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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)

PLACING OF NEW SHARES,  
PROPOSED PLACING OF CONVERTIBLE NOTES,  
PROPOSED SHARE CONSOLIDATION, CHANGE IN BOARD LOT SIZE  
AND RESUMPTION OF TRADING

Placing of New Shares

On 24 January 2007, the Company and the Placing Agent entered into the Share Placing Agreement, pursuant to which the Placing Agent agreed to place up to 850,000,000 new Shares (equivalent to 340,000,000 new Consolidated Shares upon the Share Consolidation becoming effective, details of which are set out below) at a price of HK\$0.04 per Share (HK\$0.10 per Consolidated Share) to placees who are Independent Third Parties procured by the Placing Agent. Of those Shares, the Placing Agent has agreed to place 375,000,000 new Shares (equivalent to 150,000,000 new Consolidated Shares) on a fully underwritten basis, with the balance of up to 475,000,000 new Shares (equivalent to 190,000,000 new Consolidated Shares) to be placed on a best effort basis.

The Placing Shares (assuming the placing of the maximum of 850,000,000 new Shares (equivalent to 340,000,000 new Consolidated Shares)) represent (i) approximately 43.5% of the existing issued share capital of the Company of 1,953,681,600 Shares (equivalent to 781,472,640 Consolidated Shares); and (ii) approximately 30.3% of the issued share capital of the Company as enlarged by the Share Placing. There will be not fewer than six placees for the Placing Shares.

The Placing Price of HK\$0.04 (HK\$0.10 per Consolidated Share) represents (i) a discount of about 42.9% to the closing price of HK\$0.07 per Share as quoted on the Stock Exchange on the Last Trading Date; (ii) a discount of about 33.3% to the average closing price of HK\$0.06 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Date; and (iii) a discount of about 32.9% to the average closing price of HK\$0.0596 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Date. The net placing price (being the net proceeds from the Share Placing divided by the number of Placing Shares, assuming the placing of the maximum of 850,000,000 new Shares (equivalent to 340,000,000 new Consolidated Shares)) is about HK\$0.039 per Share (equivalent to approximately HK\$0.097 per Consolidated Share).

The Share Placing is conditional upon, amongst other things, (i) the approval by Shareholders at the SGM of the Share Placing Agreement and the matters contemplated thereunder, including the Share Placing and the allotment and issue of new Shares pursuant to the Share Placing; and (ii) the Listing Committee of the Stock Exchange agreeing to grant the listing of, and permission to deal in, the Placing Shares.

Upon completion of the Share Placing, the total gross proceeds from the Share Placing will amount to approximately HK\$34 million. After deducting related expenses of about HK\$1 million, the net proceeds from the Share Placing will amount to approximately HK\$33 million.

Proposed Placing of Convertible Notes

On 24 January 2007, the Company and the Placing Agent entered into the Note Placing Agreement, pursuant to which, upon the approval by Shareholders at the SGM of, *inter alia*, the Note Placing and the issue of the Convertible Notes, the Placing Agent would procure, on a best effort basis, subscribers to subscribe for the Convertible Notes with an aggregate principal amount of up to HK\$34 million. The subscribers for the Convertible Notes shall be not fewer than six in number and shall be Independent Third Parties. The Convertible Notes will carry a right to convert into Conversion Shares at the Conversion Price (subject to adjustment).

The Conversion Price of HK\$0.04 (HK\$0.10 per Consolidated Share) represents (i) a discount of about 42.9% to the closing price of HK\$0.07 per Share as quoted on the Stock Exchange on the Last Trading Date; (ii) a discount of about 33.3% to the average closing price of HK\$0.06 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Date; and (iii) a discount of about 32.9% to the average closing price of HK\$0.0596 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Date.

The Note Placing is conditional upon, amongst other things, (i) approval by Shareholders at the SGM of the Note Placing Agreement and all matters contemplated thereunder, including the Note Placing, the issue of the Convertible Notes and the allotment and issue of the Conversion Shares; and (ii) the Listing Committee of the Stock Exchange agreeing to grant the listing of, and permission to deal in, the Conversion Shares.

Assuming the subscription of the whole principal amount of the Convertible Notes and upon completion of the Note Placing, the total gross proceeds from the Note Placing will amount to approximately HK\$34 million. After deducting related expenses of about HK\$0.4 million, the net proceeds from the Note Placing will amount to approximately HK\$33.6 million.

Intended Use of Proceeds

It is intended that the total net proceeds of about HK\$66.6 million from the Share Placing and the Note Placing will be used as to about HK\$20 million as general working capital of the Group and as to the balance of about HK\$46.6 million for future investment opportunities. Other than the Possible Investment, the Company has not identified other investment opportunities so far. Moreover, as the Company is currently undergoing due diligence in respect of the Possible Investment, the decision as to whether to proceed to the negotiation of a formal agreement, the consideration and detailed terms and the funding requirement of the Possible Investment have yet to be determined. **Shareholders and the investing public are advised to exercise caution when dealing in the Shares.**

Share Consolidation and Change in Board Lot Size

The Board proposes to effect the Share Consolidation on the basis that every five issued and unissued Shares will be consolidated into two Consolidated Shares. The existing board lot size for trading will also be changed from 2,000 to 20,000 upon the Share Consolidation becoming effective.

As at the date of this announcement, the authorized share capital of the Company is HK\$500,000,000 divided into 50,000,000,000 shares of nominal value of HK\$0.01 each, of which 1,953,681,600 Shares have been allotted and issued as fully paid or credited as fully paid. Upon the Share Consolidation becoming effective, the authorized share capital of the Company will become HK\$500,000,000 divided into 20,000,000,000 consolidated shares of nominal value of HK\$0.025 each, out of which 781,472,640 Consolidated Shares will be issued.

The Share Consolidation is conditional upon, amongst other things, (i) the passing at the SGM of an ordinary resolution approving the Share Consolidation; and (ii) the Listing Committee of the Stock Exchange agreeing to grant the listing of, and permission to deal in, the Consolidated Shares. A further announcement will be made when the expected timetable in relation to the Share Consolidation and change in board lot size is available.

SGM

The Share Placing, the allotment and issue of the new Shares pursuant to the Share Placing, the Note Placing, the issue of the Convertible Notes, the allotment and issue of the Conversion Shares and the Share Consolidation are subject to approval by the Shareholders at the SGM. No Shareholder is required to abstain from voting at the SGM. A circular containing, amongst other things, details of the Share Placing, the Note Placing and the Share Consolidation (including the expected timetable and odd lot arrangements of the Share Consolidation and change in board lot size), together with the notice of the SGM, will be despatched to Shareholders as soon as practicable.

Resumption of Trading

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:35 a.m. on Monday, 22 January 2007 pending the publication of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on Monday, 29 January 2007.

THE SHARE PLACING AGREEMENT

**Date** : 24 January 2007

**Parties** : (1) The Company  
(2) Hani Securities

Placing Agent

Hani Securities will receive from the Company a placing commission of 2.5% on the gross proceeds of the 375,000,000 Shares (equivalent to 150,000,000 new Consolidated Shares) fully underwritten, and a placing commission of 1.0% on the gross proceeds of the additional Shares (up to 475,000,000 Shares (equivalent to 190,000,000 new Consolidated Shares)) placed.

Hani Securities is independent of and not connected with the Company and its connected persons (as defined under the Listing Rules).

Number of Shares to be Placed

Up to a maximum of 850,000,000 new Shares (equivalent to 340,000,000 new Consolidated Shares)), of which 375,000,000 new Shares (equivalent to 150,000,000 new Consolidated Shares) are to be placed by the Placing Agent on a fully underwritten basis, with the balance of 475,000,000 new Shares (equivalent to 190,000,000 new Consolidated Shares) to be placed by the Placing Agent on a best effort basis.

The Placing Shares (assuming the placing of the maximum of 850,000,000 new Shares (equivalent to 340,000,000 new Consolidated Shares)) represent (i) approximately 43.5% of the existing issued share capital of the Company of 1,953,681,600 Shares (equivalent to 781,472,640 Consolidated Shares); and (ii) approximately 30.3% of the issued share capital of the Company as enlarged by the Share Placing.

Placees of the Shares

Not less than six professional, institutional and/or individual investors procured by the Placing Agent.

Each of the placees and their respective ultimate beneficial owners will be an Independent Third Party. The Placing Agent has undertaken that it will use its best endeavours to procure placees who are independent of the owners of the Possible Investment and who will not be connected to each other. It is expected that none of the placees will become a substantial Shareholder upon completion of the Share Placing.

Placing Price

HK\$0.04 per Placing Share (equivalent to HK\$0.10 per Consolidated Share). The Placing Price of HK\$0.04 was arrived at after arm's length negotiation between the Company and the Placing Agent, and represents (i) a discount of about 42.9% to the closing price of HK\$0.07 per Share as quoted on the Stock Exchange on the Last Trading Date; (ii) a discount of about 33.3% to the average closing price of HK\$0.06 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Date; and (iii) a discount of about 32.9% to the average closing price of HK\$0.0596 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Date. The net placing price (being the net proceeds from the Share Placing divided by the number of Placing Shares, assuming the placing of the maximum of 850,000,000 new Shares (equivalent to 340,000,000 new Consolidated Shares)) is about HK\$0.039 per Share (equivalent to approximately HK\$0.097 per Consolidated Share).

Conditions of the Share Placing

The Share Placing is conditional upon, *inter alia*, (i) the approval by Shareholders at the SGM of the Share Placing Agreement and the matters contemplated thereunder, including the Share Placing and the allotment and issue of new Shares pursuant to the Share Placing; and (ii) the Listing Committee of the Stock Exchange agreeing to grant the listing of, and permission to deal in, the Placing Shares.

Completion of the Share Placing

Completion shall take place at 12:00 noon on the third Business Day next following the day on which all conditions in the Share Placing Agreement are satisfied (or such later date as may be agreed by the parties thereto).

Termination of the Share Placing

If any of the conditions under the Share Placing Agreement are not fulfilled by 30 April 2007 (or such later date as may be agreed by the parties in writing), the Share Placing Agreement shall terminate and be of no further effect and neither the Company nor the Placing Agent shall be under any liability to any other in respect of the Share Placing Agreement.

Ranking of the Placing Shares

The Company shall issue and allot the Placing Shares pursuant to the Share Placing free and clear from all liens, charges, encumbrances, claims, options and third party rights and with all rights attaching thereto as at the completion of the Share Placing and the Placing Shares, when issued and fully paid, will rank equally with the existing Shares in issue as at the date of issue thereof.

Proceeds from the Share Placing

Upon completion of the Share Placing, the total gross proceeds from the Share Placing will amount to approximately HK\$34 million. After deducting related expenses of about HK\$1 million, the net proceeds from the Share Placing will amount to approximately HK\$33 million.

THE NOTE PLACING AGREEMENT

Date : 24 January 2007

Parties : (1) The Company  
(2) Hani Securities

Placing Agent

Hani Securities has agreed to procure, on a best effort basis, subscribers for the Convertible Notes with an aggregate principal amount of up to HK\$34 million.

Hani Securities will receive from the Company a fee of 1.0% of the aggregate amount of the Convertible Notes placed, which was arrived at after arm’s length negotiation between the Company and Hani Securities.

Subscribers

The subscribers for the Convertible Notes shall be not fewer than six in number. Each of the subscribers and their respective ultimate beneficial owners will be an Independent Third Party to be procured by the Placing Agent. The Placing Agent has undertaken that it will use its best endeavours to procure subscribers who will be parties independent of the owners of the Possible Investment, who will be independent of each other and who will be independent of the placees of the new Shares.

Conditions of the Note Placing

The Note Placing is conditional upon, *inter alia*, (i) approval by Shareholders at the SGM of the Note Placing Agreement and the matters contemplated thereunder, including the Note Placing, the issue of the Convertible Notes and the allotment and issue of Conversion Shares; and (ii) the Listing Committee of the Stock Exchange agreeing to grant the listing of, and permission to deal in, the Conversion Shares.

Completion of the Note Placing

Completion of the Note Placing Agreement shall take place at 12:00 noon on the third Business Day next following the day on which all conditions in the Note Placing Agreement are satisfied (or such later date as may be agreed by the parties thereto).

Termination of the Note Placing

If any of the conditions under the Note Placing Agreement are not fulfilled by 31 July 2007 (or such later date as may be agreed by the parties in writing), the Note Placing Agreement shall terminate and be of no further effect and no party shall be under any liability to any other in respect of the Note Placing Agreement.

Proceeds from the Note Placing

Assuming the subscription of the whole principal amount of the Convertible Notes and upon completion of the Note Placing, the total gross proceeds from the Note Placing will amount to approximately HK\$34 million. After deducting related expenses of about HK\$0.4 million, the net proceeds from the Note Placing will amount to approximately HK\$33.6 million.

The Convertible Notes

The terms of the Convertible Notes have been arrived at after arm’s length negotiation, and the principal terms are summarized as follows:—

Issue size

In the aggregate principal amount of HK\$34 million

Interest

The Convertible Notes do not bear any interest.

Maturity

On the second anniversary of the date of issue of the Convertible Notes

Conversion price

HK\$0.04 per Share, subject to adjustments arising from events such as share consolidation, share subdivision, capitalization issue, capital distribution, rights issue and other equity or equity derivatives issues. Upon the Share Consolidation becoming effective, the conversion price shall be adjusted to HK\$0.10 per Consolidated Share.

The Conversion Price of HK\$0.04 (equivalent to HK\$0.10 per Consolidated Share) represents (i) a discount of about 42.9% to the closing price of HK\$0.07 per Share as quoted on the Stock Exchange on the Last Trading Date; (ii) a discount of about 33.3% to the average closing price of HK\$0.06 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Date; and (iii) a discount of about 32.9% to the average closing price of HK\$0.0596 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Date.

Conversion

Holders of the Convertible Notes have the right to convert the whole or part of the outstanding principal amount of the Convertible Notes (in the amount of HK\$500,000 or integral multiples thereof) on any Business Day during the period from six months after the date of issuance of the Convertible Notes up to the date being three Business Days following a date on which a redemption notice is given by the Company or five Business Days prior to the Maturity Date, whichever is the earlier.

Transferability

The Convertible Notes are freely transferable in denominations of the principal amount of HK\$500,000, but may not be transferred to a connected person (as defined under the Listing Rules) of the Company without the prior written consent of the Company.

Early Redemption

The Company may, only with the consent of the holder of the Convertible Note, at any time prior to the Maturity Date, redeem the whole or part only of the Convertible Note(s) at the early redemption price of 105% of the principal outstanding amount of the Convertible Note(s), by giving not less than five Business Days’ prior notice.

In the case of early redemption by the Company, holders of the Convertible Notes may convert his/her Convertible Notes within three Business Days following the date of the redemption notice. The Company may redeem the Convertible Notes only if the holders of the Convertible Notes elect not to convert.

Redemption at Maturity

105% of the principal outstanding amount of the Convertible Notes on the Maturity Date.

Status

The obligations of the Company under the Convertible Notes constitute general unsecured and unsubordinated obligations of the Company and rank, and shall rank, equally amongst themselves and pari passu with all other present and future unsecured and unsubordinated obligations of the Company, except for obligations accorded preference by mandatory provisions of applicable law.

Listing

No application shall be made for the listing of the Convertible Notes.

CHANGES IN SHAREHOLDING

Based on the Disclosure of Interests by the Directors and substantial Shareholders as at the date hereof, the changes in the shareholding of the Company as a result of the Share Placing (assuming the placing of the maximum of 850,000,000 new Shares (equivalent to 340,000,000 new Consolidated Shares)) and the Note Placing (assuming the placing of all the Convertible Notes and the exercise of conversion rights under the Convertible Notes in full at the initial Conversion Price of HK\$0.04 per Share (the adjusted conversion price of HK\$0.10 per Consolidated Share upon the Share Consolidation becoming effective)) are as follows:—

	As per the Disclosure of Interests as at the date hereof			Immediately upon completion of the Placing (assuming the placing of 850 million new Shares (equivalent to 340 million new Consolidated Shares))			Immediately upon completion of the Placing (assuming the placing of 850 million new Shares (equivalent to 340 million new Consolidated Shares) and full conversion of the Convertible Notes) (Note 1)		
	No. of Shares	No. of Consolidated Shares	%	No. of Shares	No. of Consolidated Shares	%	No. of Shares	No. of Consolidated Shares	%
Charm Management Limited (Note 2)	330,560,000	132,224,000	16.92	330,560,000	132,224,000	11.79	330,560,000	132,224,000	9.05
Leung Wai Ho (Note 2)	22,500,000	9,000,000	1.15	22,500,000	9,000,000	0.80	22,500,000	9,000,000	0.62
Wong Chung Shun (Note 2)	22,500,000	9,000,000	1.15	22,500,000	9,000,000	0.80	22,500,000	9,000,000	0.62
Tokyo Unique (Hongkong) Limited	194,800,000	77,920,000	9.97	194,800,000	77,920,000	6.95	194,800,000	77,920,000	5.33
Share placees	—	—	—	850,000,000	340,000,000	30.32	850,000,000	340,000,000	23.26
Convertible Note holders	—	—	—	—	—	—	850,000,000	340,000,000	23.26
Public Shareholders	<u>1,383,321,600</u>	<u>553,328,640</u>	<u>70.81</u>	<u>1,383,321,600</u>	<u>553,328,640</u>	<u>49.34</u>	<u>1,383,321,600</u>	<u>553,328,640</u>	<u>37.86</u>
	<u>1,953,681,600</u>	<u>781,472,640</u>	<u>100.00</u>	<u>2,803,681,600</u>	<u>1,121,472,640</u>	<u>100.00</u>	<u>3,653,681,600</u>	<u>1,461,472,640</u>	<u>100.00</u>

Notes:

- Assuming conversion into 850 million new Shares (equivalent to 340 million new Consolidated Shares) at the initial Conversion Price of HK\$0.04 per Share (equivalent to the adjusted conversion price of HK\$0.10 per Consolidated Share)
- 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 such, in addition to their personal interests of 22,500,000 Shares, they are also deemed to be interested in the 330,560,000 Shares held by Charm Management Limited.

FUND RAISING ACTIVITIES IN THE 12 MONTHS IMMEDIATELY PRECEDING THE DATE OF THIS ANNOUNCEMENT

Description	Date of announcement	Net proceeds (HK\$)	Date of general mandate granted	Intended use of proceeds as announced	Actual use of proceeds
Placing of 300 million existing Shares and subscription of 300 million new Shares at HK\$0.04 per Share	11 October 2006	11.8 million	At the annual general meeting of the Company on 20 June 2006	As general working capital of the Group	As general working capital of the Group

REASONS FOR THE PLACING AND INTENDED USE OF PROCEEDS

The Company is an investment holding company and its subsidiaries are principally engaged in the trading and manufacturing of consumer goods such as toys, gifts and premiums. As stated in the announcement of the Company dated 3 January 2007, the Group is facing fierce competition in the toys industry and escalating costs for its manufacturing activities in the PRC. The Directors are thus looking for opportunities to broaden its income source by diversifying the business of the Group into industries with good potential, and the Company had signed a letter of intent in relation to the Possible Investment. The Directors believe that the Share Placing and the Note Placing will further enlarge the Company’s capital base, strengthen its financial position and provide the financial resources that may be required should good investment opportunities arise.

Upon completion of the Share Placing, the total gross proceeds from the Share Placing will amount to approximately HK\$34 million. After deducting related expenses of about HK\$1 million, the net proceeds from the Share Placing will amount to approximately HK\$33 million. Assuming the subscription of the whole principal amount of the Convertible Notes and upon completion of the Note Placing, the total gross proceeds from the Note Placing will amount to approximately HK\$34 million. After deducting related expenses of about HK\$0.4 million, the net proceeds from the Note Placing will amount to approximately HK\$33.6 million.

It is intended that the total net proceeds of about HK\$66.6 million from the Share Placing and the Note Placing will be used as to about HK\$20 million as general working capital of the Group and as to about HK\$46.6 million for future investment opportunities. Other than the Possible Investment, the Company has not identified other investment opportunities so far. Moreover, as the Company is currently undergoing due diligence in respect of the Possible Investment, the decision as to whether to proceed to the negotiation of a formal agreement, the consideration and detailed terms and the funding requirement of the Possible Investment have yet to be determined.

**Shareholders should note that completion of the Share Placing and the Note Placing are conditional, and that the Possible Investment may or may not proceed. Shareholders and the investing public are advised to exercise caution when dealing in the Shares.**

**PROPOSED SHARE CONSOLIDATION AND CHANGE IN BOARD LOT SIZE**

The Board proposes to effect the Share Consolidation on the basis that every five issued and unissued Shares will be consolidated into two Consolidated Shares. The existing board lot size for trading will also be changed from 2,000 to 20,000 upon the Share Consolidation becoming effective.

Fractional Consolidated Shares will be disregarded and not issued to the Shareholders, but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company.

***Effect of the Share Consolidation***

As at the date of this announcement, the authorized share capital of the Company is HK\$500,000,000 divided into 50,000,000,000 shares of nominal value of HK\$0.01 each, of which 1,953,681,600 Shares have been allotted and issued as fully paid or credited as fully paid. Upon the Share Consolidation becoming effective, and assuming that the Company does not allot and issue any further Shares prior thereto, the authorized share capital of the Company will become HK\$500,000,000 divided into 20,000,000,000 consolidated shares of nominal value of HK\$0.025 each, out of which 781,472,640 Consolidated Shares will be issued and 19,218,527,360 Consolidated Shares will be unissued.

Upon the Share Consolidation becoming effective, the Consolidated Shares will rank *pari passu* in all respects with each other in accordance with the Company’s bye-laws.

Other than the expenses to be incurred in relation to the Share Consolidation, the implementation thereof will not alter the underlying assets, business operations and management or financial position of the Company or the interests or rights of the Shareholders, save for any fractional Consolidated Shares to which the Shareholders may be entitled.

***Conditions of the Share Consolidation***

The Share Consolidation is conditional upon, amongst other things, (i) the passing at the SGM of an ordinary resolution approving the Share Consolidation; and (ii) the Listing Committee of the Stock Exchange agreeing to grant the listing of, and permission to deal in, the Consolidated Shares.

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consolidated Shares. Assuming that all the above conditions are fulfilled, it is expected that the Share Consolidation will become effective on the next Business Day following the date of the SGM.

***Reasons for the Share Consolidation and the Change in Board Lot Size***

The Directors consider that as the Share Consolidation will increase the nominal value of the Shares and reduce the total number of Shares currently in issue, the transaction and handling costs of the Company in relation to the dealing in the Consolidated Shares are expected to be reduced, which will be beneficial to the Company.

Moreover, as the market value for each board lot upon the Share Consolidation and the change in board lot size becoming effective will be higher than the market value for each existing board lot, the transaction cost as a proportion of the market value of each board lot will be lower. The Directors believe that therefore the Share Consolidation will be beneficial to investors and Shareholders.

***Arrangement on Odd Lot Trading***

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares, the Company will appoint a broker to provide matching service, on a best effort basis, to those Shareholders who wish to top-up their odd lots to make up a full board lot of 20,000 Consolidated Shares, or to dispose of their holdings of odd lots of Consolidated Shares. Details of the odd lot arrangement arising from the Share Consolidation will be stated in the circular to be despatched to the Shareholders containing, *inter alia*, details of the Share Placing, the Note Placing and the Share Consolidation, including the expected timetable of the Share Consolidation and the change in board lot size.

Shareholders should note that successful matching of the sale and purchase of odd lots is not guaranteed as it will depend on there being adequate amounts of odd lots for matching. Shareholders are advised to consult their professional advisers if they are in any doubt about such arrangement.

A further announcement will be made when the expected timetable in relation to the Share Consolidation and change in board lot size is available.

**SPECIAL GENERAL MEETING**

The Directors (including the independent non-executive Directors) consider that the terms of the Share Placing Agreement and the Note Placing Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Directors also consider that the Share Consolidation is in the interests of the Company and the Shareholders as a whole.

The Share Placing, the allotment and issue of the new Shares pursuant to the Share Placing, the Note Placing, the issue of the Convertible Notes, the allotment and issue of the Conversion Shares and the Share Consolidation are subject to approval by the Shareholders at the SGM. No Shareholder is required to abstain from voting at the SGM.

A circular containing, amongst other things, details of the Share Placing, the Note Placing and the Share Consolidation (including the expected timetable and odd lot arrangements of the Share Consolidation and change in board lot size), together with notice of the SGM, will be despatched to Shareholders as soon as practicable.

**RESUMPTION OF TRADING IN SHARES**

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:35 a.m. on Monday, 22 January 2007 pending the publication of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on Monday, 29 January 2007.

**DEFINITIONS**

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day other than Saturday and Sunday on which licensed banks in Hong Kong are open for business throughout their normal business hours

“Company”	GFT Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Consolidated Share(s)”	new share(s) of HK\$0.025 each in the share capital of the Company upon the Share Consolidation becoming effective
“Conversion Price”	the conversion price of HK\$0.04 per Share (HK\$0.10 per Consolidated Share), subject to adjustment arising from Share consolidation, Share subdivision, capitalization of profits or reserves, capital distribution, rights issues and other equity or equity derivatives issues
“Conversion Shares”	the new Shares to be issued by the Company upon the exercise of the conversion rights attaching to the Convertible Notes by the holders thereof
“Convertible Note(s)”	the convertible notes in the aggregate principal amount of up to HK\$34 million to be issued by the Company (and each being a Convertible Note)
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hani Securities” or “the Placing Agent”	Hani Securities (HK) Limited, a licensed corporation licensed to carry out types 1 (dealing in securities), 4 (advising on securities) and 6 (advising on corporate finance) activities under the SFO
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party”	a party who, to the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, is independent of and not connected (as defined under the Listing Rules) with any of the Director(s), chief executive(s) or substantial shareholder(s) of the Company or any of its subsidiaries or their respective associate(s)
“Last Trading Date”	19 January 2007, being the last full trading day before trading of the Shares was suspended pending the publication of this announcement
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Maturity Date”	the second anniversary of the date of issue of the Convertible Notes
“Note Placing”	the placing of the Convertible Notes in the aggregate principal amount of up to HK\$34 million by Hani Securities on a best effort basis pursuant to the terms and conditions of the Note Placing Agreement
“Note Placing Agreement”	a conditional placing agreement dated 24 January 2007 entered into between the Company and Hani Securities in relation to the placing of the Convertible Notes in the aggregate principal amount of up to HK\$34 million on a best effort basis, details of which are set out in this announcement
“Placing Price”	the price payable for the Placing Shares at HK\$0.04 per Placing Share (equivalent to HK\$0.10 per Consolidated Share)
“Placing Shares”	up to 850,000,000 new Shares (equivalent to 340,000,000 new Consolidated Shares) to be placed under the Share Placing (and each a Placing Share)
“Possible Investment”	a possible investment by the Company of not less than 50% equity interest in a joint venture company to be incorporated which will principally be engaged in coal mining, coal chemical processing and magnetic-levitated wind power generation and related business in Inner Mongolia, the PRC, details of which are disclosed in the Company’s announcement dated 3 January 2007
“PRC”	The People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	a special general meeting of the Company to be convened and held to consider and, if thought fit, to approve the Share Placing, the allotment and issue of new Shares to be issued pursuant to the Share Placing, the Note Placing, the issue of the Convertible Notes, the allotment and issue of the Conversion Shares and the Share Consolidation
“Share Consolidation”	the proposed consolidation of every five Shares into two Consolidated Shares
“Share Placing”	the placing of up to 850,000,000 new Shares (equivalent to 340,000,000 new Consolidated Shares) (of which 375,000,000 new Shares (equivalent to 150,000,000 new Consolidated Shares) are on a fully underwritten basis and the balance of 475,000,000 new Shares (equivalent to 190,000,000 new Consolidated Shares) are on a best effort basis) by the Placing Agent pursuant to the terms and conditions of the Share Placing Agreement
“Share Placing Agreement”	a conditional placing agreement dated 24 January 2007 entered into between the Company and Hani Securities in relation to the placing of up to 850,000,000 new Shares (equivalent to 340,000,000 new Consolidated Shares) (of which 375,000,000 new Shares (equivalent to 150,000,000 new Consolidated Shares) are on a fully underwritten basis and the balance of 475,000,000 new Shares (equivalent to 190,000,000 new Consolidated Shares) are on a best effort basis), details of which are set out in this announcement
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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, 26 January 2007

*As at the date of this announcement, the Board comprises Mr. Leung Wai Ho, Mr. Wong Chung Shun and Mr. Ha Kee Choy Eugene as executive Directors and Mr. Chui Chi Yun Robert, Mr. Lam Kwok Cheong and Mr. Lai Wing Leung Peter as independent non-executive Directors.*

*\* for identification purpose only*