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## **PLACING OF EXISTING SHARES AND SUBSCRIPTION OF NEW SHARES**

On 11 October 2006, the Company entered into the Placing Agreement with Charm, a substantial shareholder of the Company, and the Placing Agent pursuant to which the Placing Agent agreed to place, on a best efforts basis, up to 300,000,000 existing Shares at a price of HK\$0.04 per Placing Share to not less than six Placees who are Independent Third Parties procured by the Placing Agent and Charm would subscribe for such number of new Shares equivalent to the number of Placing Shares placed at the same price of HK\$0.04 per Subscription Share.

The Subscription Shares represent approximately (i) 19.0% of the Company's existing issued share capital; and (ii) 16.0% of the Company's issued share capital as enlarged by the Subscription (assuming the maximum of 300,000,000 Placing Shares placed).

Assuming all the Placing Shares are successfully placed by the Placing Agent, the total gross proceeds from the Subscription amounts to HK\$12.0 million. After deducting related expenses of approximately HK\$0.2 million, approximately HK\$11.8 million will be available for the Group. The Company intends to apply the net proceeds from the Subscription for additional general working capital of the Group.

### **PLACING AGREEMENT DATED 11 OCTOBER 2006**

Pursuant to the Placing Agreement, the Placing Agent agreed to place, on a best efforts basis, up to 300,000,000 existing Shares at a price of HK\$0.04 per Placing Share on behalf of Charm and Charm would subscribe for such number of new Shares equivalent to the number of Placing Shares placed. The terms of the Placing Agreement are set out below:

#### **A. In respect of the Placing**

*Vendor:*

Charm, which beneficially holds 330,560,000 Shares as at the date of this announcement, representing approximately 21.0% of the existing issued share capital of the Company.

*Placing Agent:*

Hani Securities (HK) Limited, an Independent Third Party.

*Number of Shares to be placed:*

Up to 300,000,000 existing Shares held by Charm. The Placing Shares represent approximately (i) 19.0% of the Company's existing issued share capital; and (ii) 16.0% of the Company's issued share capital as enlarged by the Subscription (assuming the maximum of 300,000,000 Placing Shares placed).

*Placees:*

Not less than six professional, institutional and/or individual investors procured by the Placing Agent. Each of the placees and their respective ultimate beneficial owners will be an Independent Third Party.

*Placing Price:*

HK\$0.04 per Placing Share. The Placing Price was arrived at after arm's length negotiation between the Company and the Placing Agent and represents (i) a discount of approximately 14.9% to the closing price of HK\$0.047 per Share as quoted on the Stock Exchange on 11 October 2006; and (ii) a discount of approximately 18.4% to the average closing price of HK\$0.049 per Share as quoted on the Stock Exchange for the last five trading days up to and including 10 October 2006.

*Conditions of the Placing:*

The Placing is unconditional.

*Completion of the Placing:*

The Placing is expected to be completed on or around 18 October 2006.

**B. In respect of the Subscription**

*Subscriber:*

Charm, the substantial shareholder of the Company and therefore a connected person of the Company.

*Number of new Shares to be subscribed for:*

Equal to the number of Placing Shares actually placed under the Placing, being up to 300,000,000 new Shares. The Subscription Shares represent approximately (i) 19.0% of the Company's existing issued share capital; and (ii) 16.0% of the Company's issued share capital as enlarged by the Subscription (assuming the maximum of 300,000,000 Placing Shares placed).

*Subscription price:*

HK\$0.04 per Subscription Share, being the same as the Placing Price.

*Conditions of the Subscription:*

The Subscription is conditional upon (i) the completion of the Placing; and (ii) the Listing Committee granting the listing of, and permission to deal in, the Subscription Shares.

### *Completion of the Subscription:*

Completion of the Subscription will take place upon the fulfillment of all conditions of the Subscription as set out above. In the event that the conditions are not fulfilled on or before 25 October 2006, being 14 days from the date of the Placing Agreement, all rights, obligations and liabilities of the parties thereunder in relation to the Subscription shall cease and determine and none of the parties shall have any claim against any other parties.

### **MANDATE TO ISSUE NEW SHARES**

The Subscription Shares are to be issued by the Company under the general mandate granted to the Directors at the annual general meeting of the Company held on 20 June 2006.

### **RANKING OF SUBSCRIPTION SHARES**

The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Subscription Shares. The Subscription Shares, when issued and fully paid, will rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Subscription Shares including the right to any dividends or distributions.

### **SUBSTANTIAL SHAREHOLDERS AND CHANGES OF SHAREHOLDING**

Based on the register of substantial shareholder of the Company, the changes of the shareholding of the Company as a result of the Placing and the Subscription are detailed as follows:

	Existing		After the completion of the Placing but before the completion of the Subscription		After the completion of the Placing and the Subscription	
	Shares	%	Shares	%	Shares	%
Charm ( <i>note</i> )	330,560,000	21.0	30,560,000	2.0	330,560,000	17.6
Leung Wai Ho ( <i>note</i> )	22,500,000	1.4	22,500,000	1.4	22,500,000	1.2
Wong Chung Shun ( <i>note</i> )	22,500,000	1.4	22,500,000	1.4	22,500,000	1.2
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	375,560,000	23.8	75,560,000	4.8	375,560,000	20.0
Tokyo Unique (Hongkong) Limited	194,800,000	12.3	194,800,000	12.3	194,800,000	10.4
Public	1,008,180,000	63.9	1,008,180,000	63.9	1,008,180,000	53.6
Placees	—	—	300,000,000	19.0	300,000,000	16.0
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	1,578,540,000	100.0	1,578,540,000	100.0	1,878,540,000	100.0
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*Note: Charm is beneficially owned by Mr. Leung Wai Ho, the chairman of the Company, and Mr. Wong Chung Shun, the deputy chairman of the Company, in equal share.*

The Board does not expect any placee will become a substantial shareholder of the Company (as defined in the Listing Rules) as a result of the Placing.

## **FUND RAISING ACTIVITIES DURING THE PAST 12 MONTHS**

The Company has not carried out any equity fund raising exercise in the past 12 months immediately preceding the date of this announcement.

## **REASONS FOR THE PLACING AND THE SUBSCRIPTION AND USE OF PROCEEDS**

The Company is an investment holding company and its subsidiaries are principally engaged in the trading and manufacturing of consumer goods such as toys, gifts and premiums. The Directors are of the view that the Placing and the Subscription will enlarge the Shareholder base and capital base and strengthen the financial position of the Company.

Assuming all the Placing Shares are successfully placed by the Placing Agent, the total gross proceeds from the Subscription amounts to HK\$12.0 million. After deducting related expenses of approximately HK\$0.2 million, approximately HK\$11.8 million will be available for the Group. The Company intends to apply the net proceeds from the Subscription for additional general working capital of the Group.

## **DEFINITIONS**

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

“Board”	the board of Directors
“Charm”	Charm Management Limited, a company incorporated in the British Virgin Islands with limited liability
“Company”	GFT Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Independent Third Party(ies)”	a party who to the best of the Director’s knowledge, information and belief having made all reasonable enquiry is a third party independent of the Company and connected person (as defined in the Listing Rules) of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	the placees procured by the Placing Agent under the Placing, all of which are Independent Third Parties

“Placing”	the placing of up to 300,000,000 Shares by the Placing Agent to the Placees at the Placing Price
“Placing Agent”	Hani Securities (HK) Limited, a licensed corporation to carry on regulated activities 1, 4 and 6 under the Securities and Futures Ordinance
“Placing Agreement”	the placing and subscription agreement dated 11 October 2006 entered into between the Placing Agent, Charm and the Company in respect of the Placing and the Subscription
“Placing Price”	price payable for the Placing Shares at HK\$0.04 per Placing Share
“Placing Share(s)”	up to 300,000,000 Shares to be placed under the Placing
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of up to 300,000,000 Shares by Charm under the Placing Agreement
“Subscription Share(s)”	such number of new Shares to be subscribed by Charm under the Subscription which is equivalent to the number of Placing Shares placed by the Placing Agent
“%”	per cent.

By Order of the Board  
**GFT Holdings Limited**  
**Leung Wai Ho**  
*Chairman*

Hong Kong, 11 October 2006

*As at the date of this announcement, the Board comprises Mr. Leung Wai Ho, Mr. Wong Chung Shun and Mr. Ha Kee Choy, Eugene as executive directors and Mr. Chui Chi Yun, Robert, Mr. Lam Kwok Cheong and Mr. Lai Wing Leung, Peter as independent non-executive directors.*

*\* for identification purpose only*