
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 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.

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,
BONUS ISSUE OF SHARES,
RE-ELECTION OF RETIRING DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the annual general meeting of Good Friend International Holdings Inc. to be held at Fuji Room, Pacific Place Conference Centre, Level 5 One Pacific Place, 88 Queensway, Hong Kong, on Monday, 21 May 2007 at 3:00 p.m., at which, among other things, the above proposals will be considered, the full text of which as set out on pages 15 to 18 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.

25 April 2007

CONTENTS

	<i>Page</i>
Definitions	1
Expected Timetable	3
Letter from the Board	
Introduction	4
General mandate to Issue Shares	5
General mandate to Repurchase Shares	5
General Extension Mandate to Issue Shares	6
Bonus Issue of Shares	6
Re-election of Retiring Directors	8
Annual General Meeting	8
Procedures for Demanding a Poll	8
Responsibility Statement	9
Recommendation	9
Miscellaneous	9
Appendix I – Explanatory Statement on Repurchase Mandate	10
Appendix II – Details of the Directors proposed to be Re-elected at the Annual General Meeting	13
Notice of Annual General Meeting	15

DEFINITIONS

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 Fuji Room, Pacific Place Conference Centre, Level 5 One Pacific Place, 88 Queensway, Hong Kong, on Monday, 21 May 2007 at 3:00 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
“Bonus Issue”	the proposed issue of Bonus Shares to Qualifying Shareholders on the basis of 1 Bonus Share for every 5 existing Shares held on the Record Date upon and subject to the terms and conditions set out in this circular
“Bonus Shares”	new Shares to be allotted and issued and distributed pursuant to the Bonus Issue
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“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
“Excluded Shareholder(s)”	the holder(s) of the Shares whose address(es) as shown on the Register of Members at the close of business on the Record Date are located outside Hong Kong and in respect of whom the Directors consider the exclusion from the Bonus Issue to be necessary or expedient in accordance with the Articles and the applicable rules
“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

DEFINITIONS

“HKSCC”	Hong Kong Securities Clearing Company Limited
“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”	20 April 2007, 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
“Qualifying Shareholder(s)”	the Shareholder(s), other than Excluded Shareholder(s), whose names appear on the Register of Members on the Record Date
“Record Date”	21 May 2007, being the record date by reference to which entitlements to the Bonus Issue will be determined
“Register of Members”	the principal or branch register of members of the Company maintained in the Cayman Islands or Hong Kong
“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.

EXPECTED TIMETABLE

2007

Last day of trading in Shares cum entitlements to the Bonus Issue	Friday, 11 May
First day of trading in Shares ex entitlements to the Bonus Issue	Monday, 14 May
Latest time for lodging transfer forms for Shares to qualify for entitlements under the Bonus Issue, the final dividend (if any) and for attendance and voting at the AGM	4:30 p.m. on Tuesday, 15 May
Closure of Register of Members	from Wednesday, 16 May to Monday, 21 May (both days inclusive)
Latest time for lodging forms of proxy for the AGM	3:00 p.m. on Saturday, 19 May
Record Date for entitlements to the Bonus Issue	Monday, 21 May
Date and time of the AGM	3:00 p.m. on Monday, 21 May
Register of Members re-open	Tuesday, 22 May
Despatch of share certificates for the Bonus Shares	Monday, 28 May
Earliest expected day of trading in Bonus Shares on the Stock Exchange	Wednesday, 30 May

Note: All times refer to Hong Kong time.

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

25 April 2007

To the Shareholders

Dear Sir or Madam,

**GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES,
BONUS ISSUE OF 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; (iv) the Bonus Issue; and (v) 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.

LETTER FROM THE BOARD

GENERAL MANDATE TO ISSUE SHARES

At the annual general meeting of the Company held on 22 May 2006, 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 280,000,000 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 56,000,000 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 22 May 2006, 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.

LETTER FROM THE BOARD

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.

BONUS ISSUE OF SHARES

It was announced on 17 April 2007 in conjunction with the results announcement of the Company that the Bonus Issue to the Qualifying Shareholders would be proposed. Subject to the fulfillment of the conditions set out below, the Bonus Issue will be made on the basis of 1 Bonus Share, credited as fully paid, for every 5 existing issued Shares held by the Qualifying Shareholders on the Record Date. The Bonus Shares will rank pari passu in all respects with the existing Shares, save and except that holders of the Bonus Shares will not be entitled to participate in the Bonus Issue or the final dividend for the year ended 31 December 2006, if any.

Based on 280,000,000 Shares in issue as at the Latest Practicable Date and on the assumption that no new Shares are allotted or issued and no existing Shares are repurchased prior to the Record Date, the total number of Bonus Shares to be issued will be 56,000,000. It is proposed that the Directors be authorized to capitalize a maximum amount of HK\$560,000 standing to be credit of the share premium account of the Company and to apply such amount in paying up in full the Bonus Shares.

Conditions of the Bonus Issue

The Bonus Issue is conditional upon (i) the passing of the ordinary resolution to approve the Bonus Issue at the AGM; and (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Bonus Shares.

Closure of Register of Members

The Register of Members will be closed from Wednesday, 16 May 2007 to Monday, 21 May 2007 (both days inclusive). During this period, no transfer of Shares will be effected. In order to qualify for the Bonus Issue, all transfer forms of Shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Tuesday, 15 May 2007.

LETTER FROM THE BOARD

Listing and Dealings

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Bonus Shares. No part of the share capital of the Company is listed on or dealt in on any other stock exchange other than the Stock Exchange and no such listing or permission to deal is being or is proposed to be sought.

Definitive certificates

Upon the Bonus Issue becoming unconditional, it is expected that certificates for the Bonus Shares will be despatched by ordinary post to the Qualifying Shareholders at their own risk on or before Monday, 28 May 2007. In the case of joint holders of Shares, certificates for the Bonus Shares will be despatched by ordinary post to the address of the first-named Shareholder on the Register of Members. Certificates for Bonus Shares will not be renounceable.

All necessary arrangements have been made to HKSCC for admission of the Bonus Shares into CCASS. Subject to the granting of the listing of, and permission to deal in, the Bonus Shares on the Stock Exchange, the Bonus Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Bonus Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

The earliest day of dealings in the Bonus Shares on the Stock Exchange is expected to be on Wednesday, 30 May 2007 and dealing in the Bonus Shares will be subject to stamp duty in Hong Kong.

Reasons for the Bonus Issue

The Bonus Issue will allow Shareholders to participate in the prosperous growth of the Company in the long run. In addition, it will provide the Company with a wider capital base and therefore increase the marketability of the Shares.

Fractional entitlements

Fractional entitlements for Bonus Shares will not be issued but will be aggregated and sold for the benefit of the Company.

Excluded Shareholders

As at the Latest Practicable Date, the addresses of all Shareholders as shown on the Register of Members were in Hong Kong. However, if at 4:30 p.m. on the Record Date, the Register of Members reveals there are Shareholders whose addresses are in places outside Hong Kong, the Directors will consider whether it is necessary or expedient to exclude such Shareholders from the Bonus Issue in accordance with the Articles and the applicable rules.

LETTER FROM THE BOARD

Cash payments will be made to any Excluded Shareholders in amounts representing the value of their entitlement for Bonus Shares (with reference to the average closing price per Share as quoted on the Stock Exchange on the three trading days immediately preceding the date of despatch of the Bonus Share certificates to the Qualifying Shareholders) the cheques for which will be despatched by way of ordinary post at the risk of the Excluded Shareholders on or before Monday, 28 May 2007.

RE-ELECTION OF RETIRING DIRECTORS

Pursuant to Article 87(1) of the Articles, Mr. Chen Min-Ho, Mr. Wen Chi-Tang and Mr. Chiu Rung-Hsien 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 15 to 18 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, the Bonus Issue 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
- (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

LETTER FROM THE BOARD

- (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 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.

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 280,000,000 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 28,000,000 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 2006 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.

So far as the Directors are aware, Fair Friend Enterprise Company Limited (友嘉實業股份有限公司) ("Taiwan FF"), the controlling shareholder of the Company, is interested in 210,000,000 Shares, representing 75% of the total issued Shares of the Company, as the Latest Practicable Date. In the event that the Directors exercise in full the power to repurchase Shares under the Repurchase Mandate and no Shares as held by Taiwan FF is repurchased, the interest of Taiwan FF in all issued Shares would increase from 75% to approximately 83.33%. Since the interest of Taiwan FF 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:

	Shares	
	Highest	Lowest
	<i>HK\$</i>	<i>HK\$</i>
2006		
April	1.18	0.92
May	1.09	0.84
June	0.84	0.73
July	0.83	0.70
August	0.98	0.74
September	1.00	0.84
October	0.95	0.80
November	0.93	0.82
December	1.42	0.75
2007		
January	1.56	1.10
February	3.87	1.36
March	4.12	2.70
April (up to the Latest Practicable Date)	4.05	3.60

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. Chen Min-Ho (陳明河先生), aged 56, was appointed as an executive Director in December 2005. He is responsible for the overall business operation of the Group. Mr. Chen graduated from the 海軍士官學校 (Naval Petty Officers Academy) in Taiwan in 1966. From October 1979 to September 1986, he worked as the group leader of the manufacturing department at 佑華精機有限公司 (Bearing Casting Corp.). He was the 5th council member of the Taichung Branch of the National Association of Small & Medium Enterprises (台中縣中小企業協會) from January 2002 to January 2004 and the 10th supervisor of Taichung County Industry Association (台中縣工業會) from March 2003 to March 2005. He was awarded the Labour Day Outstanding Labour Award (五一勞動節優秀勞工合給獎狀) by Taichung County Government (台中縣政府) and Outstanding Labour Award (優秀勞工特給獎狀) by Taichung County Congress Union (台中縣總工會) in 1986. Mr. Chen has more than 15 years of experience in mechanics, manufacturing and machine tools industry. Mr. Chen is also a director of 杭州友佳精密機械有限公司 (Hangzhou Good Friend Precision Machinery Co., Ltd.) (“Hangzhou GF”) and 友盛(上海)精密機械有限公司 (Rich Friend (Shanghai) Precision Machinery Co., Ltd.), both are wholly-owned subsidiaries of the Company. He 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 on the other, subject to the requirements for retirement and re-election under the Articles. He is entitled to an annual remuneration of RMB144,000, 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.

Mr. Wen Chi-Tang (溫吉堂先生), aged 42, was appointed as an executive Director in December 2005. He is currently the vice general manager of machine tools division of Hangzhou GF and is responsible for the production and operation of this division. Mr. Wen completed the study in mechanic engineering in the National Kaohsiung Institute of Technology (國立高雄工商專科學校) in Taiwan in 1996 and obtained a degree in mechanical engineering. Mr. Wen has more than 10 years of experience in the machine tools industry. He joined the Group in April 2003. He is also a director of Hangzhou GF and 杭州友高精密機械有限公司 (Hangzhou Global Friend Precision Machinery Co., Ltd.) (“Global Friend”), both are wholly-owned subsidiaries of the Company.

Mr. Wen 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 on the other, subject to the requirements for retirement and re-election under the Articles. He is entitled to an annual remuneration of RMB144,000, which is determined based on the prevailing market rate. Mr. Wen 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. Chiu Rung-Hsien (邱榮賢先生), aged 49, was appointed as an executive Director in December 2005. Mr. Chiu graduated from the electric engineering division of Kwang Wu Junior College of Technology (光武工業專科學校) in Taiwan in 1978. From July 1980 to April 1989, he worked in Yungtay Engineering Co., Ltd. (永大機電工業股份有限公司) in Taiwan. Mr. Chiu is the manager of the parking garage structures division of Hangzhou GF and is responsible for the production and operation of this division. Mr. Chiu has more than 25 years of experience in the mechanics and manufacturing industry. He joined the Group in December 2001.

Mr. Chiu 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 on the other, subject to the requirements for retirement and re-election under the Articles. He is entitled to an annual remuneration of RMB144,000, which is determined based on the prevailing market rate. Mr. Chiu 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.

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.

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 Fuji Room, Pacific Place Conference Centre, Level 5 One Pacific Place, 88 Queensway, Hong Kong, on Monday, 21 May 2007 at 3:00 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 2006;
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;
 - (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

NOTICE OF ANNUAL GENERAL MEETING

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 or 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 as enlarged by the issue of bonus shares pursuant to Ordinary Resolution no. 8 below 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).”

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 which may be repurchased 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

NOTICE OF ANNUAL GENERAL MEETING

(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.”
8. **“THAT** conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Bonus Shares (as defined in paragraph (a) of this resolution):
- (a) upon the recommendation of the Directors, an amount of not less than HK\$560,000 standing to the credit of the share premium account of the Company be capitalized and the Directors be and are hereby authorized to apply such amount in paying up in full at par 56,000,000 new shares of HK\$0.01 each in the capital of the Company (the “Bonus Shares”) to be allotted, issued and distributed, credited as fully paid, to the members of the Company whose names appear on the principal or branch register of members of the Company in the Cayman Islands or Hong Kong (collectively referred to as the “Register of Members”) as at 4:30 p.m. on 21 May 2007 (the “Record Date”), other than those members whose addresses as shown on the Register of Members at 4:30 p.m. on the Record Date are in places outside Hong Kong and in respect of whom the Directors consider the exclusion from the Bonus Issue (as defined below) to be necessary or expedient in accordance with the articles and association of the Company and the applicable rules, and the Directors be authorised to settle by cash payments or otherwise, in such manner as they consider appropriate, any difficulty arising therefrom or pursuant to such exclusion, on the basis of 1 Bonus Share for every 5 existing shares of HK\$0.01 each in the capital of the Company then held by them respectively (the “Bonus Issue”);

NOTICE OF ANNUAL GENERAL MEETING

- (b) the Bonus Shares to be issued pursuant to this resolution shall, subject to the memorandum and articles of association of the Company, rank *pari passu* in all respects with the existing issued shares of HK\$0.01 each in the capital of the Company, except that they will not be eligible for the Bonus Issue and the final dividend for the year ended 31 December 2006, if any; and
- (c) the Directors be and are hereby authorised to do all acts and things, including arrangements in relation to fractional entitlements, as may be necessary and expedient in connection with or to give effect to the Bonus Issue.”

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

Hong Kong, 25 April 2007

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, 16 May 2007 to Monday, 21 May 2007, both days inclusive, during which period no transfers of shares shall be effected. In order to qualify for receiving the final dividend, participating in the Bonus Issue 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, 15 May 2007.
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.