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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)

**(1) TOP-UP PLACING;
(2) PLACING OF NEW SHARES UNDER GENERAL MANDATE;
AND
(3) RESUMPTION OF TRADING**

PLACING AGENT



KINGSTON SECURITIES LIMITED

THE TOP-UP PLACING

On 14 August 2007, the Company, the Vendor and the Placing Agent entered into the Top-Up Placing Agreement pursuant to which the Vendor agreed to place, through the Placing Agent, an aggregate of 70,000,000 existing Shares, on a fully underwritten basis, to not fewer than six Placees who and whose ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules) at a price of HK\$0.128 per Top-Up Placing Share. Pursuant to the Top-Up Placing Agreement, the Vendor conditionally agreed to subscribe for an aggregate of 70,000,000 Top-Up Subscription Shares at a price of HK\$0.128 per Top-Up Subscription Share.

The Top-Up Placing Price was fixed on 13 August 2007. The Top-Up Placing Price (or the Top-Up Subscription Price) of HK\$0.128 represents (i) a discount of approximately 4.48% to the closing price of HK\$0.134 per Share as quoted on the Stock Exchange on the Last Trading Date; (ii) a discount of approximately 14.44% to the average of the closing prices per Share of HK\$0.1496 in the last five consecutive trading days prior to the Last Trading Date; and (iii) a discount of approximately 25.01% to the average of the closing prices per Share of HK\$0.1707 in the last ten consecutive trading days prior to the Last Trading Date.

The 70,000,000 Top-Up Placing Shares (or the Top-Up Subscription Shares) represent (i) approximately 5.6% of the existing issued share capital of the Company of 1,247,940,608 Shares as at the date of this announcement; and (ii) approximately 5.3% of the issued share capital of the Company of 1,317,940,608 Shares as enlarged by the Top-Up Subscription.

The gross proceeds from the Top-Up Placing will be HK\$8.96 million. The net proceeds of approximately HK\$8.6 million from the Top-Up Placing is intended to be used for general working capital of the Group.

* *for identification purpose only*

THE NEW PLACING

On 14 August 2007, the Company and the Placing Agent entered into the New Placing Agreement pursuant to which the Company agreed to place, through the Placing Agent, a maximum of 150,000,000 new Shares, on a best effort basis, to not fewer than six Placees who and whose ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules) at a price of HK\$0.128 per New Placing Share.

The New Placing Price was fixed on 13 August 2007. The New Placing Price of HK\$0.128 represents (i) a discount of approximately 4.48% to the closing price of HK\$0.134 per Share as quoted on the Stock Exchange on the Last Trading Date; (ii) a discount of approximately 14.44% to the average of the closing prices per Share of HK\$0.1496 in the last five consecutive trading days prior to the Last Trading Date; and (iii) a discount of approximately 25.01% to the average of the closing prices per Share of HK\$0.1707 in the last ten consecutive trading days prior to the Last Trading Date.

The 150,000,000 New Placing Shares represent approximately 12.0% of the existing issued share capital of the Company of 1,247,940,608 Shares as at the date of this announcement and approximately 10.7% of the Company's issued share capital of 1,397,940,608 Shares as enlarged by the New Placing.

The gross proceeds from the New Placing will be HK\$19.2 million. The net proceeds of approximately HK\$18.6 million from the New Placing is intended to be used for general working capital of the Group. The net proceeds raised per Share upon the completion of the New Placing will be approximately HK\$0.124 per Share.

As the New Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 9:30 a.m. on 14 August 2007 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange from 9:30 a.m. on 15 August 2007.

THE TOP-UP PLACING AGREEMENT

Date

14 August 2007

Parties involved

The Company, the Vendor and the Placing Agent

THE TOP-UP PLACING

Placing Agent

The Placing Agent will receive a placing commission of 2.5% on the gross proceeds of the Top-Up Placing, which was arrived at after arm's length negotiations between the Company and the Placing Agent. The Placing Agent and its ultimate beneficial owners are third parties independent of and not connected persons (as defined in the Listing Rules) of the Company and its connected persons (as defined in the Listing Rules).

Placees

The Placing Agent agreed to place the Top-Up Placing Shares, on a fully underwritten basis, to not fewer than six Placees who and whose ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules). None of the Placees will become a substantial Shareholder (as defined under the Listing Rules) immediately after the Top-Up Placing.

Placing Price

The Top-Up Placing Price was fixed on 13 August 2007. The Top-Up Placing Price (or the Top-Up Subscription Price) of HK\$0.128 represents:

- (i) a discount of approximately 4.48% to the closing price of HK\$0.134 per Share as quoted on the Stock Exchange on the Last Trading Date;
- (ii) a discount of approximately 14.44% to the average of the closing prices per Share of HK\$0.1496 in the last five consecutive trading days prior to the Last Trading Date; and
- (iii) a discount of approximately 25.01% to the average of the closing prices per Share of HK\$0.1707 in the last ten consecutive trading days prior to the Last Trading Date.

The Top-Up Placing Price was determined with reference to the prevailing market price of the Share and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the terms of the Top-Up Placing are on normal commercial terms and are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

The Top-Up Placing Shares

The 70,000,000 Top-Up Placing Shares (or the Top-Up Subscription Shares) represent (i) approximately 5.6% of the existing issued share capital of the Company of 1,247,940,608 Shares as at the date of this announcement; and (ii) approximately 5.3% of the issued share capital of the Company of 1,317,940,608 Shares as enlarged by the Top-Up Subscription.

Ranking of Top-Up Placing Shares

The Top-Up Placing Shares rank pari passu among themselves and with Shares in issue as at the date of this announcement.

Condition of the Top-Up Placing

The Top-Up Placing is unconditional.

Completion of the Top-Up Placing

The Top-Up Placing is expected to be completed on or about 21 August 2007.

THE TOP-UP SUBSCRIPTION

The Top-Up Subscription Price

The Top-Up Subscription Price is HK\$0.128 per Share. The Top-Up Subscription Price is the same to the Top-Up Placing Price and was determined after arm's length negotiation between the Company and the Vendor with reference to the Top-Up Placing Price.

Number of Top-Up Subscription Shares

The number of Top-Up Subscription Shares is equivalent to the number of Top-Up Placing Shares, being 70,000,000.

Ranking of Top-Up Subscription Shares

The Top-Up Subscription Shares, when issued and fully paid, will rank pari passu among themselves and with Shares in issue at the time of issue and allotment of the Top-Up Subscription Shares.

The Top-Up Subscription Shares

The Top-Up Subscription Shares will be issued under the General Mandate granted to the Directors by a resolution of the Shareholders passed at the AGM subject to the limit of up to 20% of the then issued share capital of the Company as at the date of the AGM (i.e. 226,941,324 Shares). Up to the date of this announcement, no new Share has been issued under the General Mandate.

Conditions of the Top-Up Subscription

The Top-Up Subscription is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Top-Up Subscription Shares; and
- (ii) completion of the Top-Up Placing.

Completion of the Top-Up Subscription

Under Rule 14A.31(3)(d) of the Listing Rules, the Top-Up Subscription must be completed within 14 days from the date of the Top-Up Placing Agreement, that is, on or before 28 August 2007.

In the event that the conditions to the Top-Up Subscription under the Top-Up Placing Agreement is not completed on or before 28 August 2007, the Company and the Vendor may elect, subject to compliance with all requirements in relation to connected transactions under the Listing Rules (including the Shareholder's approval), to postpone completion of the Top-Up Subscription to a later date to be agreed between the Company and the Vendor.

REASON FOR THE TOP-UP PLACING AND USE OF PROCEEDS

The Directors consider various ways of raising funds and consider that the Top-Up Placing represents an opportunity to raise capital for the Company while broadening the Shareholder base and capital base of the Company. Accordingly, the Directors consider the Top-Up Placing Agreement is in the interest of the Company and the Shareholders as a whole.

The gross proceeds from the Top-Up Placing will be HK\$8.96 million. The net proceeds of approximately HK\$8.6 million from the Top-Up Placing is intended to be used for general working capital of the Group. The net proceeds raised per Share upon completion of the Top-Up Placing will be approximately HK\$0.123 per Share.

THE NEW PLACING AGREEMENT

Date

14 August 2007

Issuer

The Company

Placing Agent

The Placing Agent has conditionally agreed to place a maximum of 150,000,000 New Placing Shares on a best effort basis and will receive a placing commission of 2.5% on the gross proceeds of the New Placing. The Directors are of the view that the placing commission is fair and reasonable. The Placing Agent and its ultimate beneficial owners are third parties independent of and not connected persons (as defined in the Listing Rules) of the Company and its connected persons (as defined in Listing Rules).

Placees

The Placing Agent agreed to place the New Placing Shares, on a best efforts basis, to not fewer than six independent Placees who and whose ultimate beneficial owners are third parties independent of the Company and its subsidiaries and their connected persons (as defined under the Listing Rules). None of the Placees will become a substantial Shareholder (as defined under the Listing Rules) immediately after the New Placing.

Number of New Placing Shares

The 150,000,000 New Placing Shares represent approximately 12.0% of the existing issued share capital of the Company of 1,247,940,608 Shares as at the date of this announcement and approximately 10.7% of the Company's issued share capital of 1,397,940,608 Shares as enlarged by the New Placing.

Ranking of New Placing Shares

The New Placing Shares under the New Placing will rank, upon issue, pari passu in all respects with the Shares in issue on the date of allotment and issue of the New Placing Shares.

New Placing Price

The New Placing Price was fixed on 13 August 2007. The New Placing Price of HK\$0.128 represents:

- (i) a discount of approximately 4.48% to the closing price of HK\$0.134 per Share as quoted on the Stock Exchange on the Last Trading Date;
- (ii) a discount of approximately 14.44% to the average of the closing prices per Share of HK\$0.1496 in the last five consecutive trading days prior to the Last Trading Date; and
- (iii) a discount of approximately 25.01% to the average of the closing prices per Share of HK\$0.1707 in the last ten consecutive trading days prior to the Last Trading Date.

The New Placing Price was determined with reference to the prevailing market price of the Share and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the terms of the New Placing are on normal commercial terms and fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

The New Placing Shares

The New Placing Shares will be issued under the General Mandate granted to the Directors by a resolution of the Shareholders passed at the AGM subject to the limit of up to 20% of the then issued share capital of the Company as at the date of the AGM (i.e. 226,941,324 Shares). Up to the date of this announcement, no new Share has been issued under the General Mandate.

Conditions of the New Placing Agreement

Completion of the New Placing Agreement is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the New Placing Shares under the New Placing; and
- (ii) the obligations of the Placing Agent under the New Placing Agreement becoming unconditional and not being terminated in accordance with the terms of the New Placing Agreement, including provisions regarding force majeure event.

Termination and force majeure

The New Placing Agreement may be terminated by the Placing Agent if at any time at or before 10:00 a.m. on the date for completion of the New Placing Agreement, there occurs:

- (i) the introduction of any new law or regulation or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or**
- (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date of the New Placing Agreement) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or adversely prejudices the success of the New Placing of the Shares by potential investor(s) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the New Placing; or**
- (iii) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities) occurs which affect the success of the New Placing (such success being the placing of the Shares to potential investor(s)) or otherwise in the reasonable opinion of the Placing Agent make it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the New Placing.**

The Directors are not aware of the occurrence of any of such events as at the date of this announcement.

Completion of the New Placing

Completion of the New Placing will take place within four business days after the fulfilment of the conditions of the New Placing Agreement but not later than 28 September 2007 or such later date as may be agreed between the Company and the Placing Agent.

As the New Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

REASONS FOR THE NEW PLACING AND USE OF PROCEEDS

The Directors consider various ways of raising funds and consider that the New Placing represents an opportunity to raise capital for the Company while broadening the Shareholder base and capital base of the Company. Accordingly, the Directors consider the New Placing Agreement is in the interest of the Company and the Shareholders as a whole.

The gross proceeds from the New Placing will be HK\$19.2 million. The net proceeds of approximately HK\$18.6 million from the New Placing is intended to be used for general working capital of the Group. The net proceeds raised per Share upon the completion of the New Placing will be approximately HK\$0.124 per Share.

OTHER INFORMATION ON THE COMPANY

Fund raising activities in the past twelve months

Save for disclosed below, the Company has not conducted any fund raising activities in the past twelve months before the date of this announcement:

Date of announcement	Transaction	Net proceeds raised (<i>approximately</i>)	Intended use of proceeds	Actual use of proceeds
11 October 2006	Placing of 300 million existing shares of HK\$0.01 each (the "Pre-Consolidated Share(s)") and subscription of 300 million new Pre-Consolidated Shares at HK\$0.04 per Pre-Consolidated Share	HK\$11.8 million	For general working capital of the Group	Fully utilized for general working capital of the Group
26 January 2007	(1) Placing of 340 million new Shares at HK\$0.10 per Share; and (2) placing of convertible notes with an aggregate principal amount of HK\$34 million	HK\$66.6 million	Approximately HK\$20 million for general working capital of the Group and approximately HK\$46.6 million for future investment opportunities	Approximately HK\$20 million has been used for general working capital of the Group and the balance of approximately HK\$46.6 million remains unutilized and is intended to be used for future investment opportunities

Effects on shareholding structure

The existing and enlarged shareholding structure of the Company immediately before and after the issue of the Top-Up Subscription Shares and/or the New Placing Shares (assuming that there are no other changes in the issued share capital of the Company) are set out below:

	As at the date of this announcement		Immediately after Top-Up Placing but before Top-Up Subscription and New Placing		Immediately after Top-Up Subscription but before New Placing		Immediately after Top-Up Subscription and New Placing	
	Shares	%	Shares	%	Shares	%	Shares	%
Charm Management Limited (Note)	132,224,000	10.60%	62,224,000	4.99%	132,224,000	10.03%	132,224,000	9.01%
Leung Wai Ho (Note)	9,000,000	0.72%	9,000,000	0.72%	9,000,000	0.68%	9,000,000	0.61%
Wong Chung Shun (Note)	9,000,000	0.72%	9,000,000	0.72%	9,000,000	0.68%	9,000,000	0.61%
Public:								
— Placees of Top-Up Placing	0	0.00%	70,000,000	5.61%	70,000,000	5.31%	70,000,000	4.77%
— Placees of New Placing	0	0.00%	0	0.00%	0	0.00%	150,000,000	10.22%
— Other public Shareholders	1,097,716,608	87.96%	1,097,716,608	87.96%	1,097,716,608	83.30%	1,097,716,608	74.78%
Total	<u>1,247,940,608</u>	<u>100.00%</u>	<u>1,247,940,608</u>	<u>100.00%</u>	<u>1,317,940,608</u>	<u>100.00%</u>	<u>1,467,940,608</u>	<u>100.00%</u>

Note:

Charm Management Limited 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 shares.

As at the date of this announcement, the existing authorized share capital of the Company consists of 20,000,000,000 Shares out of which 1,247,940,608 Shares are issued and fully paid up. As at the date of this announcement, save for the Options which have been granted to the Group's employees conferring rights to subscribe for 6,616,992 new Shares and the convertible notes convertible into 240,000,000 new Shares, the Company has no outstanding options, warrants or convertible instruments to subscribe for any Shares.

GENERAL

The Group is principally engaged in the trading of toy, gift and premium.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Top-Up Subscription Shares and the New Placing Shares.

Further announcement will be made by the Company when the New Placing is completed.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 9:30 a.m. on 14 August 2007 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange from 9:30 a.m. on 15 August 2007.

Terms and definitions

“AGM”	the annual general meeting of the Company held on 28 June 2007
“Board”	the board of Directors
“Company”	GFT Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange
“Director(s)”	director(s) of the Company
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the AGM, among other things, to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Last Trading Date”	13 August 2007, being the last trading day for the Shares before this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Placing”	placing of a maximum of 150,000,000 new Shares pursuant to the terms of the New Placing Agreement
“New Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 14 August 2007 in relation to the New Placing
“New Placing Price”	HK\$0.128 per New Placing Share

“New Placing Share(s)”	up to a maximum of 150,000,000 new Shares to be placed through the Placing Agent pursuant to the New Placing Agreement
“Option(s)”	Share option(s) granted under the share option scheme adopted by the Company on 17 September 2004
“Placee(s)”	any individual(s), institutional or other professional investor(s) or any of their respective subsidiaries or associates procured by the Placing Agent to subscribe for any of the Top-Up Placing Shares and the New Placing Shares pursuant to the Placing Agent’s obligations under the Top-Up Placing Agreement and the New Placing Agreement
“Placing Agent”	Kingston Securities Limited, a licensed corporation to carry on business in type 1 regulated activities (dealing in securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.025 in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Top-Up Placing”	the placing of 70,000,000 existing Shares beneficially held by the Vendor pursuant to the terms of the Top-Up Placing Agreement
“Top-Up Placing Agreement”	the top-up placing and subscription agreement dated 14 August 2007 entered into among the Company, the Vendor and the Placing Agent in relation to the Top-Up Placing and the Top-Up Subscription
“Top-Up Placing Price”	HK\$0.128 per Top-Up Placing Share
“Top-Up Placing Share(s)”	an aggregate of 70,000,000 existing Shares beneficially owned by the Vendor and to be placed pursuant to the Top-Up Placing Agreement
“Top-Up Subscription”	the subscription of 70,000,000 new Shares pursuant to the terms of Top-Up Placing Agreement
“Top-Up Subscription Price”	HK\$0.128 per Top-Up Subscription Share
“Top-Up Subscription Share(s)”	a total of 70,000,000 new Shares to be subscribed for by the Vendor pursuant to the Top-Up Placing Agreement

“Vendor”	Charm Management Limited, a company incorporated in the British Virgin Islands with limited liability and the entire issued share capital of which is wholly and beneficially owned as to 50% by Mr. Leung Wai Ho and as to 50% by Mr. Wong Chung Shun
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board
GFT HOLDINGS LIMITED
Leung Wai Ho
Chairman

Hong Kong, 14 August 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.