
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 your licensed securities dealer 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 GFT Holdings Limited, you should at once hand this circular to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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.



GFT HOLDINGS LIMITED

真樂發控股有限公司*

(incorporated in Bermuda with limited liability)

(stock code: 1003)

DISCLOSEABLE TRANSACTION

**DISPOSAL OF ENTIRE INTEREST IN
GOOD PROSPER TRADING LIMITED**

11 December 2006

** for identification purpose only*

DEFINITIONS

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

“Board”	the board of Directors
“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
“Disposal”	the disposal of the Sale Share and the Sale Debts by the Company to Sky Hawk pursuant to the terms of GPTL Agreement
“GPTL”	Good Prosper Trading Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly owned subsidiary of the Company
“GPTL Agreement”	an agreement dated 23 November 2006 entered into between the Company and Sky Hawk in relation to the sale and purchase of the Sale Share and the Sale Debts
“GPTL Group”	GPTL and its subsidiaries
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Land Use Rights”	the land use rights in respect of parcels of adjacent land with an aggregate area of approximately 145,395 square meters situated at 中國廣東省博羅縣圓洲鎮九潭道 (Jiu Tan Dao, Yuan Zhou Zhen, Boluo County, Guangdong Province, the PRC*)
“Latest Practicable Date”	6 December 2006, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China

** for identification purpose only*

DEFINITIONS

“Sale Debts”	the amounts owed by GPTL to the Company and its subsidiaries that are outstanding at the completion of GPTL Agreement
“Sale Share”	1 ordinary share of US\$1.00 each in the issued share capital of GPTL, representing the entire issued share in the capital of GPTL
“Shareholder(s)”	the holder(s) of the Share(s)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Sky Hawk”	Sky Hawk International Limited, a company incorporated in the British Virgin Islands with limited liability and its principal activity is investment holding
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

LETTER FROM THE BOARD



GFT HOLDINGS LIMITED

真樂發控股有限公司*

(incorporated in Bermuda with limited liability)

(stock code: 1003)

Executive Directors:

Leung Wai Ho (*Chairman*)

Wong Chung Shun (*Deputy Chairman*)

Ha Kee Choy, Eugene

Independent Non-executive Directors:

Chui Chi Yun, Robert

Lam Kwok Cheong

Lai Wing Leung, Peter

Registered office:

Canon's Court

22 Victoria Street

Hamilton HM12

Bermuda

*Head office and principal place
of business in Hong Kong:*

Unit A9, 3/F., Block A

Hong Kong Industrial Center

489-491 Castle Peak Road

Kowloon, Hong Kong

11 December 2006

To the Shareholders and option holders (for information only)

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION

DISPOSAL OF ENTIRE INTEREST IN GOOD PROSPER TRADING LIMITED

On 24 November 2006, the Company announced that the Company entered into GPTL Agreement whereby the Company agreed to dispose of the Sale Share and the Sale Debts to Sky Hawk at a consideration of HK\$20,000,000.

The Disposal constitutes discloseable transaction for the Company under the Listing Rules. The purpose of this circular is to provide you with further information in relation to the Disposal.

** for identification purpose only*

LETTER FROM THE BOARD

GPTL AGREEMENT DATED 23 November 2006

Parties:

Vendor: the Company

Purchaser: Sky Hawk, which and its ultimate beneficial owner, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and connected persons of the Company and are not connected persons of the Company

Assets being disposed of:

Sale Share: 1 ordinary share of US\$1.00 each in the issued share capital of GPTL, representing the entire issued share in the capital of GPTL

Sale Debts: amounts owed by GPTL to the Company and its subsidiaries that are outstanding at completion of GPTL Agreement

The principal assets of GPTL Group are the Land Use Rights in respect of parcels of adjacent land with an aggregate site area of approximately 145,395 square meters situated at 中國廣東省博羅縣圓洲鎮九潭道 (Jiu Tan Dao, Yuan Zhou Zhen, Boluo County, Guangdong Province, the PRC*). The book value of the Land Use Rights together with the infrastructure erected on the lands as at 30 September 2006 is approximately HK\$18.04 million.

Consideration:

The consideration for the Disposal is HK\$20,000,000, of which HK\$2,000,000 has been paid as deposit and the balance of HK\$18,000,000 shall be satisfied in cash on completion. The consideration was arrived at after arm's length negotiations between the parties by reference to the unaudited consolidated net liabilities of GPTL Group of HK\$0.89 million and the amount in HK\$17.29 million due by GPTL to the Company and its subsidiaries as at 30 September 2006.

The Company will record a gain on the Disposal of approximately HK3.40 million and the proceeds will be applied for general working capital purpose.

Completion:

Completion will be taken place on 23 February 2007 or such other date as the parties may otherwise agreed, upon which the Company will cease to have any interest in GPTL and GPTL will no longer be consolidated into the account of the Group.

Based on the unaudited consolidated management account of GPTL Group as at 30 September 2006, the Disposal will increase the assets of the Group by approximately HK\$1.50 million and will reduce the liabilities of the Group by approximately HK\$2.0 million.

** for identification purpose only*

LETTER FROM THE BOARD

Information on GPTL Group:

GPTL is a company incorporated in the British Virgin Islands with limited liability. GPTL Group is principally engaged in securities trading and investment and holding of the Land Use Rights. The unaudited consolidated net profits (both before and after taxation and extraordinary items) of GPTL Group for the year ended 31 December 2005 was approximately HK\$1.57 million. The unaudited consolidated net loss (both before and after taxation and extraordinary items) of GPTL Group for the year ended 31 December 2004 was approximately HK\$1.40 million. The unaudited consolidated net liabilities of GPTL Group as at 31 December 2005 was approximately HK\$0.27 million.

REASONS FOR THE DISPOSAL

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. GPTL Group is principally engaged in securities trading and investment and holding of the Land Use Rights. In order to focus of its resource on the core toys and premiums business, the Group has recently minimized activities in securities trading and investment. In addition, the Land Use Rights were acquired by the Company in year 2004 for expanding the manufacturing base to cater for the growth in business. The acquisition cost of the Land Use Rights together with the infrastructure erected on the lands is approximately HK\$18.75 million. However, because of keen competition in toy industry, the business growth of the Group is slowed down and the lands have been vacant and there has no concrete development plan. Therefore, the Directors consider it would be beneficial to Company to divest the non-core business and the non-performing assets so as to better utilise the resources in the core business.

The Directors consider that the terms of the Disposal are fair, reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

GENERAL INFORMATION

Your attention is drawn to the general information set out in the appendix to this circular.

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

1. 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.

2. DIRECTORS' INTERESTS

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) were as follows:

(a) Long positions in the Shares

Name of Director	Number of Shares held			Percentage of issued share capital
	Beneficial owner	Controlled corporate	Total	
Leung Wai Ho ("Mr. Leung")	22,500,000	330,560,000 <i>(note 1)</i>	353,060,000	18.8%
Wong Chung Shun ("Mr. Wong")	22,500,000	330,560,000 <i>(note 2)</i>	353,060,000	18.8%

Notes:

- The Shares were held by Charm Management Limited, a wholly-owned subsidiary of New Spread Investments Limited. Each of Excel Advance Holdings Limited, Good Achieve Holdings Limited and Grand Achieve Group Limited is interested in one-third of the issued share capital of New Spread Investments Limited. As Mr. Leung owns the entire interest in Excel Advance Holdings Limited and 50% of the issued share capital of Grand Achieve Group Limited, he is deemed to be interested in 330,560,000 Shares held by Charm Management Limited.
- As Mr. Wong owns the entire interest in Good Achieve Holdings Limited and 50% of the issued share capital of Grand Achieve Group Limited, he is deemed to be interested in 330,560,000 Shares held by Charm Management Limited.

(b) Long positions in the share options of the Company

Name of Director	Nature of interest	Date of grant	Exercisable period	Exercise price per Share <i>HK\$</i>	Number of share options outstanding as at the Latest Practicable Date	Number of underlying shares
Mr. Leung	personal interest	1.12.2004	31.12.2004 to 30.12.2006	0.0676	1,278,540	1,278,540
Mr. Wong	personal interest	1.12.2004	31.12.2004 to 30.12.2006	0.0676	1,278,540	1,278,540
Ha Kee Choy, Eugene	personal interest	1.12.2004	31.12.2004 to 30.12.2006	0.0676	1,278,540	1,278,540
Chui Chi Yun, Robert	personal interest	1.12.2004	31.12.2004 to 30.12.2006	0.0676	1,278,540	1,278,540
Lam Kwok Cheong	personal interest	1.12.2004	31.12.2004 to 30.12.2006	0.0676	1,278,540	1,278,540
Lai Wing Leung, Peter	personal interest	1.12.2004	31.12.2004 to 30.12.2006	0.0676	1,278,540	1,278,540

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying shares and debentures of the Company or any of its associated corporations which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of the Listed Issuers set out in Appendix 10 to the Listing Rules to be notified to the Company and the Stock Exchange.

3. SUBSTANTIAL SHAREHOLDERS

(a) Interests disclosed pursuant to the SFO

As at the Latest Practicable Date, so far as is known to the Directors of the Company, the following persons (other than the Directors or chief executive of the Company) had interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of shareholder	Note	Number of Shares held		Percentage of issued share capital
		Direct interest	Deemed interest	
Charm Management Limited		330,560,000	—	17.6%
New Spread Investments Limited	1	—	330,560,000	17.6%
Excel Advance Holdings Limited	1	—	330,560,000	17.6%
Good Achieve Holdings Limited	1	—	330,560,000	17.6%
Grand Achieve Group Limited	1	—	330,560,000	17.6%
Tokyo Unique (Hongkong) Limited		194,800,00	—	10.4%
Tokyo Unique Co., Ltd.	2	—	194,800,000	10.4%
Takeaki Maeda	2	—	194,800,000	10.4%

Notes:—

- Each of Excel Advance Holdings Limited, Good Achieve Holdings Limited and Grand Achieve Group Limited is interested in one-third of the issued share capital of New Spread Investments Limited, which in turn owns the entire interest in Charm Management Limited. Therefore, each of Excel Advance Holdings Limited, Good Achieve Holdings Limited, Grand Achieve Group Limited and New Spread Investments Limited is deemed to be interested in 330,560,000 Shares.
- Tokyo Unique (Hongkong) Limited is owned as to 67% by Tokyo Unique Co., Ltd., which in turn is controlled by Mr. Takeaki Maeda. Thus, both Tokyo Unique Co., Ltd. and Mr. Takeaki Maeda are deemed to be interested in 194,800,000 Shares.

(b) Substantial shareholders of other members of the Group

As at the Latest Practicable Date, so far as is known to the Directors, the following persons (other than the Directors or chief executive of the Company) were directly or indirectly interested in ten per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the other members of the Group:

Name of subsidiary	Name of shareholder	Percentage of shareholding
New Challenge Limited	Yu Kwai Sang	15%
Yanyan Force Limited	Ng Kai Lok Paul	40%

Except as being the shareholders and directors of the members of the Group, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the above named persons are third parties independent of the Company and connected persons of the Company.

Save as disclosed above, so far as is known to the Directors, there were no other person (not being a Director or chief executive of the Company) who, as at the Latest Practicable Date, had interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in ten per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any members of the Group or had any options in respect of such capital.

4. SERVICES CONTRACTS

As at the Latest Practicable Date, there were no existing or proposed service contracts between any of the Directors and any member of the Group which is not expiring or derterminable by the Company within a year without payment of any compensation (other than statutory compensation).

5. COMPETING BUSINESS

Interests of the Directors in competing businesses to the Group as at the Latest Practicable Date required to be disclosed pursuant to Rule 8.10 of the Listing Rules were set out as below:—

Name of Director	Name of entity	Nature of competing business	Nature of interest
Mr. Leung	General Fast Trading Limited	Trading of toys and electronic products	Director and shareholder
	United Force Overseas Company Limited	Manufacturing of toys and electronic products	Director and shareholder
Mr. Wong	General Fast Trading Limited	Trading of toys and electronic products	Director and shareholder
	United Force Overseas Company Limited	Manufacturing of toys and electronic products	Director and shareholder

Save as disclosed above, none of the Directors or their respective associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

6. LITIGATION

The Company received a writ on 8 October 2004 regarding the litigation instituted by Mr. Kowk Chin Wing, a former director of the Company, in respect of the loans due from two former subsidiaries of the Company for a sum of approximately HK\$44.5 million together with related interest (the “Action”).

The parties to the Action had completed discovery of all documentary evidence and also exchanged witness statements as to facts. In July 2006, Mr. Kwok applied for substantial amendments to his Re-Re-Amended Statement of Claim for joinder of party and joinder of causes of action against the former director and chairman of the Company, Mr. Chan Sheung Wai. It is opinion of Counsel acting for the Company that such amendments would only delay the fair trail of the Action without improving the Plaintiff’s case and the Company is going to resist such amendment application by Mr. Kwok and proceed with the trail of the Action as soon as possible. Having reviewed all the evidence disclosed in the Action and with the benefit of the advice of Solicitors and Counsel acting for the Company, the Directors formed the opinion that Mr. Kwok does not have a valid claim against the Company notwithstanding the outcome of the amendment application and therefore it is unlikely to have any material adverse financial impact on the Group.

Save as disclosed above, as at the Latest Practicable Date, to the best knowledge of the Directors, neither the Company nor any of its subsidiaries was engaged in any litigation or claims of material importance and no litigation or claims of material importance was pending or threatened against any member of the Group.

7. GENERAL

The secretary and qualified accountant of the Company is Ms. Lau Siu Mui, who is a member of the Association of Chartered Certified Accountants.