

光彩未來集團

Glory Future Group

First Quarterly Report

2007

Glory Future Group Limited

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8071)

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (“STOCK EXCHANGE”).

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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*This report, for which the directors (“**Directors**”) of Glory Future Group Limited (“**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (“**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

FIRST QUARTERLY RESULTS FOR 2007

HIGHLIGHTS

- The unaudited revenue of the Group for the three months ended 31 March 2007 was approximately HK\$107,000 with a significant decrease of approximately 75% as compared with that for the corresponding period in 2006.
- The Group recorded an unaudited loss attributable to equity holders of the Company of approximately HK\$1,035,000 for the three months ended 31 March 2007, which decreased by approximately 19% as compared with that for the corresponding period in 2006.
- The unaudited loss per share for loss attributable to equity holders of the Company was approximately HK1.37 cents for the three months ended 31 March 2007.

RESULTS

The board of Directors (“**Board**”) of the Company is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the three months ended 31 March 2007 together with the comparative figures for the corresponding period in 2006 as follows:

UNAUDITED CONSOLIDATED INCOME STATEMENT

For the three months ended 31 March 2007

		Three months ended 31 March	
	<i>Notes</i>	2007 HK\$'000	2006 HK\$'000
Revenue	3	107	430
Cost of sales		(118)	(358)
Gross (loss)/profit		(11)	72
Other operating income		11	17
Selling and distribution expenses		(47)	(43)
Administrative expenses		(590)	(814)
Operating loss		(637)	(768)
Finance costs	4	(398)	(505)
Loss before income tax	5	(1,035)	(1,273)
Income tax expenses	6	–	–
Loss for the period		(1,035)	(1,273)
Attributable to:			
Equity holders of the Company		(1,035)	(1,273)
Loss per share for loss attributable to the equity holders of the Company	7		
– Basic		(HK1.37 cents)	(HK1.69 cents)
– Diluted		N/A	N/A

Notes:

1. Basis of preparation

The unaudited consolidated income statement of the Group for the three months ended 31 March 2007 has been prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRSs”) (which also include Hong Kong Accounting Standards (“HKASs”) and Interpretations), issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), and the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules. It has been prepared under historical cost convention.

2. Significant accounting policies

The significant accounting policies used in the preparation of the unaudited consolidated income statement for the three months ended 31 March 2007 are consistent with those used in the preparation of the Company’s annual financial statements for the year ended 31 December 2006.

From 1 January 2007, the Group has adopted all the new and amended HKFRSs, which are first effective on 1 January 2007 and relevant to the Group. The adoption of new and amended HKFRSs did not result in any significant changes to the Group’s accounting policies and to the amounts or disclosures in the unaudited consolidated income statement.

The Group has not early adopted the following HKFRSs that have been issued but are not yet effective. The Directors anticipate that the adoption of such HKFRSs will not result in material financial impact on the Group’s unaudited consolidated income statement.

HKFRS 8	Operating Segments ¹
HK(IFRIC)–Interpretation 11	HKFRS 2: Group and Treasury Share Transactions ²
HK(IFRIC)–Interpretation 12	Service Concession Arrangements ³

Notes:

¹ Effective for annual periods beginning on or after 1 January 2009

² Effective for annual periods beginning on or after 1 March 2007

³ Effective for annual periods beginning on or after 1 January 2008

3. Revenue and turnover

Revenue, which is also the Group’s turnover, represents the net invoiced value of service rendered during the three months ended 31 March 2007.

4. Finance costs

	Three months ended	
	31 March	
	2007	2006
	(Unaudited)	(Unaudited)
	<i>HKS’000</i>	<i>HKS’000</i>
Interest charges on:		
– Loans from Sun Wah Net Investment Limited (“Sun Wah”), wholly repayable within five years	398	118
– Convertible bonds	–	387
	398	505

5. Loss before income tax

The Group's loss before income tax is arrived at after crediting and charging the following items:

	Three months ended	
	31 March	
	2007	2006
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Crediting:		
Interest income	11	17
Charging:		
Cost of services provided	118	358
Auditors' remuneration	53	45
Depreciation	8	22
Staff Costs (excluding Directors' emoluments):		
– Wages and salaries	289	397
– Pension scheme contributions (MPF)	13	15
Directors' emoluments	105	12
Minimum lease payments paid under operating leases in respect of:		
– Land and buildings	15	44
– Computer server	3	4

6. Income tax expenses

Hong Kong profits tax has not been provided as the Group did not generate any assessable profits arising in Hong Kong during the three months ended 31 March 2007 and the corresponding period in 2006.

Profits tax of subsidiaries operating outside Hong Kong has not been provided as the subsidiaries did not generate any assessable profits in the respective jurisdictions during the three months ended 31 March 2007 and the corresponding period in 2006.

The Group did not have any significant unprovided deferred tax liabilities as at 31 March 2007 and 31 March 2006.

7. Loss per share

The calculation of basic loss per share is based on the unaudited consolidated loss attributable to equity holders of the Company during the three months ended 31 March 2007 of HK\$1,035,000 (three months ended 31 March 2006: HK\$1,273,000) and 75,372,000 ordinary shares of the Company in issue during the three months ended 31 March 2007 (three months ended 31 March 2006: 75,372,000).

Diluted loss per share for the three months ended 31 March 2007 and that for the corresponding period in 2006 have not been disclosed as the share options and convertible bonds outstanding, if any, during the respective periods had an anti-dilutive effect on the basic loss per share for the relevant periods (The Company had redeemed the convertible bonds, including the accrued interest, due on 27 October 2006 in full).

8. Reserves

	Share premium account (Unaudited) <i>HK\$ '000</i>	Convertible bond equity reserve (Unaudited) <i>HK\$ '000</i>	Accumulated losses (Unaudited) <i>HK\$ '000</i>	Translation reserve (Unaudited) <i>HK\$ '000</i>	Total (Unaudited) <i>HK\$ '000</i>
At 1 January 2006	–	3,219	(60,023)	(15)	(56,819)
Loss for the period	–	–	(1,273)	–	(1,273)
Par value reduction*	–	–	36,932	–	36,932
At 31 March 2006	–	3,219	(24,364)	(15)	(21,160)
At 1 January 2007	–	–	(25,021)	(21)	(25,042)
Loss for the period	–	–	(1,035)	–	(1,035)
At 31 March 2007	–	–	(26,056)	(21)	(26,077)

* *Details of the par value reduction had been mentioned in the paragraph headed “Capital structure” under the section headed “Management discussion and analysis” in the first quarterly results announcement for the three months ended 31 March 2006 of the Company dated 10 May 2006.*

9. Interim dividend

The Board does not recommend the payment of an interim dividend in respect of the three months ended 31 March 2007 (three months ended 31 March 2006: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business and financial review

For the three months ended 31 March 2007, the Group recorded an unaudited revenue of approximately HK\$107,000, with a significant decrease of approximately 75% as compared with that for the corresponding period in 2006. During the three months ended 31 March 2007, the revenue of the Group was primarily derived from the provision of web page design and website maintenance, system integration and information technology consultancy services. There was a gross loss of approximately HK\$11,000 sustained for the three months ended 31 March 2007, and such gross loss increased by the amount of approximately HK\$83,000, as compared with the gross profit for the three months ended 31 March 2006, due to keen competition in the information technology industry.

For the three months ended 31 March 2007, the unaudited loss attributable to equity holders of the Company decreased by approximately 19% as compared with that for the corresponding period in 2006 because of the reduction of administrative and finance costs for the three months ended 31 March 2007.

On 13 March 2007, the Company obtained a new loan of HK\$18.5 million from Sun Wah which was mainly used to repay the outstanding principal of HK\$12.2 million and accrued interest of the old loan granted by Sun Wah on 2 May 2006. On 13 March 2007, a subsidiary of the Company also borrowed a new loan from Sun Wah in the principal of HK\$3.2 million, which was mainly used to repay the outstanding principal of HK\$1.2 million and accrued interest of the old loan granted by Sun Wah on 12 June 2006. The balances of the remaining new loans were retained as working capital of the Group. Those two new loans from Sun Wah bear interest rate of 8% per annum and repayable on 15 May 2008.

On 27 April 2007, the Company allotted 13,566,960 shares in the capital of the Company pursuant to a placing and subscription agreement dated 13 April 2007 entered into between Speedy Well Investments Limited (“**Speedy Well**”) as vendor, the Company as issuer, Payton Place Limited as purchaser and Ms. Lo Yuk Yee as covenantor. The gross proceeds and net proceeds from the subscription of such 13,566,960 shares were approximately HK\$6.6 million and HK\$6.4 million respectively. The Company intends to use approximately HK\$4 million of the proceeds to repay part of the outstanding loans of the Group and to retain the remaining approximately HK\$2.4 million as general working capital of the Group (*Details of subscription of shares of the Company are set out in the announcement of the Company dated 16 April 2007*).

Outlook

The Group is considering to scale down the business segment of web page design and website maintenance as a loss was resulted thereof and increase its investment in business segments with more stable profit margins and better business opportunities such as system integration and information technology consultancy services and other new areas such as information technology staff recruitment agency and secondment.

On 19 April 2007, E-silkroad.net Online Commerce Limited (“**E-silkroad.net**”), a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company, entered into a memorandum of understanding (“**MOU**”) with 北京合眾盈彩投資顧問有限公司 (“**Beijing Yingcai**”), a company established in the People’s Republic of China (“**PRC**”), for the proposed acquisition by E-silkroad.net of the controlling stake in Beijing Yingcai.

Beijing Yingcai has a 60% equity interest in 深圳市彩移信息技術有限公司 (“**Shenzhen Caiyi**”), a company established in the PRC and is principally engaged in the provision of technical services and facilities to the relevant lottery issuers in the PRC regarding access to lottery tickets by mobile phones and is the owner of the intellectual property right of such technology (*Details of the MOU are set out in the announcement of the Company dated 20 April 2007*). The Group keeps on exploring its new investment opportunities in the PRC to serve the best interest of the shareholders of the Company.

Capital structure

As at 31 March 2007, the Company’s total number of issued shares was 75,372,000 (31 March 2006: 75,372,000). As at the date of this announcement, the issued shares of the Company increased to 88,938,960 following the allotment of 13,566,960 shares in the capital of the Company on 27 April 2007.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS

As at 31 March 2007, the interests and short positions of the Directors and chief executive in the share capital of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance, Chapter 571 of the Laws of the Hong Kong (“SFO”)), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules were as follows:

Long positions in the ordinary shares of HK\$0.01 each in the Company (“Shares”) and underlying Shares

Name of Director	Capacity	Attributable interest to the Director	Number of Shares held	Number of share options	Number of Shares and underlying Shares
Mr. Choi Koon Ming	Beneficial owner	100% (directly)	–	750,000	750,000
Mr. Ng Kam Yiu	Beneficial owner	100% (directly)	–	300,000	300,000
Mr. Chow Yeung Tuen, Richard	Beneficial owner	100% (directly)	–	300,000	300,000
Mr. Leung Ngai Man (“Mr. Leung”) (Note)	Through a controlled corporation	100%	21,714,400	–	21,714,400

Note: Mr. Leung, an executive Director, is the beneficial owner of Speedy Well, a company incorporated in the British Virgin Islands and a substantial shareholder of the Company.

Details of the share options granted under the share option scheme of the Company adopted on 19 February 2001 (“**Share Option Scheme**”) to certain Directors which remained outstanding as at 31 March 2007 are as follows:

Name of Director	Date of grant of share options	Number of Shares underlying the share options as at 31 March 2007	Exercise period of share options	Exercise price per share options <i>HK\$</i>
Mr. Choi Koon Ming	21 January 2003	750,000	21 January 2003 to 20 January 2008	1.148
Mr. Ng Kam Yiu	21 January 2003	300,000	8 January 2004 to 7 January 2009	1.148
Mr. Chow Yeung Tuen, Richard	21 January 2003	300,000	21 January 2003 to 20 January 2008	1.148
		1,350,000		

No share options had been granted under the Share Option Scheme during the three months ended 31 March 2007 and no option previously granted under the Share Option Scheme had been exercised during the same period.

Save as disclosed above, as at 31 March 2007, none of the Directors had registered an interest or short positions in the Shares, or underlying Shares or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 31 March 2007, the following interests of 5% or more in the issued share capital and share options of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of SFO:

Long positions in the Shares and underlying Shares

Name of substantial shareholder of the Company	Capacity and nature of interest	Number of Shares held	Percentage of issued share capital of the Company as at 31 March 2007	Number of Shares and underlying Shares
Speedy Well (<i>Note 1</i>)	Beneficial owner	21,714,400	28.8%	21,714,400
Mr. Leung (<i>Note 1</i>)	Through a controlled corporation	21,714,400	28.8%	21,714,400
Glory Cyber Company Limited (“ Glory Cyber ”) (<i>Note 2</i>)	Beneficial owner	10,000,000	13.3%	10,000,000
Luan Shusheng (“ Mr. Luan ”) (<i>Note 2</i>)	Through a controlled corporation	10,000,000	13.3%	10,000,000
Ceroilfood Finance Limited (<i>Note 3</i>)	Beneficial owner	8,302,200	11.0%	8,302,200
China National Cereals Oils and Foodstuffs Import and Export Corporation (<i>Note 3</i>)	Through a controlled corporation	8,302,200	11.0%	8,302,200

Notes:

- (1) Speedy Well is a company incorporated in the British Virgin Islands and beneficially owned by Mr. Leung who was appointed as an executive Director on 2 April 2007.
- (2) Glory Cyber is a company incorporated in Hong Kong with limited liability, the issued share capital of which is owned as to 70% by Mr. Luan. The indirect interest of Mr. Luan in the 10,000,000 Shares is held by Glory Cyber.
- (3) Ceroilfood Finance Limited is a wholly-owned subsidiary of China National Cereals Oils and Foodstuffs Import and Export Corporation, a state-owned enterprise, which is principally engaged in the import and export of cereals, oil and foodstuffs in the PRC.

Save as disclosed above, no persons other than the Directors, whose interests are set out in the paragraph headed “Directors’ interests and short positions in the Shares and underlying Shares of the Company or any associated corporations” and shareholders, whose interests are set out in the paragraph headed “Interests and short positions of shareholders discloseable under the SFO” above, had registered an interest or short positions in the Shares or the underlying Shares that was required to be recorded pursuant to Section 336 of the SFO.

OTHER INTERESTS DISCLOSEABLE UNDER THE SFO

Save as disclosed in the paragraphs headed “Directors’ interests and short positions in the Shares and underlying Shares of the Company or any associated corporations” and “Interests and short positions of shareholders discloseable under the SFO” above, so far as is known to the Directors, there is no other person who has an interest or short position in the Shares and underlying Shares that is discloseable under the Section 336 of SFO.

AUDIT COMMITTEE

The Company has an audit committee which was established with written terms of reference in compliance with the GEM Listing Rules. As at the date of this report, the audit committee had four members comprising the four independent non-executive Directors, Mr. Wu Tak Lung (Chairman of the audit committee), Mr. Phillip King, Mr. Ng Cheuk Tat, Ambrose and Mr. Chan Sing Fai (“**Mr. Chan**”). Mr. Chan was appointed as an independent non-executive Director and a member of audit committee of the Company both with effect from 2 April 2007.

The primary duties of the audit committee are to review and supervise the financial reporting process and internal control and risk management systems of the Group. The Group’s first quarterly results for the three months ended 31 March 2007 have been reviewed by the members of the audit committee, who are of the opinion that such statements comply with the applicable accounting standards, the Stock Exchange listing requirements and other legal requirements and that adequate disclosures have been made.

CODE ON CORPORATE GOVERNANCE PRACTICES

For the three months ended 31 March 2007, the Company has complied with the requirements of the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 15 to the GEM Listing Rules.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct for securities transactions by Directors (“**Code**”) which is no less exacting than the required terms for dealings of shares by directors as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company has made specific inquiry with all the Directors, and has not been notified of any non-compliance with the standard for dealings of securities by Directors and the Code during the three months ended 31 March 2007.

COMPETITION AND CONFLICT OF INTERESTS

None of the Directors, the management shareholders or substantial shareholders of the Company or any of their respective associates has an interest in a business, which causes or may cause any significant competition with the business of the Group.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company’s listed securities during the three months ended 31 March 2007.

By Order of the Board
Glory Future Group Limited
Choi Koon Ming
Chairman

Hong Kong, 14 May 2007

As at the date hereof, the executive Directors are Messrs. Choi Koon Ming, Ng Kam Yiu, Chow Yeung Tuen, Richard and Leung Ngai Man and the independent non-executive Directors are Messrs. Wu Tak Lung, Phillip King, Ng Cheuk Tat, Ambrose and Chan Sing Fai.