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GOOD FRIEND INTERNATIONAL HOLDINGS INC.

友佳國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2398)

GENERAL DISCLOSURE UNDER RULE 13.09 OF THE LISTING RULES

PROPOSED OFFERING AND LISTING OF THE TAIWAN DEPOSITARY RECEIPTS ON THE TAIWAN STOCK EXCHANGE

This announcement is made pursuant to Rule 13.09 of the Listing Rules.

Reference is made to the announcement of the Company dated 10 December 2009 and 13 January 2010 in relation to the filing and approval of the application for the proposed offering and listing of the TDR on the Taiwan Stock Exchange.

The Board is pleased to announce that the Company will launch the TDR Issue on 5 March 2010 in Taiwan. The Company will apply to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the New Shares on the Hong Kong Stock Exchange as soon as practicable.

Further announcement(s) will be made by the Company to update Shareholders and potential investors on the material development of the TDR Issue. **Shareholders and potential investors are recommended to exercise caution when dealings in the Shares.**

This announcement is made pursuant to Rule 13.09 of the Listing Rules and subsequent to the announcement of the Company dated 10 December 2009 and 13 January 2010 in relation to the filing and approval of the application for the proposed offering and listing of the TDR on the Taiwan Stock Exchange.

THE TDR ISSUE

The Board is pleased to announce that the Company will launch the TDR Issue on 5 March 2010 in Taiwan. The Company will apply to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the New Shares on the Hong Kong Stock Exchange as soon as practicable.

It is expected that the Company and the Underwriters will determine the Offer Price and enter into an underwriting agreement in respect of the TDR Issue on 11 March 2010. It is expected that the offering of TDR will be fully underwritten by the Underwriters.

EXPECTED TIMETABLE

The expected timetable for the TDR Issue is as follows:

Events	2010
Commencement of book building process in Taiwan	Friday, 5 March
Application list for subscription by the public in Taiwan open	Monday, 8 March
Closing of book building process in Taiwan	Wednesday, 10 March
Closing of application list for subscription by the public in Taiwan	Wednesday, 10 March
Signing of underwriting agreement and determination of Offer Price	Thursday, 11 March
Dealings in the TDR on the Taiwan Stock Exchange commence	9:00 a.m. Thursday, 18 March

STRUCTURE OF THE TDR ISSUE

The structure of the TDR Issue is as follows:

Type of securities to be issued

TDR, to be issued by Mega International Commercial Bank Co., Ltd. as the depositary bank in Taiwan evidencing the entitlement of the holders of TDR to the New Shares that are held in custody by a custodian bank.

Number of TDR to be issued

67.2 million units of TDR, each representing one Share.

Number of Shares to which the TDR Issue relates

67.2 million New Shares, which are expected to be allotted and issued by the Company under the General Mandate.

The 67.2 million New Shares represent (i) 20% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.67% of the enlarged issued share capital of the Company following the issue of the 67.2 million New Shares upon completion of the TDR Issue.

The New Shares will rank pari passu in all respects with the Shares then in issue on the date of issue of the New Shares which is expected to be on or around 16 March 2010.

Structure of the offering of the TDR Issue

The offering of the TDR shall comprise of:

- (a) an offer of 1,000 units of TDR for subscription by Securities and Futures Investors Protection Centre (證券投資人及期貨交易人保護中心) pursuant to the applicable securities laws in Taiwan;
- (b) an offer of aggregate of 6,720,000 units of TDR for subscription by the Underwriters;
- (c) an offer of an aggregate of 6,048,000 units of TDR for application for subscription by the public in Taiwan; and
- (d) an offer of an aggregate of 54,431,000 units of TDR for subscription by selected institutional and individual investors in Taiwan through book building process.

None of the TDR will be offered to the general public in Hong Kong nor will they be placed to any connected persons of the Group.

Offer Price

The final Offer Price is expected to be determined by agreement in writing between the Company and the Underwriters on 11 March 2010 with reference to the demand from institutional and selected investors during the book building process. The initial price range of the Offer Price is between NT\$14 and NT\$18, equivalent to approximately HK\$3.40 to HK\$4.37 per unit of TDR.

Use of proceeds

The Board intends to use the net proceeds from the TDR Issue (if proceeded with) for purchasing machinery and equipment and construction of plant to expand the Group's production capacity. The Offer Price for the TDR Issue and the expected net proceeds from the TDR Issue has not been fixed as at the date of this announcement.

Listing

The Taiwan Stock Exchange and the Taiwan Central Bank have granted the permission for the listing of the TDR on the Taiwan Stock Exchange. The Taiwan Securities and Futures Bureau has also approved the TDR Issue.

An application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the New Shares on the Hong Kong Stock Exchange as soon as practicable. No application will be made by the Company for the listing of the TDR on the Hong Kong Stock Exchange.

REASONS FOR AND BENEFITS OF THE TDR ISSUE

The Directors are of the view that the TDR Issue will be the most appropriate method of raising extra funds for the Group's future business development having taken into account the Group's current working capital requirement, the prevailing market conditions and the cost involved in the TDR Issue when compared with other means of

fund raising exercises.

The Directors believe that the issue of the TDR provides an attractive alternative for international investors, particularly potential investors in Taiwan, to invest and deal in the Shares, which will broaden and diversify the shareholder base of the Company and provide an additional fundraising platform for the Group. The Directors consider that the TDR Issue will also increase the public awareness of the Group and will promote the Group's corporate image internationally, which will enhance its competitiveness and be beneficial to the Group's overall business development and is therefore in the best interests of the Shareholders as a whole.

SHAREHOLDING STRUCTURE

The following table sets out the shareholding structure of the Company as at the date of this announcement and immediately after completion of the TDR Issue based on the assumption that there shall be no change in the Company's share capital prior to the completion of the TDR Issue:

Name of Shareholder	As at the date of this announcement		Immediately after completion of the TDR Issue	
	No. of Shares	Approximate % of the issued share capital of the Company	No. of Shares	Approximate % of the issued share capital of the Company
Good Friend (H.K.) Corporation Limited	252,000,000	75.00	252,000,000	62.50
TDR holder	0	0	67,200,000	16.67
Other public Shareholders	84,000,000	25.00	84,000,000	20.83
	<u>336,000,000</u>	<u>100</u>	<u>403,200,000</u>	<u>100</u>

GENERAL MANDATE

By a resolution of the Shareholders passed at the annual general meeting of the Company held on 8 June 2009, the Company granted the General Mandate to the Directors to allot and issue up to 67,200,000 Shares, being 20% of the aggregate nominal value of the share capital of the Company in issue as at 8 June 2009, to be extended by an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company during the relevant period of the General Mandate. The Directors have not exercised the power to allot and issue any new Shares pursuant to the General Mandate. It is expected that the New Shares will be issued under the General Mandate and thus no Shareholders' approval is required.

FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

The Company has not carried out any capital fund raising activities during the 12 months immediately preceding the date of this announcement.

GENERAL

Further announcement(s) will be made by the Company to update the Shareholders and potential investors on the material development of the TDR Issue. *Shareholders and potential investors are recommended to exercise caution when dealing in the Shares.*

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms will have the following meaning:

“ Board ”	the board of Directors
“ 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 Hong Kong Stock Exchange
“ connected person ”	has the meaning ascribed to it under the Listing Rules
“ Directors ”	the directors of the Company
“ General Mandate ”	the general mandate granted to the Directors to allot and issue Shares pursuant to a resolution of the Shareholders of the Company passed at the annual general meeting of the Company held on 8 June 2009
“ Group ”	the Company and its subsidiaries
“ HK\$ ”	Hong Kong dollars, the lawful currency of Hong Kong
“ Hong Kong ”	the Hong Kong Special Administrative Region of the People’s Republic of China
“ Hong Kong Stock Exchange ”	The Stock Exchange of Hong Kong Limited
“ Listing Rules ”	the Rules Governing the Listing of Securities on Hong Kong Stock Exchange
“ New Shares ”	new Shares proposed to be issued as underlying securities for the purpose of the TDR Issue

“NT\$”	New Taiwan Dollars, the lawful currency of Taiwan
“Offer Price”	the price per TDR to be agreed upon by the Company and the Underwriters
“Shareholders”	the holders of Shares
“Shares”	ordinary shares of HK\$0.01 each in the issued share capital of the Company
“Taiwan Central Bank”	The Central Bank of the Republic of China
“Taiwan Securities and Futures Bureau”	Taiwan Financial Supervisory Commission, Securities and Futures Bureau
“Taiwan Stock Exchange”	Taiwan Stock Exchange Corporation
“TDR”	the Taiwan depositary receipts proposed to be issued by Mega International Commercial Bank Co., Ltd., a depositary bank in Taiwan pursuant to the TDR Issue
“TDR Issue”	the proposed issue of 67.2 million units of TDR (comprising 67.2 million New Shares as underlying securities)
“Underwriters”	Polaris Securities Co., Ltd., Grand Cathay Securities Co., Ltd., President Securities Corp., Bank of Taiwan Securities Co., Ltd., IBT Securities Co., Ltd., Land Bank of Taiwan and First Securities Inc., the underwriters of the TDR Issue
“%”	per cent

For the purpose of this announcement, the exchange rate of HK\$1.00: NT\$4.12 has been used for currency conversions. This is for the purpose of illustration and does not constitute representation that any amounts in HK\$ or NT\$ have been, could have been or may be converted at such rate or any other exchange rate.

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

Hong Kong, 4 March 2010

As at the date of this announcement, the Board of the Company comprises (i) five executive directors, namely Mr. Chu Chih-Yaung, Mr. Chen Hsiang-Jung, Mr. Chen Min-Ho, Mr. Wen Chi-Tang and Mr. Chiu Rung-Hsien; and (ii) three independent non-executive directors, namely Mr. Koo Fook Sun, Louis, Mr. Chiang Chun-Te and Mr. Yu Yu-Tang.