

## Chairman's Statement

I am pleased to present the annual report of GFT Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") for the year ended 31 December 2006.

2006 is another harsh year for the players in toy industry. Industry downturn and customers' conservatism exert overwhelming pressure on pricing and margin. Worsened by the persisting unfavourable factors impacting manufacturers in Mainland China, like escalating material cost, heightened minimum wages and Renminbi appreciation, the Group suffered from loss in the year under review.

We have proactively taken appropriate means to overcome the difficulties, such as exploring new market niches, streamlining production process and tightening cost control. We have also divested the non-performing subsidiaries and the vacant lands that do not have immediate use. It is anticipated that the unfavourable market conditions in toy industry shall persist in the ensuing years and thus we further propose to cut out the manufacturing business so as to prevent the Group from suffering further losses and cash outflow and to reallocate more resources to other promising areas, including toy, gift and premium trading business and other potential investments.

We recognise that the value of the Company is driven by earnings and growth. Hence, we will make good use of the fund raised from the recent placing of new shares of the Company in March and April 2007 to invest in business with attractive potential of growth and profitability. We are optimistic that the Group will sail through the difficult period and poised to embark on the next era of expansion.

Finally, I would like to extend my sincere gratitude to my fellow directors and staff for their dedicated contribution and faithfulness in the past turbulent years and the continuous support from our suppliers, customers, bankers and business partners.

### Leung Wai Ho

Chairman of the Board  
Hong Kong, 23 April 2007

## 主席報告

本人欣然提呈真樂發控股有限公司（「本公司」）及其附屬公司（統稱「本集團」）截至二零零六年十二月三十一日止年度之年報。

二零零六年是玩具業公司另一個艱鉅的年頭。行情低迷加上客戶態度保守，對定價及利潤率造成巨大壓力。更甚者，長期影響中國內地廠商的不利因素，如物料成本飛漲、最低工資上升及人民幣升值等，使本集團於回顧年度內錄得虧損。

我們已積極採取適當措施克服困難，如開拓新利基市場，精簡製程及嚴控成本。我們亦減持表現欠佳之附屬公司及無即時用途之空置土地。預期玩具業市道未來幾年依然艱難，故我們提出減掉製造業務，以免本集團再蒙受虧損及現金流出，並調撥資源至其他有前景業務，包括玩具、禮品及贈品貿易業務及其他潛在投資項目。

我們認識到，本公司之價值由盈利與增長帶動。因此，我們將善用二零零七年三月及四月配售本公司新股份所籌集得資金，投資於增長可人且具盈利潛力的業務。我們對集團安然渡過難關，邁向新增長紀元充滿信心。

最後，本人對各董事及員工於過去動蕩年頭之寶貴貢獻及忠誠致以衷心感謝。本人亦謹此多謝各供應商、客戶、往來銀行及業務夥伴一直以來之鼎力支援。

董事會主席

梁蔚豪

香港，二零零七年四月二十三日