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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) SHARE CONSOLIDATION;
(2) VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION;
(3) PLACING OF CONVERTIBLE NOTES AND SHARES;
(4) CLARIFICATION OF PRESS ARTICLE;
AND
(5) RESUMPTION OF TRADING**

The Share Consolidation

The Directors propose to implement the Share Consolidation involving the consolidation of every five Existing Shares of HK\$0.025 each into one New Share of HK\$0.125. The Share Consolidation is conditional upon, among other things, the approval of the Shareholders at the SGM.

Board lot size

The existing board lot size of 20,000 shares of the Company will remain unchanged upon the Share Consolidation become effective. The value of the current board lot, based on the closing price of HK\$0.022 per Existing Share on 29 April 2008 (being the last trading day for the Existing Shares prior to the date of the Agreement), is HK\$440. Upon the Share Consolidation becoming effective, the expected value of each board lot of 20,000 New Shares, based on the closing price of HK\$0.022 per Existing Share on 29 April 2008, is HK\$2,200.

The Acquisition

On 30 April 2008, Kingbox and the Company entered into the Agreement with the Vendor, pursuant to which Kingbox conditionally agreed to acquire and the Vendor conditionally agreed to sell the equity interests in the Targets for a total consideration of HK\$430,000,000. The Consideration shall be satisfied as to HK\$200,000,000 in cash, HK\$100,000,000 by the issue of the Promissory Note and HK\$130,000,000 by the issue of the Vendor CN.

** for identification purpose only*

The Acquisition constitutes a very substantial acquisition of the Company under the Listing Rules. The Vendor is a brother of Mr. Ng who is a director and substantial shareholder of Yanyan Force Limited, a non-wholly owned subsidiary of the Company. Accordingly, the Vendor is a connected person of the Company and the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. The Agreement and the transactions contemplated therein are conditional upon, among other things, the approval of the Independent Shareholders at the SGM by poll.

The Placing

On 30 April 2008, the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Placing Agent has agreed to place the Placing CN with aggregate principal value up to HK\$100,000,000 and the Placing Shares on a best effort basis.

The Placing is conditional upon, among other things, the approval of the Placing by the Shareholders at the SGM.

Clarification on a press article

The Board wishes to make clarifications in relation to certain statements contained in a press article appeared on Ming Pao Daily News on 5 May 2008.

General

The Independent Board Committee will be established to advise and give recommendation to the Independent Shareholders regarding the Agreement. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders on the Agreement. The SGM Circular containing, among other things, (i) further details of the Share Consolidation, the Acquisition and the Placing; (ii) financial and other information on the Group; (iii) financial information on the Target Group; (iv) the letter of the Independent Board Committee setting out its opinion on the Agreement and its recommendation to the Independent Shareholders; (v) the letter of the independent financial adviser to the Independent Board Committee and the Independent Shareholders setting out its opinion on the Agreement; and (vi) the notice convening the SGM will be sent to the Shareholders as soon as practicable.

At the request of the Company, trading in the Existing Shares on the Stock Exchange was suspended with effect from 9:35 a.m. on 30 April 2008 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Existing Shares with effect from 9:30 a.m. on 7 May 2008.

THE SHARE CONSOLIDATION

The Directors propose to consolidate the ordinary share capital of the Company on the basis of every five Existing Shares into one New Share. As at the date of this announcement, the authorised share capital of the Company is HK\$500,000,000 divided into 20,000,000,000 Existing Shares, of which 6,258,230,400 Existing Shares are in issue. Upon the Share Consolidation becoming effective, the authorised share capital of the Company will remain at HK\$500,000,000 divided into 4,000,000,000 New Shares, of which 1,251,646,080 New Shares will be in issue.

Other than the expenses incurred in relation to the Share Consolidation, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Company or the interests of the Shareholders. The Directors believe that the Share Consolidation will not have any material adverse effect on the financial position of the Group.

Conditions of the Share Consolidation

The Share Consolidation is conditional on:

- (a) the passing by the Shareholders at the SGM of an ordinary resolution approving the Share Consolidation; and
- (b) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the New Shares.

Application will be made to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the New Shares, and arrangement will be made to enable the New Shares to be admitted to the Central Clearing and Settlement System for securities clearing and settlement purpose.

The New Shares will rank *pari passu* in all respects with each other.

Board lot size and trading arrangement

The existing board lot size of 20,000 shares of the Company will remain unchanged upon the Share Consolidation becoming effective. The value of the current board lot, based on the closing price of HK\$0.022 per Existing Share on 29 April 2008 (being the last trading day for the Existing Shares prior to the date of the Agreement), is HK\$440. Upon the Share Consolidation becoming effective, the expected value of each board lot of 20,000 New Shares, based on the closing price of HK\$0.022 per Existing Share on 29 April 2008, is HK\$2,200. Parallel trading arrangements at the Stock Exchange will be arranged to deal in the New Shares in board lot size of 4,000 New Shares before the New Shares are dealt in board lot size of 20,000 New Shares.

Certificates for New Shares

Subject to the Share Consolidation becoming effective, Shareholders may submit their existing share certificates for the Existing Shares to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, in exchange for new share certificates for New Shares (on the basis of five Existing Shares for one New Share). New share certificate are expected to be available for collection from the Company's branch share registrar in Hong Kong at the aforesaid address by the Shareholders within 10 business days (i.e. any day on which the Stock Exchange is open for the business of dealing in securities) after delivery of the existing share certificates to the Company's branch share registrar in Hong Kong for exchange purposes.

Unless otherwise instructed, certificates for the New Shares will be issued in board lots of 20,000 New Shares each. All existing share certificates for Existing Shares will cease to be valid for trading and settlement purpose after the parallel trading of the Existing Shares and the New Shares ends but will continue to be evidence of title to such equivalent number of New Shares and may be exchanged for certificates for New Shares at any time.

Odd lot arrangements

In order to facilitate the trading of odd lots of New Shares as a result of the Share Consolidation, the Company will, for a period of one month commencing from the effective day of the Share Consolidation, appoint an agent to provide “matching service” to Shareholders who wish to buy or sell their holding of odd lots.

Proposed timetable

The timetable for the implementation of the Share Consolidation including parallel trading arrangement for the Existing Shares and the New Shares, free exchange of certificates of the Existing Shares for certificates of the New Shares, and odd lot arrangements shall be included in the SGM Circular and announced by the Company in due course.

THE ACQUISITION

On 30 April 2008, Kingbox, the Company and the Vendor entered into the Agreement pursuant to which Kingbox has conditionally agreed to purchase and the Vendor has conditionally agreed to sell the equity interests in the Targets. The principal terms of the Agreement and the information on the Targets are set out below.

Date

30 April 2008 (as supplemented on 6 May 2008)

Parties

- (i) Mr. Ng Kai Man (as vendor);
- (ii) Kingbox (as purchaser); and
- (iii) the Company (as guarantor).

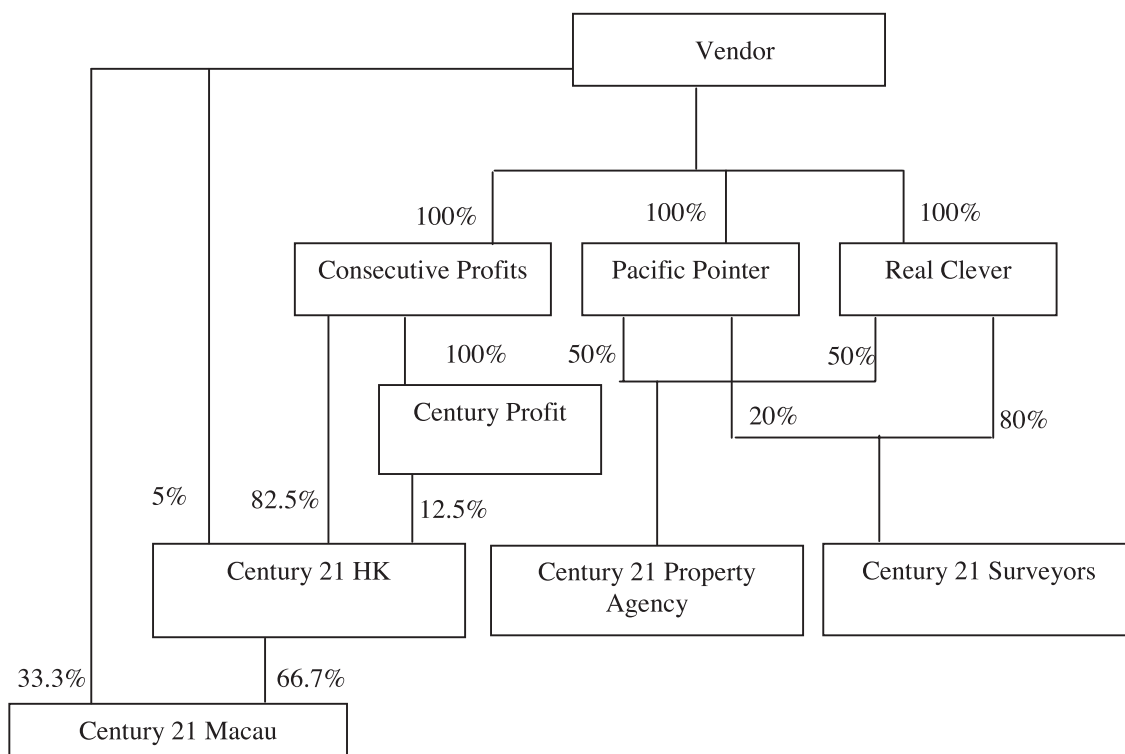
The Vendor is the brother of Mr. Ng who is in turn a director and a substantial shareholder of Yanyan Force Limited, a non-wholly owned subsidiary of the Company. As at the date of this announcement, Yanyan Force Limited is owned as to 40% by Mr. Ng and as to 60% by the Group. Save as aforesaid, to the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, the Vendor (i) is a third party independent of the Company and its connected persons; (ii) has no relationship, business or otherwise, with the Company at present or in the past which may require aggregation under Rule 14.22 of the Listing Rules.

Assets to be acquired

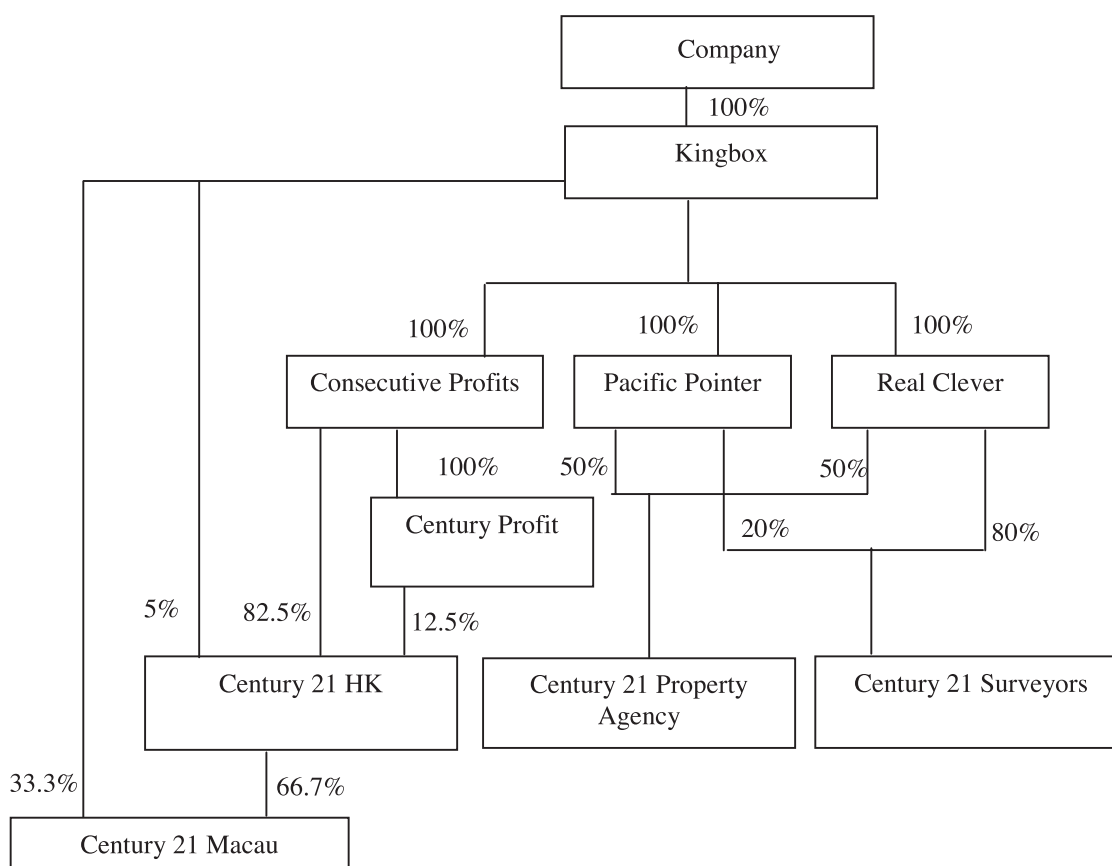
- (i) 10 ordinary shares of US\$1 each in the share capital of Consecutive Profits, representing the entire issued share capital of Consecutive Profits;
- (ii) 1 ordinary share of US\$1 in the share capital of Pacific Pointer, representing the entire issued share capital of Pacific Pointer;
- (iii) 1 ordinary share of US\$1 in the share capital of Real Clever, representing the entire issued share capital of Real Clever;
- (iv) 194,000 ordinary shares of HK\$1 each in the share capital of Century 21 HK, representing 5% of the issued share capital of Century 21 HK; and
- (v) 1 quota (i.e. share) of MOP10,000 in the share capital of Century 21 Macau, representing 33.3% of the issued share capital of Century 21 Macau.

Set out below is the shareholding structure of the Targets:

Before Completion



Immediately upon Completion



Consideration

The Consideration for the Acquisition is HK\$430,000,000 which shall be satisfied as follows:

- (i) as to HK\$10,000,000, has been paid by Kingbox in cash to the Vendor's solicitors as a deposit on signing of the Agreement, which shall be released to the Vendor on Completion;
- (ii) as to HK\$100,000,000, by Kingbox issuing the Promissory Note to the Vendor or its nominee(s) at 100% of its face value at Completion;
- (iii) as to HK\$130,000,000, by the Company issuing the Vendor CN to the Vendor or its nominee(s) at 100% of its face value at Completion; and
- (iv) as to the balance of HK\$190,000,000, shall be paid by Kingbox in cash to the Vendor on Completion.

The Consideration is subject to the two adjusting events as detailed in the paragraphs headed "Profit guarantee" and "Adjustment to the Consideration" below.

The Consideration has been arrived at after arm's length negotiations between the Company and the Vendor with reference to the historical financial performance of the Target Group, the prospects and growth potential of the business of the Target Group and the profit guarantee as referred to below. The Directors have made reference to the positive property market environment of Hong Kong and Macau in the first quarter of 2008 as evidenced by a number of residential estates being or scheduled to be put to the market in 2008. In view of the growing population and hence demand for residential properties as well as economic growth in Hong Kong and Macau, the Directors are confident that the property market in Hong Kong and Macau will remain prosperous in the coming future. Details of the industry and the business potential of the Target Group are further elaborated in the paragraph headed "Reasons for the Share Consolidation, the Acquisition and the Placing" below.

In determining the Consideration, the Directors have also taken into account the fact that (i) less than half of the Consideration (being HK\$200 million) is to be settled in cash by the Group; (ii) the Promissory Note of HK\$100 million is to be repaid 18 months after Completion; and (iii) the Vendor CN will mature in the third anniversary of the date of issue. Such payment arrangement will avoid putting immediate pressure on the Group's liquidity. Furthermore, as stated in the paragraph headed "Lock-up" below, the Vendor CN and Vendor CN Conversion Shares are subject to lock-up period of one year.

Based on the above, the Board considers the Consideration to be fair and reasonable.

Profit guarantee

The Vendor warrants and guarantees to Kingbox that the aggregate profits before tax of the Target Group for the year ended 31 March 2008 as reflected in the audited financial statements of Century 21 HK, Century 21 Property Agency and Century 21 Surveyors prepared in accordance with Hong Kong Financial Reporting Standards shall not be less than HK\$23 million (the "Guaranteed Profit").

The Vendor covenants with Kingbox that, in the event that the aggregate profits of the Target Group for the year ended 31 March 2008 as reflected in the audited financial statement (the "Audited Profit") is less than HK\$23 million, the Vendor shall compensate Kingbox by an amount equivalent to a percentage of the Consideration calculated as follows:

$$A = \frac{B}{HK\$23 \text{ million}}$$

where:

"A" is the percentage of the Consideration to be compensated by the Vendor to Kingbox; and

"B" is the amount by which the Audited Profit falls short of the Guaranteed Profit.

The amount of the compensation shall first be deducted from the face value of the Promissory Note and if the face value of the Promissory Note is to be reduced to nil, the balance shall be deducted from the cash balance payable by Kingbox to the Vendor at Completion. Should the cash balance be reduced to nil, the balance shall be deducted from the principal amount of the Vendor CN. It is a term of the Agreement that the Vendor shall deliver the audited financial statements of Century 21 HK, Century 21 Property Agency and Century 21 Surveyors to Kingbox on or before 31 May 2008. The Company expects that such audited financial statements will be available for inclusion in the SGM Circular.

Conditions of the Agreement

Completion of the Agreement is conditional upon fulfilment of the following conditions:—

- (i) Kingbox being satisfied with the results of the due diligence review on the assets, liabilities, contracts, commitments and business, financial, legal and taxation aspects of the Target Group;
- (ii) the warranties, representations and undertakings given by the Vendor under the Agreement remaining true and accurate and not misleading in any material respect as if repeated at Completion and at all times between the date of the Agreement and Completion;
- (iii) (a) the written consent from Century 21 AP to the sale of the shares of Consecutive Profits and Century 21 HK to Kingbox having been obtained pursuant to the Subfranchise Agreement;
- (b) the option/right of Century 21 AP to purchase Century 21 HK's rights under the Subfranchise Agreement having been unconditionally withdrawn, waived and/or cancelled by Century 21 AP in writing; and
- (c) Kingbox having (at its own cost) obtained a legal opinion issued by a law firm from the United States of America acceptable to Kingbox on the legality, validity and enforceability of the Subfranchise Agreement,

all in such form and substance to the satisfaction of Kingbox, and the uninterrupted continuation of the current business of the Target Group and the current rights and business of the Target Group after Completion;

- (iv) the delivery by the Vendor to Kingbox of a legal opinion issued by a BVI law firm acceptable to Kingbox and addressed to Kingbox confirming that Consecutive Profits, Pacific Pointer, Real Clever and Century Profit have been duly incorporated and is in good standing and certifying that the Vendor is the only shareholder and director of each companies as mentioned above together with certificates of incumbency and certificates of good standing, such legal opinion to be in form and substance to the satisfaction of Kingbox and to be dated no earlier than seven business days prior to the Completion Date;

- (v) the approval by the Shareholders (other than those who are required to abstain from voting under the Listing Rules and the applicable laws, rules and regulations) of the Share Consolidation and the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the New Shares;
- (vi) the approval by the Shareholders (other than those who are required to abstain from voting under the Listing Rules and the applicable laws, rules and regulations) of (a) the Acquisition; (b) the issue of the Vendor CN; (c) the allotment and issue of the Vendor CN Conversion Shares; (d) the issue of the Promissory Note by Kingbox (and the Company as guarantor); and (e) all other transactions contemplated under the Agreement at a general meeting of the Company, in compliance with the requirements of the Listing Rules;
- (vii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Vendor CN Conversion Shares;
- (viii) approval by the Shareholders (other than those who are required to abstain from voting under the Listing Rules and the applicable laws, rules and regulations) of the Placing Agreement and the issue of the Placing CN and the Placing Shares and the allotment and issue of the Placing CN Conversion Shares;
- (ix) the Placing Agreement becoming unconditional (other than any requirement of the Agreement becoming unconditional) and not being terminated;
- (x) the compliance of any other requirements under the Listing Rules or otherwise of the Stock Exchange or other regulatory authorities which requires compliance at any time prior to Completion in relation to the transactions contemplated under the Agreement; and
- (xi) if applicable, the Bermuda Monetary Authority granting its permission to the issue of the Vendor CN and the Vendor CN Conversion Shares.

Kingbox may at its absolute discretion at any time waive any of the conditions, other than the conditions (v), (vi), (vii), (x) and (xi) above. Conditions (v), (vi), (vii), (x) and (xi) are not capable to being waived. If the conditions above are not fulfilled or waived (as the case may be) on or before the date falling 90 days after the date of the SGM (but in any event within 6 months after the date of the Agreement) or such other date as the Company and the Vendor may agree in writing, the rights and obligations of the parties under the Agreement shall lapse and be of no further effect except for antecedent breach.

If after fulfillment (or waiver, as the case may be) of all the above conditions, Kingbox shall fail to complete the Acquisition in accordance with the terms and conditions of the Agreement, the deposit of HK\$10 million paid by Kingbox and the interest accrued thereon shall be released to the Vendor and the Vendor shall have no further claim against Kingbox under the Agreement whatsoever.

If the Vendor shall fail to complete the Acquisition in accordance with the terms and conditions of the Agreement notwithstanding fulfillment (or waiver, as the case may be) of the above conditions, or if the Vendor shall be in breach of any terms, conditions or warranties of the Agreement entitling Kingbox to rescind or terminate the Agreement and Kingbox does by notice in writing to the Vendor rescind or terminate the Agreement, the deposit of HK\$10 million paid by Kingbox shall be returned to Kingbox together with all interests accrued thereon forthwith without prejudice to any other claims and remedies Kingbox may have under the Agreement whatsoever.

Adjustment to the Consideration

In the event that the condition referred to in (iii) above cannot be fulfilled and Kingbox shall in its absolute discretion decide to waive such condition, the Consideration shall be reduced by the following percentage:

$$A = \frac{B}{C}$$

where:

“A” is the percentage by which the Consideration is to be reduced;

“B” is the amount of the audited profits after tax of Century 21 HK for the year ended 31 March 2008;
and

“C” is the aggregate amount of the audited profits after tax of each of Century 21 HK, Century 21 Property Agency and Century 21 Surveyors for the year ended 31 March 2008.

The amount of Consideration to be reduced as calculated above shall first be deducted from the face value of the Promissory Note and if the face value of the Promissory Note is to be reduced to nil, the balance shall be deducted from the cash balance payable by Kingbox to the Vendor at Completion. Should the cash balance be reduced to nil, the balance shall be deducted from the principal amount of the Vendor CN.

Right of first refusal

The Vendor warranted that he is the sole legal and beneficial owner of Grand Rich, a company incorporated in the BVI, which holds the franchise right to use the brand name “Century 21” in Singapore (the “Singapore Franchise”) similar to the arrangement under the Subfranchise Agreement, and that company(ies) wholly-owned or controlled by the Vendor is/are operating a property agency and related business under such brand name in Singapore (collectively, the “Singapore Business”). In consideration of Kingbox entering into the Agreement, the Vendor has granted Kingbox (which the right may be exercisable by any nominee of Kingbox) the right of first refusal to purchase the same in the event that at any time within 5 years from the Completion Date, the Vendor decides or intends to dispose of his interest or shareholding in Grand Rich and/or any of the companies that operate the Singapore Business and/or Grand Rich decides or intends to dispose of the Singapore Franchise and/or any of the said companies decides or intends to dispose of the Singapore Business or any part thereof, such interest or shareholding shall be first offered to Kingbox on terms to be agreed. Kingbox shall have the right but not the obligation to accept such offer. Further announcement will be made by the Company where applicable in accordance with the requirements of the Listing Rules in the event the right of first refusal is exercised.

Completion

Completion shall take place on the Completion Date or at such other time or date as the Company and the Vendor may agree in writing.

Upon Completion, the Target Group will become wholly-owned subsidiaries of the Company and the Vendor will be appointed as an executive Director. The Company will make further announcement as regard the appointment of executive Director according to the Listing Rules as and when appropriate. The financial results of the Target Group will be consolidated in the accounts of the Group.

Principal terms of the Vendor CN

Aggregate principal amount: HK\$130,000,000

Conversion price: HK\$0.1375 per New Share, subject to usual anti-dilution adjustments in certain events such as share consolidation, share subdivision, capitalisation issue, capital distribution, rights issue and other equity or equity derivatives issues.

The initial conversion price of HK\$0.1375 represents:

- (i) a 25% premium over the theoretical price of HK\$0.11 per New Share (based on the closing price of the Existing Shares of HK\$0.022 on 29 April 2008 (being the last trading days for the Existing Shares prior to the date of the Agreement) and assuming the Share Consolidation has taken effect);
- (ii) a 25% premium over the theoretical average price of HK\$0.11 per New Share (based on the average closing price of the Existing Shares of HK\$0.022 for the five trading days up to and including 29 April 2008 and assuming the Share Consolidation has taken effect); and
- (iii) an approximately 21.15% premium over the theoretical average price of HK\$0.1135 per New Share (based on the average closing price of the Existing Shares of HK\$0.0227 for the ten trading days up to and including 29 April 2008 and assuming the Share Consolidation has taken effect).

Interest rate: 2% per annum on the principal amount of the Vendor CN outstanding from time to time payable on the anniversaries of the date of issue of the Vendor CN and on the maturity date of the Vendor CN.

Maturity date: The date falling on the day being the third anniversary of the date of issue of the Vendor CN or if that is not a business day, the first business day thereafter.

Redemption: Unless previously converted, the Vendor CN shall be redeemed by the Company at its principal amount outstanding on the maturity date.

| | |
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| Transferability: | The Vendor CN or any part(s) thereof (in amount of HK\$1,000,000 or integral multiples thereof) may be assigned or transferred to any third party, but may not be assigned or transferred to any company or other person which is a connected person of the Company without the prior written consent of the Company. Any assignment and transfer of the Vendor CN is subject to (i) (where required) the approvals, requirements and any other provisions of or under the Stock Exchange or the Listing Rules and all applicable laws and regulations; and (ii) the approval of the Independent Shareholders in a general meeting of the Company (if so required under the Listing Rules) if such assignment or transfer is made to the connected person of the Company. |
| Conversion rights and conversion period: | The holders of the Vendor CN shall have the right to convert the whole or any part of the outstanding principal amount of the Vendor CN into New Shares at any time from the 15th day after the date of issue up to and including the date which is 15 days prior to the maturity date of the Vendor CN at the initial conversion price of HK\$0.1375 per New Share, subject to adjustment. |
| Conversion shares and restriction on conversion: | <p>Upon full conversion of the Vendor CN at the initial conversion price of HK\$0.1375 per New Share (subject to adjustment), an aggregate of 945,454,545 New Shares will be issued, representing approximately (i) 75.54% of the existing issued share capital of Company (assuming the Share Consolidation has taken effect); (ii) 43.03% of the issued share capital of Company as enlarged by the issue of the Vendor CN Conversion Shares; and (iii) 28.44% of the issued share capital of Company as enlarged by the issue of the Vendor CN Conversion Shares, the Placing CN Conversion Shares and the Placing Shares (assuming Placing CN with total principal value of HK\$100,000,000 and 400,000,000 Placing Shares are issued).</p> <p>The holders of the Vendor CN shall not exercise any conversion right attaching to the Vendor CN or to such an extent that results or will result in (i) the holder of the Vendor CN and parties acting in concert with it (within the meaning under the Takeovers Code) beneficially holding more than 29% (or such percentage as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer) of the then enlarged issued share capital of the Company at the relevant date of conversion of the relevant Vendor CN; or (ii) the Company in breach of any provision of the Listing Rules, including the requirement to maintain the prescribed minimum percentage (currently being 25%) of issued share capital of the Company held by the public (as defined in the Listing Rules), unless prior approval or waiver has been obtained from the Stock Exchange.</p> |
| Voting: | Holder(s) of the Vendor CN shall not be entitled to receive notices of, attend or vote at any meetings of the Company by reason only of it being the holders of the Vendor CN. |

Listing: No application will be made for the listing of the Vendor CN on the Stock Exchange or any other stock exchange. An application will be made for the listing of and permission to deal in the Vendor CN Conversion Shares to be issued as a result of the exercise of the conversion rights attaching to the Vendor CN.

Ranking: The Vendor CN Conversion Shares will rank pari passu in all respects with all the New Shares in issue at the date on which the conversion rights attaching to the Vendor CN are exercised.

Lock-up

The Vendor will at Completion undertake to the Company that he (or his nominee(s)) will not, without the prior consent of the Company, transfer, sell, assign, charge, mortgage or otherwise encumber or dispose of or in any other way deal with the Vendor CN or the Vendor CN Conversion Shares (should the Vendor CN be converted), any part thereof or any interest therein or enter into any agreement to do any of the aforesaid within one year from Completion.

Principal terms of the Promissory Note

The Promissory Note shall be issued by Kingbox to the Vendor or its nominee at Completion as part of the Consideration and the Company shall join in to execute the Promissory Note as the guarantor of Kingbox. The principal terms of the Promissory Note are as follows:—

Principal sum: HK\$100,000,000

Repayment: The principal sum shall be repaid in full on the last day of the eighteenth (18) month immediately after the date of issue of the Promissory Note

Interest: 3% per annum, commencing from the date of issue of the Promissory Note and shall be paid annually and on its maturity

Prepayment: The Company may prepay all or part (amount of any partial prepayment shall be at least HK\$500,000 and all other sums, if any, then due and payable under the Promissory Note shall have been paid) of the principal sum on or before the due date for repayment by giving not less than 7 days' prior written notice to the Company specifying the amount and the date of prepayment

Listing: No application will be made for a listing of the Promissory Note on the Stock Exchange or any other stock exchange

Transfer: Holders of the Promissory Note may at any time assign or transfer all or any part (in an integral multiple of HK\$500,000 or, where the outstanding principal amount of the Promissory Note is less than HK\$500,000, the entirety) of its rights, title, benefits and interest in, to or under the Promissory Note to a third party (whether the third party is a connected person (as that term is defined in the Listing Rules) of the Company or not). Any assignment and transfer of the Promissory Note is subject to (where required) the approvals, requirements and any other provisions of or under the Stock Exchange or the Listing Rules and all applicable laws and regulations.

In the event that the Promissory Note is transferred to a connected person of the Company, the Company shall comply with the applicable requirements of Chapter 14A of the Listing Rules.

The terms of the Promissory Note have been arrived at based on arm's length negotiations between the Company and the Vendor. The Directors consider that the terms of the Promissory Note, including the interest rate, are fair and reasonable.

Information on the Target Group

The business of the Target Group was founded by the Vendor in 1993. Under the Subfranchise Agreement, Century 21 HK has been granted the exclusive perpetual right to sublicense certain Century 21 marks and to grant Century 21 franchises to licensed real estate brokers and to use the Century 21 system developed by Century 21 US for the establishment, development and operation of real estate brokerages offices in Hong Kong and Macau. Century 21 US is the original franchisor of the world's largest residential real estate sales organisation, with more than 8,400 independently owned and operated franchised broker offices in over 58 countries and territories worldwide. Century 21 US has designed and developed standardised signs, making use of a logo type insignia, business cards, stationery, business forms, office procedure manuals, centralised advertising programs, sales training programs and personnel management and control system. Century 21 HK has been granted the right of use in Hong Kong and Macau of the said system under the Subfranchise Agreement. Century 21 AP (being the ultimate assignee of the rights of the franchisor under the Subfranchise Agreement as at the date hereof) has the option/right to purchase Century 21 HK's rights under the Subfranchise Agreement during the last 12 months of the 15th year of the Subfranchise Agreement. It is a condition precedent to Completion that the aforesaid option/right be unconditionally withdrawn, waived or cancelled by Century 21 AP in writing. Please refer to the paragraphs headed "Conditions of the Agreement" and "Adjustment to the Consideration" above.

Consecutive Profits, Pacific Pointer, Real Clever and Century Profit are investment holding companies and are neither engaged in any business nor holding any assets other than the shares in Century 21 HK, Century 21 Property Agency and Century 21 Surveyors which are the three principal operating subsidiaries of the Target Group. Century 21 Macau is currently dormant and has not commenced any operations.

Century 21 HK is principally engaged in the provision of franchise, consultancy and property agency services. Century 21 Property Agency is principally engaged in the provision of property agency services and Century 21 Surveyors is principally engaged in the provision of surveying, property project consulting service, property valuation, property agency services, auction and tendering. The Target Group at present operates over 120 (including 4 owned by the Target Group) licensed estate agencies in Hong Kong and Macau. The table below sets out the financial information of Century 21 HK, Century 21 Property Agency, Century 21 Surveyors, Consecutive Profits, Century Profit, Real Clever, Pacific Pointer and Century 21 Macau:

| | Century 21 | | | | | | | |
|-------------------------------|-------------------|--------------------|-------------------------|------------------------|--------------------|--------------------|--------------------|---------------------|
| | Century 21 HK | Property Agency | Century 21 Surveyors | Consecutive Profits | Century Profit | Real Clever | Pacific Pointer | Century 21 Macau |
| | <i>(HK\$'000)</i> | <i>(HK\$'000)</i> | <i>(HK\$'000)</i> | <i>(HK\$)</i> | <i>(HK\$)</i> | <i>(HK\$)</i> | <i>(HK\$)</i> | <i>(MOP)</i> |
| | <i>(Audited)</i> | <i>(Audited)</i> | <i>(Audited)</i> | <i>(Unaudited)</i> | <i>(Unaudited)</i> | <i>(Unaudited)</i> | <i>(Unaudited)</i> | <i>(Unaudited)</i> |
| Profits before tax | | | | | | | | |
| — year ended 31 March 2006 | 369.6 | 1,508.1 | 2,096.9 | — | — | — | 800,000 | — |
| — year ended 31 March 2007 | 378.0 | 963.5 | 839.0 | — | — | — | — | — |
| Profits after tax | | | | | | | | |
| — year ended 31 March 2006 | 305.0 | 1,245.2 | 1,973.3 | — | — | — | 800,000 | — |
| — year ended 31 March 2007 | 311.0 | 805.8 | 190.5 | — | — | — | — | — |
| Net asset (liabilities) value | | | | | | | | |
| — as at 31 March 2007 | 3,816.4 | 2,161.9 | (2,211.4) | 78 | 7.8 | 7.8 | 800,008 | 30,000 |

THE PLACING

On 30 April 2008, the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Placing Agent shall procure, on a best effort basis, subscribers for (i) the Placing CNs with aggregate principal amount up to HK\$100,000,000; and (ii) up to 400,000,000 Placing Shares.

Date of the Placing Agreement

30 April 2008 (as supplemented on 6 May 2008)

Parties

(i) the Company, as issuer; and

(ii) the Placing Agent.

The Placing Agent is a corporation deemed licensed to carry on regulated activities 1, 4, 6 and 9 of the Securities and Futures Ordinance. To the best of the Directors' knowledge, information and belief, the Placing Agent and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Securities to be placed

Subject to fulfilment of the conditions precedent to the Placing Agreement, the Placing Agent agrees to procure, on a best effort basis, subscribers to subscribe (i) up to HK\$100,000,000 principal amount of the Placing CN; and (ii) up to 400,000,000 Placing Shares at a price of HK\$0.125 per Placing Share.

Placees

The Placing Agent undertakes to use its best endeavours to procure not less than 6 individual, institutional and/or other professional investors for each of the Placing Shares and the Placing CN. The Placing Agent shall use all reasonable endeavours to ensure that the placees for the Placing Shares or the Placing CN and their respective ultimate beneficial owners shall be third parties independent of and not connected with or acting in concert with the Company or its connected persons. None of the placees for the Placing Shares or Placing CN and their respective concert parties shall become a substantial shareholder of the Company as a result of the subscription of the Placing Shares and/or the exercise of the conversion rights attached to the Placing CN.

Placing commission

2.5% of the aggregate principal amount of the Placing CN and subscription price for the Placing Shares for which the Placing Agent has procured subscribers to subscribe.

Conditions of the Placing Agreement

The obligations of the parties in relation to the Placing of the Placing CN and the Placing Shares under the Placing Agreement are conditional upon:

- (i) the passing of the ordinary resolutions by the Shareholders at the SGM approving (a) the Share Consolidation; and (b) the Placing, the issue and allotment of the Placing Shares and the creation and issue of the Placing CN under the Placing and the issue and allotment of the Placing CN Conversion Shares pursuant to the terms of the Placing Agreement;
- (ii) the Listing Committee of the Stock Exchange agreeing to grant the listing of, and permission to deal in, the New Shares, the Placing CN Conversion Shares and the Placing Shares;
- (iii) the compliance of any other requirements under the Listing Rules and the Takeovers Code or otherwise of the Stock Exchange and the Securities and Futures Commission of Hong Kong which requires compliance in relation to the Placing, the issue of the Placing Shares, the issue of the Placing CN and the Placing CN Conversion Shares;
- (iv) the Share Consolidation becoming effective in all respects in accordance with the Companies Act of Bermuda;
- (v) the Agreement becoming unconditional (other than any requirement of the Placing Agreement becoming unconditional) and not being terminated;
- (vi) (where required) the Bermuda Monetary Authority granting its permission to the issue of the Placing Shares and the Placing CN and the issue and allotment of the Placing CN Conversion Shares; and

- (vii) the obtaining of all consents from any relevant persons which are necessary or desirable in connection with the Placing and the issue of the Placing Shares and the Placing CN (and, where such consents are given subject to conditions, such conditions are on terms as may be reasonably acceptable to the Placing Agent and the Company).

If the above conditions precedent are not fulfilled within 90 days after the date of the SGM or 180 days of the date of the Placing Agreement, whichever is earlier, the Placing Agreement shall lapse and be terminated and all rights, obligations and liabilities of all parties hereunder in relation to the Placing shall cease and determine and no party shall have any claim against the other under the Placing Agreement except for antecedent breaches.

Completion of the Placing shall take place on the 5th business day after the date of fulfillment of the conditions of the Placing Agreement.

Principal terms of the Placing CN

Except for the aggregate principal amount to be issued, the Placing CNs and the Vendor CNs have identical terms and constitute securities within the same class.

Assuming Placing CNs with aggregate principal amount of HK\$100,000,000 are issued and upon exercise in full of the conversion rights attaching to the Placing CNs, at the initial conversion price of HK\$0.1375 per New Share, a total of 727,272,727 New Shares will fall to be issued. Assuming the Share Consolidation has taken effect, the Placing CN Conversion Shares represent 58.11% of the existing issued share capital of the Company, 36.75% of the issued share capital of the Company as enlarged by the issue of the Placing CN Conversion Shares, and 21.88% of the issued share capital of the Company as enlarged by the issue of the Vendor CN Conversion Shares, the Placing CN Conversion Shares and the Placing Shares.

Comparison of the subscription price for the Placing Shares

The subscription price of HK\$0.125 per Placing Share represents:

- (i) an approximately 13.64% premium over the theoretical price of HK\$0.11 per New Share (based on the closing price of the Existing Shares of HK\$0.022 on 29 April 2008 (being the last trading day for the Existing Shares prior to the date of the Agreement) and assuming the Share Consolidation has taken effect);
- (ii) an approximately 13.64% premium over the theoretical average price of HK\$0.11 per New Share (based on the average closing price of the Existing Shares of HK\$0.022 for the five trading days up to and including 29 April 2008 and assuming the Share Consolidation has taken effect); and
- (iii) an approximately 10.13% premium over the theoretical average price of HK\$0.1135 per New Share (based on the average closing price of the Existing Shares of HK\$0.0227 for the ten trading days up to and including 29 April 2008 and assuming the Share Consolidation has taken effect).

APPLICATION FOR LISTING

Application will be made by the Company to the Stock Exchange for the granting of the listing of and permission to deal in the Vendor CN Conversion Shares, the Placing CN Conversion Shares and the Placing Shares.

SHAREHOLDING STRUCTURES

The following chart depicts the effects of (i) the Share Consolidation; (ii) completion of the Placing of 400,000,000 Placing Shares; (iii) the exercise in full of the conversion rights attached to the Vendor CN and the completion of the Placing of 400,000,000 Placing Shares; (iv) the exercise in part of the conversion rights attached to the Vendor CN and the completion of the Placing of 400,000,000 Placing Shares; and (v) the exercise in full of the conversion rights attached to the Vendor CNs and the Placing CNs assuming an aggregate principal value of HK\$100,000,000 of Placing CNs are successfully placed and 400,000,000 Placing Shares are successfully placed, based on the issued share capital and shareholding structure of the Company as at the date of this announcement:

| | As at the date of this announcement | | Upon the Share Consolidation taking effect | | Upon successful completion of the placing of 400,000,000 Placing Shares | | Upon successful completion of the placing of 400,000,000 Placing Shares and full conversion of the Vendor CN (Note 1) | | Upon successful completion of the placing of 400,000,000 Placing Shares and part conversion of the Vendor CN (Note 2) | | Upon successful completion of the placing of 400,000,000 Placing Shares, and full conversion of the Vendor CN and the Placing CN | |
|---|-------------------------------------|---------------|--|---------------|---|---------------|---|---------------|---|---------------|--|---------------|
| | Existing Shares | % | New Shares | % | New Shares | % | New Shares | % | New Share | % | New Shares | % |
| Mr. Ng | 6,616,992 | 0.11 | 1,323,398 | 0.11 | 1,323,398 | 0.08 | 1,323,398 | 0.05 | 1,323,398 | 0.06 | 1,323,398 | 0.04 |
| Vendor | — | — | — | — | — | — | 945,454,545 | 36.41 | 672,752,063 | 28.94 | 945,454,545 | 28.44 |
| Subtotal | 6,616,992 | 0.11 | 1,323,398 | 0.11 | 1,323,398 | 0.08 | 946,777,943 | 36.46 | 674,075,461 | 29.00 | 946,777,943 | 28.48 |
| Holders of Placing Shares | — | — | — | — | 400,000,000 | 24.22 | 400,000,000 | 15.40 | 400,000,000 | 17.21 | 400,000,000 | 12.03 |
| Holders of Placing CN Conversion Shares | — | — | — | — | — | — | — | — | — | — | 727,272,727 | 21.88 |
| Other public Shareholders | 6,251,613,408 | 99.89 | 1,250,322,682 | 99.89 | 1,250,322,682 | 75.70 | 1,250,322,682 | 48.14 | 1,250,322,682 | 53.79 | 1,250,322,682 | 37.61 |
| | 6,258,230,400 | 100.00 | 1,251,646,080 | 100.00 | 1,651,646,080 | 100.00 | 2,597,100,625 | 100.00 | 2,324,398,143 | 100.00 | 3,324,373,352 | 100.00 |

Notes:

- It is a term of the Vendor CN that the holders of the Vendor CN shall not exercise any conversion right attaching to the Vendor CN or to such an extent that results or will result in the holder of the Vendor CN and parties acting in concert with it (within the meaning under the Takeovers Code) beneficially holding more than 29% (or such percentage as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer) of the then enlarged issued share capital of the Company at the relevant date of conversion of the relevant Vendor CN. Accordingly, this column is shown for illustration purpose only.
- This column is shown to illustrate the shareholding structure if the Vendor, in accordance with the terms of the Vendor CN as described in note 1 above, exercises the conversion rights attaching to the Vendor CN which result in the Vendor and parties acting in concert with it (within the meanings under the Takeovers Code) beneficially holding up to 29% of the then issued share capital of the Company.

As at the date of this announcement, the Company has no outstanding share options, warrants or other securities which carry rights to subscribe for or be converted into Shares.

DILUTION EFFECT ON SHAREHOLDING

In view of the future dilution to existing Shareholders on the exercise of the conversion rights attached to the Vendor CN and the Placing CN, the Company will keep the Shareholders informed of the level of dilution and details of conversion as follows:

- (i) the Company will make a monthly announcement (the “Monthly Announcement”) on the websites of the Stock Exchange and the Company after the issue of the Vendor CN and the Placing CN. Such announcement will be made on or before the fifth business day following the end of each calendar month and will include the following details in a table form:
 - (a) whether there is any conversion of the Vendor CN or the Placing CN during the relevant month. If there is a conversion, details thereof including the conversion date, number of Vendor CN Conversion Shares and Placing CN Conversion Shares issued and conversion price for each conversion. If there is no conversion during the relevant month, a negative statement to the effect;
 - (b) the amount of outstanding Vendor CN and Placing CN after the conversion, if any;
 - (c) the total number of New Shares issued pursuant to other transactions during the relevant month, including any New Shares issued pursuant to exercise of options under any share options scheme(s) of the Company; and
 - (d) the total issued share capital of the Company as the commencement and the last day of the relevant month.
- (ii) In addition to the Monthly Announcement, if the cumulative amount of the Vendor CN Conversion Shares and the Placing CN Conversion Shares issued pursuant to the conversion of the Vendor CN and the Placing CN respectively reaches 5% of the issued share capital of the Company as disclosed in the last Monthly Announcement or any subsequent announcement made by the Company in respect of the Vendor CN and Placing CN (and thereafter in a multiple of such 5% threshold), the Company will make an announcement on the websites of the Stock Exchange and the Company including details stated in (i) above for the period commencing from the date of the last Monthly Announcement or any subsequent announcement made by the Company in respect of the Vendor CN and the Placing CN up to the date on which the total number of the Vendor CN Conversion Shares and the Placing CN Conversion Shares issued pursuant to the conversion amounted to 5% of the issued share capital of the Company as disclosed in the last Monthly Announcement or any subsequent announcement made by the Company in respect of the Vendor CN and the Placing CN; and
- (iii) if the Company forms the view that any issue of the Vendor CN Conversion Shares and the Placing CN Conversion Shares will trigger the disclosure requirements under Rule 13.09 of the Listing Rules, then the Company is obliged to make such disclosure regardless of the issue of any announcements in relation to the Vendor CN and the Placing CN as mentioned in (i) and (ii) above.

REASONS FOR THE SHARE CONSOLIDATION, THE ACQUISITION AND THE PLACING

The Company is an investment holding company and its subsidiaries are principally engaged in trading of toy, gift and premium products, and securities trading and investments.

The Share Consolidation will reduce the number of board lots in the market and will reduce the transaction costs for dealing in the shares of the Company. Based on the closing price of HK\$0.022 on 29 April 2008 (being the last trading day of the Shares prior to the date of the Agreement), the value per board lot of 20,000 Existing Shares was HK\$440. Upon the Share Consolidation taking effect, the market price of the shares in the Company will increase by 5 times theoretically and therefore the value per board lot of 20,000 New Shares will be HK\$2,200. Any trading costs or handling charges, which are calculated on per board lot basis, will therefore be lower.

The property market in Hong Kong in general has recovered from the trough since 2003. Despite there were periods during 2005 and 2006 when the market had turned a bit quiet, the sentiment since 2007 has been positive, with total number and value of property transactions both recording strong growth from those of 2006. According to data published by the Land Registry in Hong Kong, the number of residential property transactions in 2007 was 123,575, representing a nearly 50% increase over that of 2006, while the total transaction value in 2007 was about HK\$434 billion, representing an increase of over 80% from that of 2006. The growth was likewise seen in the non-residential property sector. Total number and value of non-residential property transactions in 2007 were 22,116 and approximately HK\$92 billion, compared to 16,615 and approximately HK\$83 billion in 2006. The Directors are optimistic about the property market in Hong Kong and believe the low interest rate environment, declining property supply and strong demand for residential properties will continue to support the property market and in turn benefit the business of the Target Group.

As stated in the final results announcement for the year ended 31 December 2007 of the Company dated 21 April 2008, it is the Company's primary ambition to seek prosperous and lucrative investments that will benefit the Group. The Target Group has been operating in Hong Kong since 1993 and has since established its brand recognition and local network in real estate market in Hong Kong and achieved a satisfactory track record in terms of profitability and number of completed transactions. The Directors consider the Target Group is well posed to capture market growth and increase its market share by expanding its network in Hong Kong through organic growth as well as acquisition of independent real estate agencies in area that the Target Group does not have presence at the moment. The property market in Macau also presents substantial potential for the Target Group. At present, Century 21 Macau has been established to engage in property agency related business in Macau. The Directors intend that after Completion, efforts will be made on building up the marketing and sales team in Macau with a view to boosting contribution to the Target Group. The Directors believe that the Acquisition presents a promising opportunity for the Group to broaden its business undertakings and to generate lucrative revenue from the real estate market in Hong Kong and Macau. The Directors also expect that with the recognition of the Century 21 brand name in worldwide property market, the integration of the Target Group into the Group would enhance the popularity of the Company among international investors.

To facilitate the management of the acquired business, apart from relying on the existing team of the Target Group, the Vendor, who has extensive experience in the real estate sector, will be appointed as an executive Director on Completion. The Company will make further announcement as regards the appointment of executive Director according to the Listing Rules as and when appropriate.

Assuming the maximum principal value of HK\$100,000,000 of the Placing CN and 400,000,000 Placing Shares are issued, the proceeds from the Placing would amount to approximately HK\$150 million. Based on the estimated expenses of approximately HK\$6 million in relation to the Placing, net proceeds from the Placing would amount to approximately HK\$144 million, and net placing price per New Share (including the Placing CN Conversion Shares and Placing Shares) would then amount to approximately HK\$0.128. The proceeds from the Placing will be used to partially fund the payment of the cash portion of the Consideration. The remaining balance of the cash portion of the Consideration shall be funded by the internal resources of the Group (including the proceeds raised from the rights issue of the Company completed in December 2007).

In light of the above, the Directors (excluding the independent non-executive Directors who will give their view after considering the advice of the independent financial adviser) consider that the terms of the Agreement are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole. The Directors also consider the Share Consolidation and the Placing are in the interests of the Company and the Shareholders as a whole.

FUND RAISING EXERCISE OF THE COMPANY IN THE PAST 12 MONTHS

Set out below are information on the fund raising exercises of the Company conducted in the past 12 months:

| Date of announcement | Transaction | Date of completion of the transaction | Net proceeds (approximate) | Intended use of proceeds | Actual use of proceeds |
|----------------------|--|---------------------------------------|----------------------------|--|--|
| 26 January 2007 | Placing of convertible notes with aggregate principal amount of HK\$34 million | 23 July 2007 | HK\$33.6 million | (i) HK\$10 million as general working capital of the Group; and (ii) HK\$23.6 million for future investment opportunities | Approximately HK\$10 million has been used as general working capital. Approximately HK\$17.9 million has been used for the acquisition of property. The remaining balance of approximately HK\$5.7 million has not been utilized and is placed as short-term deposits with banks pending future investment uses |
| 14 August 2007 | Placing of 70,000,000 new Existing Shares | 20 August 2007 | HK\$8.6 million | As general working capital of the Group | As general working capital of the Group |
| 10 October 2007 | Rights issue of 4,693,672,800 new Existing Shares | 13 December 2007 | HK\$172.65 million | (i) HK\$20 million as general working capital of the Group; and (ii) HK\$152.65 million for future investment opportunities | HK\$20 million has been used as general working capital. The remaining balance of approximately HK\$152.65 million has not been utilized and will be applied in funding the Acquisition as intended. |

LISTING RULES IMPLICATIONS

The Acquisition constitutes a very substantial acquisition for the Company pursuant to Rule 14.06(5) of the Listing Rules. The Vendor, being a brother of Mr. Ng, is a connected person of the Company for the purposes of Chapter 14A of the Listing Rules. Accordingly, the Acquisition also constitutes a connected transaction of the Company pursuant to Chapter 14A of the Listing Rules and is subject to the approval by Independent Shareholders at the SGM by poll. As at the date of the Agreement, Mr. Ng and his associates are interested in 6,616,992 Existing Shares. They are required to abstain from voting in respect of the proposed ordinary resolution to approve the Agreement and the transactions contemplated therein at the SGM under the Listing Rules.

The Share Consolidation and the Placing are also subject to the approval of the Shareholders.

The Independent Board Committee will be established to advise and give recommendation to the Independent Shareholders regarding the Agreement. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders on the Agreement. A circular containing, among other things, (i) further details of the Share Consolidation, the Acquisition and the Placing; (ii) financial and other information on the Group; (iii) financial information on the Target Group; (iv) the letter of the Independent Board Committee setting out its opinion on the Agreement and its recommendation to Independent Shareholders; (v) the letter of the independent financial adviser to the Independent Board Committee and the Independent Shareholders setting out its opinion on the Agreement; and (vi) the notice convening the SGM will be sent to the Shareholders as soon as practicable.

CLARIFICATION OF A PRESS ARTICLE

The Board refers to the press article appeared on Ming Pao Daily News on 5 May 2008 (the “Article”) containing statements including, among others, that the Vendor is at present interested in approximately 10% of the issued share capital of the Company and upon Completion, the Vendor will be interested in 30% of the issued share capital of the Company; and that the Company’s name will be changed (the “Statements”). The Board wishes to state that it is not aware of the source of the Statements and considers the content of the Statements inaccurate. The Board confirms that to the best of its knowledge, information and belief and having made all reasonable enquiries, save for the 6,616,992 Existing Shares held by Mr. Ng, the Vendor and its associates do not hold any Existing Shares. The Board also wishes to confirm that the Company does not have any present intention to change the Company name. Save for the above and the information disclosed in this announcement, there is no other information relevant to the Acquisition that needs to be brought to the attention of the Shareholders.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:35 a.m. on 30 April 2008 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 7 May 2008.

TERMS USED IN THE ANNOUNCEMENT

In this announcement, the following terms have the following meanings:

| | |
|------------------------------|--|
| “Acquisition” | the proposed acquisition by Kingbox of equity interests in the Targets pursuant to the Agreement |
| “Agreement” | the conditional sale and purchase agreement dated 30 April 2008 (as supplemented on 6 May 2008) entered into between Kingbox, the Company and the Vendor in respect of the Acquisition |
| “associate(s)” | has the meaning ascribed to it in the Listing Rules |
| “Board” | the board of Directors |
| “BVI” | the British Virgin Islands |
| “Century 21 AP” | Overseas Venture Management Ltd., an international business company organized under the laws of BVI trading as “Century 21 Asia Pacific”, being the ultimate assignee of the rights of the franchisor under the Subfranchise Agreement as at the date hereof |
| “Century 21 HK” | Century 21 Hong Kong Limited (formerly known as “Century 21 Holdings Limited”), a company incorporated in Hong Kong, the issued share capital of which is owned as to 5% by the Vendor and 95% directly and indirectly by Consecutive Profits |
| “Century 21 Macau” | Century 21 Limited, a company incorporated in Macau, the issued share capital of which is owned as to 33.3% by the Vendor and 66.7% directly and indirectly by Century 21 HK |
| “Century 21 Property Agency” | Century 21 Property Agency Limited, a company incorporated in Hong Kong, the issued share capital of which is held as to 50% by each of Pacific Pointer and Real Clever |
| “Century 21 Surveyors” | Century 21 Surveyors Limited, a company incorporated in Hong Kong, the issued share capital of which is held as to 20% by Pacific Pointer and 80% by Real Clever |
| “Century 21 US” | Century 21 Real Estate Corporation, a Delaware corporation and the original franchisor under the Subfranchise Agreement |
| “Century Profit” | Century Profit Investments Limited, a company incorporated in the BVI and a wholly-owned subsidiary of Consecutive Profits |
| “Company” | GFT Holdings Limited, a company incorporated in Bermuda with limited liability, and the shares of which are listed on the Main Board of the Stock Exchange |

| | |
|-------------------------------|--|
| “Completion” | completion of the Agreement |
| “Completion Date” | the 7th business day immediately after all the conditions of the Agreement have been duly fulfilled (or waived as the case may be), or such other date as the Vendor and Kingbox may mutually agree in writing |
| “connected person(s)” | has the meaning ascribed to it under the Listing Rules |
| “Consecutive Profits” | Consecutive Profits Limited, a company incorporated in the BVI and wholly-owned by the Vendor |
| “Consideration” | the consideration of HK\$430,000,000 payable by the Company for the equity interests in the Targets under the Agreement |
| “Director(s)” | director(s) of the Company |
| “Existing Share(s)” | ordinary share(s) of HK\$0.025 each in the existing share capital of the Company |
| “Grand Rich” | Grand Rich Resource Limited, a company incorporated in the BVI and wholly-owned by the Vendor, which holds the franchise right to use the brand name “Century 21” in Singapore similar to the Subfranchise Agreement |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |
| “Independent Board Committee” | a committee of the Board comprising the independent non-executive Directors to be formed for the purpose of advising and giving recommendation to the Independent Shareholders regarding the Agreement |
| “Independent Shareholders” | Shareholders other than the Vendor and its associates |
| “Kingbox” | Kingbox Investments Limited, a company incorporated in the BVI and a wholly-owned subsidiary of the Company |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Macau” | the Macau Special Administrative Region of the People’s Republic of China |
| “Mr. Ng” | Mr. Ng Kai Lok, Paul, a director and substantial shareholder of Yanyan Force Limited which is a non-wholly owned subsidiary of the Company |
| “New Share(s)” | ordinary share(s) of HK\$0.125 each in the share capital of the Company upon the Share Consolidation becoming effective |

| | |
|--------------------------------|---|
| “Pacific Pointer” | Pacific Pointer Limited, a company incorporated in the BVI and wholly owned by the Vendor |
| “Placing” | the proposed placing of the Placing CN with aggregate principal value of up to HK\$100,000,000 and up to 400,000,000 Placing Shares by the Placing Agent on a best effort basis |
| “Placing Agent” | Get Nice Securities Limited, the placing agent for the Placing |
| “Placing Agreement” | the conditional placing agreement dated 30 April 2008 (as supplemented on 6 May 2008) entered into between the Company and the Placing Agent in respect of the Placing |
| “Placing CN(s) “ | the convertible note(s) with aggregate principal amount of up to HK\$100,000,000 to be placed by the Placing Agent on a best effort basis |
| “Placing CN Conversion Shares” | up to 727,272,727 New Shares to be issued by the Company upon exercise in full of the conversion rights attaching to the Placing CN at the initial conversion price of HK\$0.1375 per New Share (subject to adjustments) |
| “Placing Shares” | up to 400,000,000 New Shares to be issued by the Company under the Placing |
| “Promissory Note” | the promissory note in the principal amount of HK\$100,000,000 to be issued by Kingbox (and the Company as guarantor) to the Vendor on Completion |
| “Real Clever” | Real Clever Profits Limited, a company incorporated in the BVI and wholly owned by the Vendor |
| “SGM” | the special general meeting of the Company to be convened to approve the Share Consolidation, the Agreement, the Placing Agreement and transactions contemplated therein |
| “SGM Circular” | the circular relating to the Share Consolidation, the Acquisition and the Placing to be despatched to the Shareholders, together with a notice of the SGM |
| “Share Consolidation” | the proposed consolidation of every five Existing Shares into one New Share |
| “Shareholder(s)” | holder(s) of Existing Shares or the New Shares (as the case may be) |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Subfranchise Agreement” | the subfranchise agreement dated 12 August 1993 entered into between Century 21 HK as subfranchisor and Century 21 US as franchisor and the assignment of the rights of the franchisor thereunder resulting in the vesting of the same in Century 21 AP as at the date hereof |

| | |
|-------------------------------|---|
| “Takeovers Code” | the Hong Kong Code on Takeovers and Mergers |
| “Targets” | together, Consecutive Profits, Pacific Pointer, Real Clever, Century 21 HK and Century 21 Macau |
| “Target Group” | the Targets, their subsidiaries (if any), Century Profit, Century 21 Property Agency and Century 21 Surveyors |
| “Vendor” | Mr. Ng Kai Man |
| “Vendor CN(s)” | the convertible note(s) with aggregate principal value of HK\$130,000,000 to be issued by the Company to the Vendor as part of the Consideration |
| “Vendor CN Conversion Shares” | the 945,454,545 New Shares to be issued by the Company upon exercise in full by the holders of the Vendor CN(s) of the conversion rights attaching to the Vendor CN(s) at the initial conversion price of HK\$0.1375 per New Share (subject to adjustments) |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “MOP” | Patacas, the lawful currency of Macau |
| “US\$” | United States dollars, the lawful currency of the United States of America |
| “%” | per cent. |

By Order of the Board
GFT HOLDINGS LIMITED
Ma Wai Man, Catherine
Executive Director

Hong Kong, 6 May 2008

As at the date of this announcement, the Board comprises Mr. Ha Kee Choy, Eugene and Ms. Ma Wai Man, Catherine as executive Directors; and Mr. Cheung Yuk Wo, Mr. Chui Chi Yun, Robert and Ms. Leung Sau Fan, Sylvia as independent non-executive Directors.