangement between the Company and its members or creditors is proposed, the Company shall give notice to all Option holders on the same date as it despatches to each member or creditor of the Company a notice summoning the meeting to consider such a compromise or arrangement, and thereupon each Option holder shall be entitled to exercise all or any of his Options in whole at any time not later than 5 Business Days prior to the proposed date of the meeting directed to be convened by the court for the purposes of considering such compromise or arrangement. With effect from the date of such meeting, the rights of all Option holders to exercise their respective Options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all Options shall (to the extent that they have not been exercised) thereupon lapse and determine. If for any reason such compromise or arrangement is not approved by the court, the rights of the Option holders to exercise their respective Options shall with effect from the date of the making of the order by the court be restored in full and shall thereupon become exercisable.

6 GRANT OF OPTIONS

- (a) Any grant of Options to an Eligible Person who is a director, chief executive or substantial shareholder of the Company, or any of their respective associates under the New Share Option Scheme must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the Grantee).
- (b) Where any grant of Options is proposed to be made to an Eligible Person who is a substantial shareholder or an independent non-executive director, or any of their respective associates, which would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted to such person under the New Share Option Scheme and any other share option schemes of the Company (including options exercised, cancelled and outstanding) in the 12-month period up to and including the Date of Grant:
- (i) representing in aggregate over 0.1% of the total number of the Shares in issue; and
 - (ii) having an aggregate value, based on the closing price of the Shares at the Date of Grant, in excess of HK\$5 million,

such further grant of Options must be approved by the Shareholders in general meeting.

In such case, the Company shall send a circular to its Shareholders containing all those terms as required under the Listing Rules. Any vote taken at the meeting to approve the grant of such Options must be taken on a poll. Such Grantee, his/her associates and all core connected persons of the Company shall abstain from voting in favour at such general meeting (except where any such persons may vote against the relevant resolution at such general meeting provided that his intention to do so has been stated in the circular to the Shareholders and that the Listing Rules including Rules 13.40, 13.41 and 13.42 have been complied with).

7 PERFORMANCE TARGET AND THE OTHER CONDITIONS

The New Share Option Scheme does not require a minimum period for which an Option must be held nor a performance target which must be achieved before an Option can be exercised. In the event that the Board resolves to impose any performance target or minimum period on the grant of an Option which decision may vary on a case by case basis, such terms should be stated in the offer to the relevant Eligible Person. The Board believes that this will provide the Board with more flexibility in setting the terms and conditions of the Options under particular circumstances of each grant and facilitate the Board's aim to motivate Eligible Persons to optimise their future contributions to the Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain ongoing relationship with such Eligible Persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group.

8 PAYMENT ON ACCEPTANCE OF AN OPTION

An Option shall be regarded as having been accepted when the duplicate of the grant letter, duly signed by the Eligible Person together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof is received by the Company within 28 days from the Date of Grant. The remittance shall not be refundable.

9 SUBSCRIPTION PRICE

Subject to any adjustments made pursuant to paragraph 13, the Subscription Price in respect of each Share issued pursuant to the exercise of Options granted under the New Share Option Scheme shall be determined by the Board and notified to an Eligible Person at the time of the grant (and subject to acceptance by the Eligible Person in accordance with the terms of the New Share Option Scheme) of the Option(s) and shall be at least the highest of:-

- (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Date of Grant, which must be a Business Day;

- (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the 5 Business Days immediately preceding the Date of Grant; and
- (c) the nominal value of a Share on the Date of Grant.

The Board believes that this will provide the Board with more flexibility in setting the terms and conditions of the Options under particular circumstances of each grant and facilitate the Board's aim to motivate Eligible Persons to optimise their future contributions to the Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain ongoing relationship with such Eligible Persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group.

10 RIGHTS ATTACHING TO NEW SHARES

The new Shares to be issued upon the exercise of an Option will be subject to all the provisions of the Articles of Association and the Companies Law and will rank pari passu in all respects with the fully paid Shares in issue on the relevant issue date of the new Shares, and accordingly will entitle the holders to vote and participate in all dividends or other distributions or capitalisation issue or rights issue paid or made on or after the relevant issue date (including those arising on the liquidation of the Company), other than any dividend or other distribution or entitlement previously declared to be paid or made with respect to a record date before the relevant issue date.

11 DURATION OF THE NEW SHARE OPTION SCHEME

The New Share Option Scheme shall be valid and effective for a period of 10 years from the date of fulfilment of the conditions precedent for the New Share Option Scheme.

12 LAPSE OF OPTION

An Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

- (a) the expiry of the Option Period;
- (b) the expiry of the periods referred to in sub-paragraphs 5(b) to 5(h) above; or
- (c) where the Grantee commits a breach of paragraph 15, the date on which the Board shall exercise the Company's right to cancel the Option.

13 ADJUSTMENTS RELATING TO REORGANISATION OF CAPITAL STRUCTURE

In the event of any capitalisation issue, rights issue, sub-division or consolidation of Shares or reduction of capital of the Company or otherwise howsoever in accordance with legal requirements and requirements of the Stock Exchange whilst any Option remains exercisable, excluding any alteration in the capital structure of the Company as a result of an issue of Shares as consideration in respect of a transaction to which the Company is a party, corresponding adjustments (if any) shall be made in:

- (a) the number of Shares comprised in the Options so far as outstanding and unexercised; and/or
- (b) the Subscription Price,

provided that any such adjustments shall be made such that the proportion of the issued share capital of the Company to which an Option entitles the Grantee to subscribe after such adjustments must be in the same proportion as that to which the Option entitled the Grantee to subscribe immediately before such adjustments, but so that no such adjustments shall be made to the extent that the effect of such adjustments would be to enable any Share to be issued at less than its nominal value (if any). The issue of Shares as consideration in a transaction may not be regarded as a circumstance requiring adjustments. In respect of any adjustments required referred to in this paragraph, other than any made on a capitalisation issue, an independent financial adviser or the Company's auditors (acting as experts and not as arbitrators) shall confirm to the Directors in writing that the adjustments satisfy the requirements mentioned in this paragraph and those set out in the note to Rule 17.03(13) of the Listing Rules having regard to the supplementary guidance set out in the letter issued by the Stock Exchange dated 5 September 2005 and any further guidance/interpretation of Rule 17.03(13) of the Listing Rules. The capacity and role of the independent financial adviser or the Company's auditors pursuant to this paragraph is that of experts and not of arbitrators and their confirmation shall (in the absence of manifest error) be final and binding on the Company and the Grantees. The costs of the independent financial adviser or the Company's auditor shall be borne by the Company.

14 TERMINATION OF THE NEW SHARE OPTION SCHEME

The Board may at any time terminate the operation of the New Share Option Scheme and in such event no further Options will be granted or accepted but (subject to compliance with the provisions under the Listing Rules) the provisions of the New Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any Options granted prior thereto or otherwise as may be required in accordance with the provisions of the New Share Option Scheme, and all Options granted and accepted prior to such termination but not then exercised shall continue to be valid and exercisable subject to and in accordance with the New Share Option Scheme and their terms of issue. After such termination, details of the Options granted (including Options exercised or outstanding) under the New Share Option Scheme are required under the Listing Rules to be disclosed in the circular to the Shareholders seeking approval of the first new scheme to be established after such termination.

15 TRANSFERABILITY OF OPTIONS

An Option shall be personal to the Grantee and shall not be assignable, and no Grantee shall in any way sell, transfer, assign, charge, mortgage, encumber or create any interests (legal or beneficial) in favour of any third party over or in relation to any Option or attempt to do so. Any breach of the foregoing by a Grantee shall entitle the Company to cancel any outstanding Option or any part thereof granted to such Grantee (to the extent that it has not already been exercised) without incurring any liability on the part of the Company.

16 ALTERATION OF THE NEW SHARE OPTION SCHEME

- (a) Those specific provisions of the New Share Option Scheme which relate to the matters set out in Rule 17.03 of the Listing Rules cannot be altered to the advantage of the Eligible Persons without the prior approval of Shareholders in general meeting.
- (b) Any alterations to the terms and conditions of the New Share Option Scheme which are of a material nature or any change to the terms of the Options granted must be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the then existing terms of the New Share Option Scheme.

- (c) Any change to the authority of the Directors or scheme administrators in relation to any alteration to the terms of the New Share Option Scheme must be approved by the Shareholders in general meeting.
- (d) The amended terms of the New Share Option Scheme or the Options must still comply with the relevant requirements under Chapter 17 of the Listing Rules.

17 CANCELLATION OF OPTIONS

- (a) The Board may at any time at its absolute discretion effect the cancellation of any Options granted but not exercised.
- (b) Where the Company cancels any Options granted but not exercised and grants new Options to the same Grantee, such grant of new Options may only be made under the New Share Option Scheme if there is available unissued Options (excluding the cancelled Options) within the limit approved by the Shareholders as referred to in paragraph 3 above.

18 RESTRICTION ON THE TIME OF GRANT OF OPTIONS

A grant of Options may not be made after inside information has come to the knowledge of the Company until the Company has announced the information. In particular, the Company may not grant any Option during the period commencing 1 month immediately before the earlier of:

- (a) the date of the Board meeting (as such date is first notified to the Stock Exchange under the Listing Rules) for approving the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
- (b) the deadline for the Company to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcement. No Option may be granted during any period of delay in publishing a results announcement.

NOTICE OF ANNUAL GENERAL MEETING

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 35th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Thursday, 2 June 2016 at 11:00 a.m. for the following purposes:–

1. To receive and consider the financial statements and the report of the directors and independent auditor’s report for the year ended 31 December 2015.
2. To declare a final dividend of RMB0.03 (equivalent to approximately HK\$0.036) per ordinary share for the year ended 31 December 2015.
3.
 - (a) To re-elect Mr. Chen Hsiang-Jung as an executive director of the Company.
 - (b) To re-elect Mr. Chen Min-Ho as an executive director of the Company.
 - (c) To re-elect Mr. Chiu Rung-Hsien as an executive director of the Company.
 - (d) To authorize the board of directors of the Company to fix the remuneration of directors.
4. To re-appoint Deloitte Touche Tohmatsu as auditor and to authorise the board of directors to fix their remuneration and, in this connection, to consider and, if thought fit, pass the following resolution as an ordinary resolution of the Company:

“**THAT** Deloitte Touche Tohmatsu, who has been appointed by the board of directors of the Company as auditor of the Company to fill the casual vacancy occasioned by the resignation of PricewaterhouseCoopers, be and is hereby re-appointed auditor of the Company to hold office until the conclusion of the next annual general meeting and that the board of directors of the Company be and is hereby authorised to fix their remuneration.”

NOTICE OF ANNUAL GENERAL MEETING

As special business, to consider and, if thought fit, pass with or without modification, the following resolution as an ordinary resolution of the Company:–

ORDINARY RESOLUTION

5. “**THAT:**–
- (a) subject to paragraph (b) below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase shares of HK\$0.01 each in the capital of the Company on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) or on any other stock exchange on which the shares of the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other recognised stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
 - (b) the aggregate number of shares of the Company which the directors of the Company are authorised to repurchase pursuant to the approval in paragraph (a) above shall not exceed 10% of the total number of issued share as at the date of passing this resolution and provided that if any subsequent consolidation or subdivision of shares of the Company is effected, the maximum number of shares of the Company that may be repurchased pursuant to the approval in paragraph (a) above as a percentage of the total number of issued shares of the Company immediately before and after such consolidation or subdivision shall be the same and such maximum number of shares of the Company shall be adjusted 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; or
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the laws of the Cayman Islands or the articles of association of the Company to be held; or
 - (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the Shareholders in general meeting of the Company.”

NOTICE OF ANNUAL GENERAL MEETING

ORDINARY RESOLUTION

6. “THAT:–

- (a) subject to paragraph (c) below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares of HK\$0.01 each in the capital of the Company and to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into shares of the Company) which would or might require the exercise of such powers be and are hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorize the directors of the Company during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into shares of the Company) which would or might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate number of shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the directors of the Company pursuant to the approval in paragraph (a) above, otherwise than (i) pursuant to a Rights Issue (as hereinafter defined); (ii) an issue of shares under any option scheme or similar arrangement for the time being adopted for the grant or issue to employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company; or (iii) pursuant to an issue of shares as scrip dividends pursuant to the articles of association of the Company from time to time, shall not exceed 20% of the total number of issued shares as at the date of passing this Resolution, and provided that if any subsequent consolidation or subdivision of shares of the Company is effected, the maximum number of shares of the Company that may be issued pursuant to the approval in paragraph (a) above as a percentage of the total number of issued shares of the Company immediately before and after such consolidation or subdivision shall be the same and such maximum number of shares of the Company shall be adjusted accordingly; and

NOTICE OF ANNUAL GENERAL MEETING

- (d) for the purpose 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; or
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the laws of the Cayman Islands or the articles of association of the Company to be held; or
 - (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the Shareholders in general meeting of the Company; and

“Rights Issue” means an offer of shares open for a period fixed by the directors of the Company to the holders of shares of the Company on the register on a fixed record date in proportion to their then holdings of such shares as at that date (subject to such exclusions or other arrangements as the directors of the Company 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).”

ORDINARY RESOLUTION

7. “**THAT** subject to the passing of the Resolutions in items 5 and 6 of the notice convening this meeting, the general mandate granted to the directors of the Company to allot, issue and deal with additional shares pursuant to the Resolution in item 6 of the notice convening this meeting be and is hereby extended by the addition thereto of an amount representing the aggregate number of issued shares of the Company repurchased by the Company under the authority granted pursuant to the Resolution in item 5 of the notice convening this meeting, provided that such number of shares so repurchased shall not exceed 10% of the total number of issued shares of the Company as at the date of passing the said Resolution in item 5 of the notice convening this meeting.”

NOTICE OF ANNUAL GENERAL MEETING

ORDINARY RESOLUTION

8. “**THAT** subject to and conditional upon the Listing Committee of the Stock Exchange granting the approval of the listing of, and permission to deal in, the new shares of the Company which may fall to be issued pursuant to the exercise of any options that may be granted under the new share option scheme of the Company (the rules of which are contained in the document marked “A” and the summary of which marked “B” produced to the meeting and signed by the chairman of the meeting for the purpose of identification) (the “New Share Option Scheme”), the New Share Option Scheme be and is hereby approved and adopted and the board of directors of the Company or persons authorised by it be and are hereby authorised to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the New Share Option Scheme.”

By Order of the Board
Good Friend International Holdings Inc.
LO Tai On
Secretary

Hong Kong, 29 April 2016.

Notes:-

1. A member of the Company entitled to attend and vote at the meeting 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 proxy form 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, 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 proxy form 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 will be closed from Monday, 30 May 2016 to Thursday, 2 June 2016, both days inclusive, on which no transfer of shares will be effected. In order to qualify for attendance and voting at the annual general meeting, all transfer forms accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration by no later than 4:30 p.m. on Friday, 27 May 2016.

NOTICE OF ANNUAL GENERAL MEETING

5. The register of members will also be closed from Monday, 13 June 2016 to Wednesday, 15 June 2016, both days inclusive, during which no transfer of shares will be effected. In order to qualify for the proposed final dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by no later than 4:30 p.m. on Friday, 10 June 2016.
6. With regard to item no.3 in this notice, the board of directors of the Company proposes that the retiring directors, namely Messrs. Chen Hsiang-Jung, Chen Min-Ho and Chiu Rung-Hsien be re-elected as directors of the Company. Background information of the above retiring directors are set out in the appendix II of the circular to Shareholders dated 29 April 2016.
7. With regard to item 4 in this notice, Deloitte Touche Tohmatsu has been appointed as the auditor of the Group with effect from 27 November 2015 to fill the causal vacancy arising from the resignation of PricewaterhouseCoopers and shall hold the office until the conclusion of the impending annual general meeting of the Company. Details of the above change of auditor are set out in an announcement of the Company dated 30 November 2015.