GFT HOLDINGS LIMITED
真樂發控股有限公司*

(incorporated in Bermuda with limited liability)

(stock code: 1003)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2007

The board of directors (the "Board") of GFT Holdings Limited (the "Company") is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2007 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2007

		Six months ended 30 June	
	Notes	**2007** *HK$'000* *(unaudited)*	2006 *HK$'000* *(unaudited and restated)*
Continuing operations			
Turnover	*3*	**69,345**	52,809
Cost of sales		**(68,408)**	(49,370)
Gross profit		**937**	3,439
Other income		**851**	521
Distribution costs		**(857)**	(2,513)
Administrative expenses		**(12,644)**	(10,754)
Loss on assignment of an amount due from a subsidiary	*6(b)*	**(68,599)**	—
Gain on disposal of subsidiaries		**20,343**	—
Finance costs	*6(a)*	**(408)**	(394)
Loss before taxation		**(60,377)**	(9,701)
Taxation	*4*	**—**	—
Loss for the period from continuing operations		**(60,377)**	(9,701)
Discontinued operation			
Loss for the period from discontinued operation	*5*	**—**	(68)
Loss for the period	*6*	**(60,377)**	(9,769)
Attributable to:			
Equity holders of the Company		**(59,831)**	(9,512)
Minority interests		**(546)**	(257)
Loss for the period		**(60,377)**	(9,769)
Loss per share	*8*		
From continuing and discontinued operations			
Basic		**(6.17 cents)**	(1.51 cents)
From continuing operations			
Basic		**(6.17 cents)**	(1.50 cents)

* *for identification purpose only*

CONDENSED CONSOLIDATED BALANCE SHEET

At 30 June 2007

	Notes	30 June 2007 HK$'000 (unaudited)	31 December 2006 HK$'000 (audited)
Non-current assets			
Property, plant and equipment		**240**	52,551
Goodwill		**4,201**	4,201
Prepaid lease payments		**—**	3,327
Club debenture		**—**	220
		4,441	60,299
Current assets			
Inventories		**—**	7,175
Trade and other receivables	*9*	**32,128**	32,648
Current portion of prepaid lease payments		**—**	72
Bank balances and cash		**16,545**	7,136
Tax recoverable		**516**	196
		49,189	47,227
Non-current assets classified as held for sale		**—**	19,127
		49,189	66,354
Current liabilities			
Trade and other payables	*10*	**10,202**	42,532
Current portion of interest-bearing borrowings		**—**	8,800
Current portion of obligations under finance leases		**—**	1,813
		10,202	53,145
Liabilities associated with non-current assets classified as held for sale		**—**	2,093
		10,202	55,238
Net current assets		**38,987**	11,116
Total assets less current liabilities		**43,428**	71,415
Non-current liabilities			
Long-term obligations under finance leases		**—**	1,801
		—	1,801
NET ASSETS		**43,428**	69,614
Capital and reserves			
Share capital		**28,367**	19,536
Reserves		**14,216**	48,616
Equity attributable to equity holders of the Company		**42,583**	68,152
Minority interests		**845**	1,462
TOTAL EQUITY		**43,428**	69,614

Notes:

1. BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

2. PRINCIPAL ACCOUNTING POLICIES

The accounting policies used in preparing these condensed consolidated financial statements are consistent with those used in the Group's annual financial statements for the year ended 31 December 2006.

3. SEGMENT INFORMATION

Business segments

During the six months ended 30 June 2007, the Group is principally engaged in toy products trading and manufacturing. An analysis of the Group's turnover and results for the period by business segments is as follows:

	Six months ended 30 June 2007		
	Toy products trading and manufacturing *(Note a)* *HK$'000*	**Securities trading and investments** *(Note b)* *HK$'000*	**Consolidated** *HK$'000*
Turnover	69,345	—	69,345
Segment results	(76,245)	—	(76,245)
Other income			134
Unallocated operating expenses			(4,201)
Gain on disposal of subsidiaries			20,343
Finance costs			(408)
Loss before taxation			(60,377)
Taxation			—
Loss for the period			(60,377)

	Six months ended 30 June 2006 (restated)				
	Continuing operations			**Discontinued operation**	
	Toy products trading and manufacturing	**Securities trading and investments** *(Note b)*	**Total**	**Consumer products trading and manufacturing** *(Note c)*	**Consolidated**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover	52,809	—	52,809	2,547	55,356
Segment results	(6,801)	—	(6,801)	(423)	(7,224)
Other income			52	—	52
Unallocated operating expenses			(2,924)	—	(2,924)
Gain on disposal of subsidiaries			—	355	355
Finance costs			(28)	—	(28)
Loss before taxation			(9,701)	(68)	(9,769)
Taxation			—	—	—
Loss for the period			(9,701)	(68)	(9,769)

Notes:

(a) Upon the disposal of GFT Holding Limited and its subsidiaries, the operation of manufacturing of toy products was terminated in June 2007.

(b) The operation of securities trading and investments has been dormant since May 2005.

(c) The consumer products trading and manufacturing operation was discontinued in June 2006.

Geographical segments

An analysis of the Group's turnover for the period by geographical segments is as follows:

	Six months ended 30 June	
	2007	2006
	HK$'000	*HK$'000*
Japan	**42,277**	25,595
People's Republic of China ("PRC")	**13,594**	13,152
Hong Kong	**9,465**	11,002
Taiwan	**1,362**	3,461
Singapore	**932**	721
Europe	**830**	917
Others	**885**	508
	69,345	55,356

4. TAXATION

No provision for Hong Kong Profits Tax or tax in other jurisdictions has been made for the six months ended 30 June 2007 as neither the Company nor any of its subsidiaries had any assessable profit subject to tax during the period (six months ended 30 June 2006: nil).

No deferred tax asset has been recognised in respect of the unused tax losses of the Group due to the unpredictability of future profit streams.

5. DISCONTINUED OPERATION

On 22 June 2006, the Group disposed two non-wholly owned subsidiaries which manufacture and trade electronic components and were a separate business segment of the Group. The results of the discontinued operation up to the date of disposal are as follows:

	Six months ended 30 June 2006 *HK$'000*
Loss for the period from discontinued operation	
Revenue	2,547
Gain on disposal of subsidiaries	355
Expenses	(2,970)
Loss before taxation	(68)
Taxation	—
Loss for the period from discontinued operation	(68)

6. LOSS FOR THE PERIOD

(a) This is stated after charging (crediting):

	Six months ended 30 June **2007** ***HK$'000***	2006 *HK$'000*
Finance costs		
Interest on bank loans and other borrowings wholly repayable within five years	**314**	181
Finance charges on obligations under finance leases	**94**	213
Other items		
Cost of inventories	**68,408**	51,447
Depreciation on property, plant and equipment	**1,925**	2,649
Amortisation on prepaid lease payments	**63**	94
Interest income	**(96)**	(20)

(b) The amount represented the loss on assignment of an amount due from Great Force Technology Limited, one of the subsidiaries GFT Holding Limited, upon the disposal of GFT Holding Limited during the six months ended 30 June 2007.

7. DIVIDENDS

No dividends were paid during the period. The Board does not recommend payment of interim dividend for the six months ended 30 June 2007 (six months ended 30 June 2006: nil).

8. LOSS PER SHARE

(a) For continuing and discontinued operations

The calculation of the basic loss per share attributable to the equity holders of the Company is based on the following data:

	Six months ended 30 June	
	2007	2006
	HK$'000	*HK$'000*
Loss for the period attributable to equity holders of the Company for the purpose of basic loss per share	**(59,831)**	(9,512)
	Number of shares	Number of shares
	'000	*'000*
		(restated)
Weighted average number of ordinary shares for the purpose of basic loss per share	**969,013**	631,416

Notes:

The number of shares for the six months ended 30 June 2007 was adjusted to reflect the share consolidation of every five shares of HK$0.01 each of the Company into two shares of HK$0.025 each which became effective on 6 March 2007. Comparative figures have been restated accordingly.

No diluted loss per share has been presented as the exercise of the share options would result in decrease on loss per share.

(b) For continuing operations

The calculation of the basic loss per share from continuing operations attributable to the equity holders of the Company is based on the following data:

	Six months ended 30 June	
	2007	2006
	HK$'000	*HK$'000*
Loss for the period attributable to equity holders of the Company	**(59,831)**	(9,512)
Less: Loss for the period from discontinued operation	**—**	67
Loss for the purpose of basic loss per share from continuing operations	**(59,831)**	(9,445)

The denominators used are the same as those detailed above for basic loss per share from continuing and discontinued operations.

(c) For discontinued operation

Basic loss per share for discontinued operation for the six months ended 30 June 2006 is HK0.01 cent per share, based on loss for the period from the discontinued operation of HK$67,000 and the denominators detailed above for the basic loss per share from continuing and discontinued operations.

9. TRADE AND OTHER RECEIVABLES

	Notes	**30 June 2007**	31 December 2006
		HK$'000	*HK$'000*
Trade receivables	*(a)*	**11,141**	23,006
Other receivables			
Deposits, prepayments and other receivables		**4,987**	9,642
Promissory note receivable	*(b)*	**16,000**	—
		20,987	9,642
		32,128	32,648

(a) The Group allows an average credit period ranging from 30 to 90 days to its trade customers. The ageing analysis of trade receivables as of the balance sheet date is as follows:

	30 June 2007	31 December 2006
	HK$'000	*HK$'000*
0 to 60 days	**10,074**	10,851
61 to 90 days	**342**	3,803
Over 90 days	**725**	8,352
	11,141	23,006

(b) The amount represents the deferred consideration receivable from Sky Hawk International Limited, the purchaser of Good Prosper Trading Limited. The amount due is interest free, due on 31 December 2007 and secured by the entire issued share capital of Good Prosper Trading Limited.

10. TRADE AND OTHER PAYABLES

	30 June 2007	31 December 2006
	HK$'000	*HK$'000*
Trade payables	**2,034**	20,099
Other payables		
Accrued charges and other creditors	**6,608**	17,606
Due to related companies	**1,560**	4,827
	8,168	22,433
	10,202	42,532

The ageing analysis of trade payables as at the balance sheet date is as follows:

	30 June 2007	31 December 2006
	HK$'000	*HK$'000*
0 to 60 days	**854**	5,540
61 to 90 days	**117**	836
Over 90 days	**1,063**	13,723
	2,034	20,099

MANAGEMENT DISCUSSION AND ANALYSIS

Business and Operation Review

The Group continues its streamlining process during the review period. Following the discontinuation of the secondary consumer products business last year, the Group successfully discarded its unused assets and underperformed investments in June 2007. The process is inevitably painful as the Group suffered from substantial losses and downsizing but is justified as the management and financial resources of the Group were relieved from those detrimental businesses to viable operations.

Come with the streamlining exercise, the Group ceased to have any contribution from the consumer products trading and manufacturing segment and remains inactive in the securities trading and investments segment. Toy products trading and manufacturing thus became the only active segment in the review period. Turnover in this segment boosted by 31.3% to HK$69.3 million when compared with last corresponding period as the subsidiary which engages in the trading of toy, gift and premium successfully secured certain new customers with sizable orders during the review period.

Material Disposal of Subsidiaries

Good Prosper Trading Limited

The Company entered into an agreement in November 2006 to dispose of its entire equity interest in and the amount due from Good Prosper Trading Limited ("GPTL"), the principal assets of which are the land use rights in respect of parcels of adjacent lands situated at Boluo, Huizhou and the infrastructure erected thereon (the "GPTL Disposal") to an independent third party, Sky Hawk International Limited ("Sky Hawk"), for an aggregate consideration of HK$20 million. HK$2 million was paid by Sky Hawk upon signing of the agreement and the balance was to be settled on completion.

However, at the request of Sky Hawk, the payment terms for the outstanding consideration of HK$18 million were revised pursuant to a supplemental agreement entered into between the Company and Sky Hawk. According to the supplemental agreement, Sky Hawk paid a further sum of HK$2 million and delivered to the Company a promissory note with a principal amount of HK$16 million which is interest free, due on 31 December 2007 and secured by the entire issued share capital of GPTL ("PN") on 28 June 2007, the completion date.

The deferred consideration payable by Sky Hawk in HK$16 million constitutes an advance to an entity under Rule 13.13 of the Listing Rules. Details of the GPTL Disposal and the terms of the PN are set out in the circular dated 11 December 2006 and the announcement dated 29 June 2007 issued by the Company.

On 16 April 2007, the Group enter into an agreement to dispose of its entire interest in and amount due from GFT Holding Limited and its subsidiaries (the "Disposal Group"), a sub-group of the Company engaged in toy manufacturing at Boluo, Huizhou and toy trading, to a company beneficially owned by Mr. Leung Wai Ho, the Chairman of the Company, and Mr. Wong Chung Shun, the Deputy Chairman of the Company, at an aggregate consideration of HK$2 (the "GFT Disposal").

The GFT Disposal constituted a major disposal and connected transaction for the Company under the Listing Rules and was approved by the independent shareholders of the Company in a special general meeting held on 28 May 2007.

The completion of GFT Disposal took place on 28 June 2007, upon which the obligations of the Company as a corporate guarantor under the banking facilities granted to the Disposal Group has been released by the bank and the Company ceased its operation in manufacturing of toy products.

Prospects

After the GPTL Disposal and GFT Disposal, the Group has asset base with greater flexibility and currently focuses on the trading of toy, gift and premium. The management is cautiously optimistic on this business as, on one hand, it is a niche in which the management team has proven record and able to secure more orders from both new and existing customers even in this tough market conditions. But, on the other hand, the market remains competitive and the involvement of the historic low cost PRC suppliers which in turn suffer from the persisting unfavourable factors in the PRC still poses awful concerns to the Group.

Equipped with the fund raised from recent new share placements and convertible note placement, the management is diligently searching for promising strategic investments with attractive potential of growth and profitability and is confidential that the Group will sail through the difficult period and poise to embark on the next era of expansion and prosperity.

FINANCIAL REVIEW

Review of Results

The Group reported revenue of approximately HK$69.3 million for the six months ended 30 June 2007, representing an increase of HK$16.5 million or 31.3% when compared with that of last corresponding period. The surge is attributable to the increased orders from both the existing and new customers of the trading of toy, gift and premium business during the review period.

Nevertheless, the unfavourable factors hampering the toy manufacturing operation in the PRC, including the lasting inflation in wages and material costs and the appreciation of Renminbi, kept on eroding the margin and profits of the Group before its disposal during the review period. The profits margin was at a low level of approximately HK$0.9 million, being a drop of HK$2.5 million when compared with same period in last year.

The Group maintained to keep the expenses at a relatively consistent level. However, because of the GPTL Disposal and GFT Disposal, the Group wrote off of an amount due from the disposed subsidiary of HK$68.6 million which was partially covered by the associated gain from disposal of subsidiaries of HK$20.3 million. The fair value of the share options granted during the period of HK$2.3 million as computed and recognised as an expense under the provisions of new accounting standard was another item not appearing in last review period. Consequently, the Group suffered from loss attributable to equity holders of HK$59.8 million for the six months ended 30 June 2007.

Liquidity and Financial Resources

Following the GPTL Disposal and GFT Disposal, the Group ceased to have any borrowings as at 30 June 2007 (31 December 2006: total borrowings of HK$12.4 million, including a secured bank loan of approximately HK$8.8 million and obligations under finance leases of HK$3.6 million, of which HK$10.6 million was repayable within one year).

Subsequent to the period end, the Group issued convertible notes in an aggregate principal amount of HK$34.0 million (the "Convertible Notes") on 23 July 2007. The Convertible Notes are interest-free, due on 23 July 2009 and carrying rights to convert the outstanding principal amounts into shares of the Company at a conversion price of HK$0.1 per share (subject to adjustments).

The Group maintained sufficient working capital as at 30 June 2007 with net current assets of HK$39.0 million (31 December 2006: HK$11.1 million) and bank balances and cash of HK$16.5 million (31 December 2006: HK$7.1 million). Gearing ratio, expressed as the percentage of total liability over equity attributable to equity holders of the Company, of the Group was 24.0% (31 December 2006: 83.7%).

Charges on Assets

As at 30 June 2007, none of the Group's assets was under charges (31 December 2006: certain building, land use right and plant and machinery with carrying values of HK$38.0 million, HK$3.4 million and HK$4.8 million respectively were pledged to banks to secure the bank loans and finance leases granted to the Group).

Exposure to Exchange Rates

Most of the Group's business transactions, assets and liabilities are denominated in Hong Kong dollars, United States dollars and Renminbi. The Group's exposure to United States dollars currency risk is minimal as Hong Kong dollars is pegged to United States dollars. Nevertheless, as Renminbi is becoming more volatile, the Group's operations and performances might thus be affected. Presently, the Group does not have any currency hedging policy but will closely monitor the fluctuation of Renminbi exchange rate and take appropriate measures to minimise any adverse impact that may be caused by such fluctuation.

Contingent Liabilities

The Group has no material contingent liabilities save that a writ of summons dated 8 October 2004 was filed by Mr. Kwok Chin Wing ("Kwok"), a former director of the Company, against 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 accrued interests thereof (the "Action").

The Company had already completed discovery of all documentary evidence and exchange of witness statements and was ready to proceed with the trial since early 2006. However, Kwok took out applications in July 2006 for substantial amendments to his Re-Re-Amended Statement of Claim (the "Amendment Application") and joinder of party to the Action (the "Joinder Application"). The Amendment Application and the Joinder Application had substantially delayed the setting down of the Action for trial.

The Amendment Application and the Joinder Application were granted by the Court on 19 April 2007. The newly joined party has filed his Defence to Kwok's claims in the Action and the Company has also made consequential amendments to its Defence. The parties are now working on the proper directions for the further conduct of the Action. Notwithstanding the substantial amendments made to the Re-Re-Amended Statement of Claim and the joining of a new party to the Action, the solicitors and counsel acting for the Company still hold good of their advice previously delivered to the Company. With the benefit of the advice of solicitors and counsel acting for the Company, the directors of the Company formed the opinion that Kwok does not have a valid claim against the Company and therefore it is unlikely to have any material adverse financial impact on the Group.

Employees

As at 30 June 2007, the Group had 11 employees (30 June 2006: approximately 2,200). The substantial decrease in the number of staff during the review period is attributable to the disposal of the Disposal Group (as detailed in the section under the heading "Material Disposal of Subsidiaries") which employed over 2,000 workers and staff in Hong Kong and the PRC.

To attract, retain and motivate its employees, the Group has developed effective remuneration policies that are subject to review on regular basis. The Group's employees are remunerated with competitive packages which are in line with prevailing industry practice and individual performance. Furthermore, share option and performance-based bonus scheme are also in place to recognise the outstanding employees.

OTHER INFORMATION

Interim Dividend

The Board does not recommend payment of interim dividend for the six months ended 30 June 2007 (six months ended 30 June 2006: Nil).

Purchase, Sale or Redemption of the Company's Listed Securities

During the six months ended 30 June 2007, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

Corporate Governance

The Company has complied with the code provision set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2007 except for the deviation from A.4.1 of the CG Code that none of the existing non-executive directors is appointed for specific term. However, as the directors are subject to the retirement by rotation provisions under the bye-laws of the Company, the Company considers that sufficient measures have been in place to ensure that the Company's corporate governance practices are no less exacting than the CG Code.

The Company has adopted the Model Code for Securities Transactions by Director of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transaction by the directors. Having made specific enquiry, all directors confirmed that they fully complied with the Model Code throughout the review period.

Review of Interim Results

The audit committee of the Company has reviewed with the management the accounting principles and practices adopted by the Group and the unaudited condensed financial information of the Group for the six months ended 30 June 2007.

By Order of the Board
Leung Wai Ho
Chairman

Hong Kong, 10 September 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.