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**GFT HOLDINGS LIMITED**

**真樂發控股有限公司\***

(incorporated in Bermuda with limited liability)

(stock code: 1003)

## LETTER OF INTENT IN RELATION TO A POSSIBLE INVESTMENT IN COAL MINING BUSINESS

On 3 January 2007, the Company entered into the LOI in relation to a possible investment of not less than 50% equity interest in the JV, a company to be incorporated for engaging in coal mining, coal chemical processing, magnetic-levitated wind power generation and related business in 內蒙古巴彥淖爾市烏拉特中旗 (Urad Middle Banner, Bayannur, Inner Mongolia \*).

The Possible Investment, if materialize, may constitute a notifiable transaction for the Company under the Listing Rules. Further announcement will be made by the Company regarding the Possible Investment as and when necessary.

**As the Possible Investment may or may not proceed, shareholders of the Company and investing public are advised to exercise caution when dealing in the shares of the Company.**

Trading in the shares of the Company on the Stock Exchange was suspended at the request of the Company with effect from 10:51 a.m. on 3 January 2007 pending the release of this announcement. The Company has applied for resumption of trading in the shares with effect from 9:30 a.m. on 4 January 2007.

On 3 January 2007, GFT Holdings Limited (the "Company") entered into a non-legally binding letter of intent (the "LOI") with Talus Holdings Limited ("Talus") in relation to a possible investment (the "Possible Investment") by the Company of not less than 50% equity interest in a company to be incorporated by Talus (the "JV"), which will be principally engaged in coal mining, coal chemical processing, magnetic-levitated wind power generation and related business in 內蒙古巴彥淖爾市烏拉特中旗 (Urad Middle Banner, Bayannur, Inner Mongolia \*).

To the best of the directors' knowledge, information and belief having made all reasonable enquiries, Talus and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules")).

The Company is provided with a right to conduct due diligent review on the JV and its proposed business within sixty days from the date of the LOI. Upon satisfactory completion of the due diligent review, the Company and Talus will proceed to negotiate formal agreement for the Possible Investment. The consideration payable and other principal terms and conditions in respect of the Possible Investment have not yet been determined and agreed by the parties.

### REASONS FOR THE POSSIBLE INVESTMENT

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 Group is facing with fierce competition in toys industry and the escalating cost for its manufacturing activities in the PRC, both of which may affect the performance of the Group. The directors of the Company (the "Directors") are thus looking for opportunities to broaden its income source by diversifying the business of the Group into industries with good potential.

The Directors are of the view that coal mining, coal chemical processing and magnetic-levitated wind power generation business in the PRC is prosperous and with good potential of growth. The Possible Investment offers the opportunity for the Group to diversify its business. The Company will maintain its existing business as its core business.

### GENERAL

This announcement is made pursuant to Rule 13.09 of the Listing Rules. The Possible Investment, if materialize, may constitute a notifiable transaction for the Company under the Listing Rules. Further announcement will be made by the Company regarding the Possible Investment as and when necessary.

**As the Possible Investment may or may not proceed, shareholders of the Company and investing public are advised to exercise caution when dealing in the shares of the Company.**

The board of the Directors (the "Board") has noted the increases in the price and trading volume of the shares of the Company today. Save for the Possible Investment, the Board is not aware of any reasons for such increases and confirms that there are no negotiations or agreements relating to intended acquisitions or realizations which are discloseable under Rule 13.23 of the Listing Rules, neither is the Board aware of any matter discloseable under the general obligation imposed by Rule 13.09 of the Listing Rules, which is or may be of a price-sensitive nature.

Trading in the shares of the Company on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") was suspended at the request of the Company with effect from 10:51 a.m. on 3 January 2007 pending the release of this announcement. The Company has applied for resumption of trading in the shares with effect from 9:30 a.m. on 4 January 2007.

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

Hong Kong, 3 January 2007

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

*Please also refer to the published version of this announcement in  
The Standard and Sing Tao Daily.*