

光輝未來集團
Glory Future Group

Glory Future Group Limited

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8071)



● 2006 third quarterly report

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “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 these 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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The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website at “www.hkgem.com” in order to obtain up-to-date information on GEM-listed issuers.

THIRD QUARTERLY RESULTS FOR 2006

HIGHLIGHTS

- The unaudited revenue of the Group for the nine months ended 30 September 2006 was approximately HK\$636,000, which was more than four times the amount of that for the corresponding period in 2005.
- The Group recorded an unaudited loss of approximately HK\$3,885,000 for the nine months ended 30 September 2006, which increased by approximately 30% as compared with the restated loss for the corresponding period in 2005.
- The unaudited loss per share for loss attributable to equity holders of the Company was approximately HK5.15 cents for the nine months ended 30 September 2006.

RESULTS

The board of directors (the “**Board**”) of Glory Future Group Limited (the “**Company**”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the three months and nine months ended 30 September 2006 together with the restated comparative figures for the corresponding periods in 2005 as follows:

UNAUDITED CONSOLIDATED INCOME STATEMENT

For the three months and nine months ended 30 September 2006

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2006 HK\$'000	(Restated) 2005 HK\$'000	2006 HK\$'000	(Restated) 2005 HK\$'000
Revenue	3	38	50	636	140
Cost of sales		(32)	(67)	(646)	(120)
Gross (loss)/profit		6	(17)	(10)	20
Other revenue		11	8	38	20
		17	(9)	28	40
Selling and distribution expenses		(47)	–	(138)	–
Administrative expenses		(520)	(606)	(2,168)	(1,555)
Operating loss	4	(550)	(615)	(2,278)	(1,515)
Finance costs	5	(566)	(410)	(1,607)	(1,463)
Loss before income tax		(1,116)	(1,025)	(3,885)	(2,978)
Income tax expenses	6	–	–	–	–
Loss for the period		(1,116)	(1,025)	(3,885)	(2,978)
Attributable to:					
Equity holders of the Company		(1,116)	(1,000)	(3,885)	(2,953)
Minority interest		–	(25)	–	(25)
		(1,116)	(1,025)	(3,885)	(2,978)
Loss per share for loss attributable to equity holders of the Company	7				
– Basic		(HK1.48 cents)	(HK1.33 cents)	(HK5.15 cents)	(HK3.92 cents)
– Diluted		N/A	N/A	N/A	N/A

Notes:

1. Basis of preparation

The unaudited consolidated income statement of the Group for the three months and nine months ended 30 September 2006 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 nine months ended 30 September 2006 are consistent with those used in the preparation of the Company’s annual financial statements for the year ended 31 December 2005.

The Group has adopted the following standards that have been issued and effective for periods beginning on or after 1 January 2006. The adoption of such standards did not have material effect on the unaudited consolidated income statement.

HKAS 21 (Amendment)	The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation
HKAS 39 (Amendment)	The Fair Value Option

The Group has not early adopted the following standards that have been issued but are not yet effective. The adoption of such standards will not result in substantial changes to the Group’s accounting policies.

HKAS 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments – Disclosures
HK(IFRIC) – Int 8	Scope of HKFRS 2
HK(IFRIC) – Int 9	Reassessment of Embedded Derivatives

3. Revenue

Revenue, which is also the Group’s turnover, represents the net invoiced value of services rendered.

4. Operating loss

The Group's operating loss is arrived at after crediting and charging the followings items:

	Three months ended 30 September		Nine months ended 30 September	
	2006 (Unaudited) HK\$'000	2005 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000	2005 (Unaudited) HK\$'000
Crediting:				
Interest income	<u>11</u>	<u>8</u>	<u>38</u>	<u>20</u>
Charging:				
Cost of services provided	32	67	646	120
Auditors' remuneration	45	45	135	135
Depreciation	10	21	46	60
Staff costs (excluding Director's remuneration):				
– Wages and salaries	326	259	1,162	591
– Pension scheme contributions (MPF)	12	5	42	16
Minimum lease payments paid under operating lease in respect of:				
– Land and buildings	44	44	133	132
– Computer server	<u>3</u>	<u>4</u>	<u>9</u>	<u>21</u>

5. Finance costs

	Three months ended 30 September		Nine months ended 30 September	
	2006 (Unaudited) HK\$'000	(restated) 2005 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000	(restated) 2005 (Unaudited) HK\$'000
Interest charges on:				
– Loans from a shareholder, wholly repayable within five years	171	68	434	138
– Convertible bonds	<u>395</u>	<u>342</u>	<u>1,173</u>	<u>1,325</u>
	<u>566</u>	<u>410</u>	<u>1,607</u>	<u>1,463</u>

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 and nine months ended 30 September 2006 and the corresponding periods in 2005.

Provision for the profits tax of subsidiaries operating outside Hong Kong has not been made as the Group did not generate any assessable profits in the respective jurisdictions during the three months and nine months ended 30 September 2006 and the corresponding periods in 2005.

The Group did not have any significant unprovided deferred tax liabilities in respect of the three months and nine months ended 30 September 2006 and the corresponding periods in 2005.

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 for the three months and nine months ended 30 September 2006 of HK\$1,116,000 and HK\$3,885,000 respectively (three months and nine months ended 30 September 2005 restated: HK\$1,000,000 and HK\$2,953,000 respectively) and 75,372,000 ordinary shares of the Company in issue during the aforementioned two respective periods ended 30 September 2006 (three months and nine months ended 30 September 2005: 75,372,000 ordinary shares as adjusted to reflect the share consolidation which had been mentioned on page 9 of the interim report of the Company dated 9 August 2006).

Diluted loss per share for the three months and nine months ended 30 September 2006 and that for the three months and nine months ended 30 September 2005 have not been disclosed as the share options and convertible bonds outstanding during the respective periods had an anti-dilutive effect on the basic loss per share for the relevant periods.

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 2005, as previously reported	15,796	–	(70,407)	(10)	(54,621)
Effect of initial adoption of HKAS 32	–	4,875	(2,542)	–	2,333
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 1 January 2005, as restated	15,796	4,875	(72,949)	(10)	(52,288)
Loss for the period	–	–	(2,953)	–	(2,953)
Redemption of convertible bond	–	(1,656)	1,656	–	–
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2005 as restated	<u>15,796</u>	<u>3,219</u>	<u>(74,246)</u>	<u>(10)</u>	<u>(55,241)</u>
At 1 January 2006	–	3,219	(60,023)	(15)	(56,819)
Loss for the period	–	–	(3,885)	–	(3,885)
Par value reduction*	–	–	36,932	–	36,932
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2006	<u>–</u>	<u>3,219</u>	<u>(26,976)</u>	<u>(15)</u>	<u>(23,772)</u>

* Details of the par value reduction had been mentioned in the paragraph headed “Capital Structure” 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 nine months ended 30 September 2006 (nine months ended 30 September 2005: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

For the three months and nine months ended 30 September 2006, the Group recorded an unaudited revenue of HK\$38,000 and HK\$636,000, which were approximately 0.76 times and 4.54 times the amount of that for the corresponding periods in 2005 respectively. During the nine months ended 30 September 2006, the revenue of the Group was primarily derived from the provision of Internet-based and Windows-based applications, web page design and website maintenance, system integration and information technology consultancy services. There was a gross loss of HK\$10,000 sustained for the nine months ended 30 September 2006, and such gross loss increased by the amount of HK\$30,000, as compared with the gross profit for the nine months ended 30 September 2005, due to keen competition in the information technology industry.

For the nine months ended 30 September 2006, the loss of the Group increased by approximately 30% as compared with that for the corresponding period in 2005 because of increment in administrative expenses and selling and distribution expenses by approximately 39% and 100% respectively.

Outlook

In the future, the management team will continue to focus on information technology development outsourcing services, system integration services and professional information technology services. The operational management is instructed to negotiate with prospective clients to improve corporate business and profitability in the foreseeable future. In addition, the management will consider refining internal resources to launch marketing campaigns according to the existing available resources and the actual market conditions. The Group remains continuously optimistic about its future business development in the long run. Strategically, the Group would explore new possible investment opportunities in order to generate more businesses and achieve stable growth.

On 27 October 2006, Sun Wah Net Investment Limited (“**Sun Wah**”) granted a new loan of HK\$10 million to the Company (the “**New Shareholder’s Loan to the Company**”). The New Shareholder’s Loan to the Company is unsecured, interest-bearing at 8% per annum and will become due and repayable on 26 October 2007. On 27 October 2006, the convertible bonds at a nominal value of HK\$9 million issued to Sun Wah on 27 October 2003 together with the accrued interest of approximately HK\$135,000 incurred thereof for the period from 27 April 2006 to 26 October 2006 was repaid in full by the Company.

A shareholder’s loan to the Company and a shareholder’s loan to a subsidiary of the Company both granted by Sun Wah in the principal amounts of HK\$12.2 million and HK\$1.2 million respectively were due for repayment in August 2006. Those loans had not yet been repaid and Sun Wah did not demand for the repayment of the said two loans as at the date of this report.

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

As at 30 September 2006, 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 Futures Ordinance, Cap. 571 of the Laws of Hong Kong (the "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 of the Company

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

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 30 September 2006 are as follows:

Name of Director	Date of grant of share options	Number of Shares underlying the share options as at 30 September 2006	Exercise period of share options	Exercise price per share option HK\$
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 option had been granted under the Share Option Scheme during the nine months ended 30 September 2006 and no option previously granted under the Share Option Scheme had been exercised during the same period.

Save as disclosed above, as at 30 September 2006, 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 30 September 2006, the following interests of 5% or more in the issued share capital, share options and convertible bonds of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the 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 30 September 2006	Number of underlying Shares held	Number of Shares and underlying Shares
global.com Investments Corp. <i>(Note 1)</i>	Beneficial owner	15,557,000	20.6%	–	15,557,000
Santana Enterprises Limited <i>(Note 1)</i>	Through a controlled corporation	15,557,000	20.6%	–	15,557,000
Yuen Fat Ching <i>(Note 1)</i>	Settlor	15,557,000	20.6%	–	15,557,000
Bornwise Investments Limited <i>(Note 2)</i>	Security interest	15,557,000	20.6%	–	15,557,000
Cheung Wo Sin <i>(Note 2)</i>	Through a controlled corporation	15,557,000	20.6%	–	15,557,000
Glory Cyber Company Limited ("Glory Cyber") <i>(Note 3)</i>	Beneficial owner	10,000,000	13.3%	–	10,000,000
Luan Shusheng ("Mr Luan") <i>(Note 3)</i>	Through a controlled corporation	10,000,000	13.3%	–	10,000,000
Sun Wah <i>(Note 4)</i>	Beneficial owner	9,547,400	12.7%	18,000,000	27,547,400

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 30 September 2006	Number of underlying Shares held	Number of Shares and underlying Shares
Sun Wah Hi-Tech Holdings Limited (Note 4)	Through a controlled corporation	9,547,400	12.7%	18,000,000	27,547,400
Choi Koon Shum (Note 4)	Through a controlled corporation	9,547,400	12.7%	18,000,000	27,547,400
Tai Lee Assets Limited (Note 5)	Beneficial owner	9,440,600	12.5%	–	9,440,600
Tsoi Siu Lan, Mazie (Note 5)	Through a controlled corporation	9,440,600	12.5%	–	9,440,600
Ceroilfood Finance Limited (Note 6)	Beneficial owner	8,302,200	11.0%	–	8,302,200
China National Cereals Oils and Foodstuffs Import and Export Corporation (Note 6)	Through a controlled corporation	8,302,200	11.0%	–	8,302,200

Notes:

- (1) global.com Investments Corp. is a company wholly owned by Santana Enterprises Limited as the trustee of The YFC Unit Trust, 99.9% of the units of which are owned by The YFC Family Trust, a discretionary trust of which the children of Mr. Yuen Fat Ching (“**Mr Yuen**”) are the only beneficiaries. The balance of 0.1% of the units of The YFC Unit Trust is held by Mr. Yuen’s mother. Mr. Yuen is the settlor of The YFC Family Trust.
- (2) Bornwise Investments Limited is a company incorporated in the British Virgin Islands and beneficially owned by Mr. Cheung Wo Sin. Bornwise Investments Limited and Mr. Cheung Wo Sin are deemed to have an interest in 15,557,000 Shares and such Shares have been pledged to Bornwise Investments Limited.
- (3) 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.
- (4) Sun Wah is a wholly-owned subsidiary of Sun Wah Hi-Tech Holdings Limited, which is wholly and beneficially owned by Mr. Choi Koon Shum, the brother of Mr. Choi Koon Ming. As at 30 September 2006, Sun Wah is also the holder of convertible bonds at a nominal value of HK\$9 million issued by the Company, upon exercise of the conversion rights attaching thereto would entitle Sun Wah to subscribe for 18,000,000 Shares, representing approximately 23.88% of the issued share capital of the Company. On 27 October 2006, the aforesaid convertible bonds matured and the principal amount thereof together with the accrued interest was repaid in full by the Company on the same date.

- (5) Tai Lee Assets Limited is beneficially owned by Ms. Tsoi Siu Lan, Mazie, who is the sister of Mr. Choi Koon Ming.
- (6) 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 People's Republic of China.

Save as disclosed above, no person 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 position in the Shares and 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. The audit committee had three members comprising the three independent non-executive Directors, namely Mr. Wu Tak Lung (Chairman of the audit committee), Mr. Phillip King and Mr. Ng Cheuk Tat, Ambrose as at 30 September 2006.

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 third quarterly results for the nine months ended 30 September 2006 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 nine months ended 30 September 2006, 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 nine months ended 30 September 2006.

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 nine months ended 30 September 2006.

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

Hong Kong, 7 November 2006

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