

**GLORY FUTURE GROUP LIMITED**

**光彩未來集團有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(stock code: 8071)**

**ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2007**

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

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*This announcement, 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 announcement 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 announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

## HIGHLIGHTS

- Revenue of the Group for the year ended 31 December 2007 was approximately HK\$2,609,000, which was approximately 2.7 times of the amount of that in 2006.
- Loss attributable to equity holders of the Company was approximately HK\$19,154,000 for the year ended 31 December 2007, which increased by approximately HK\$14,005,000 as compared with that of last year.
- The Directors do not recommend the payment of any dividend in respect of the year ended 31 December 2007 (2006: Nil)

## RESULTS

The board of directors (“**Board**”) of the Company is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2007 (“**year**”) together with the comparative figures as follows:

### CONSOLIDATED INCOME STATEMENT

*For the year ended 31 December 2007*

	<i>Notes</i>	<b>2007</b> <i>HK\$'000</i>	2006 <i>HK\$'000</i>
<b>Revenue</b>	4	<b>2,609</b>	964
Cost of sales		<u>(1,811)</u>	<u>(884)</u>
<b>Gross profit</b>		<b>798</b>	80
Other operating income	5	<b>555</b>	50
Selling and distribution expenses		<b>(285)</b>	(200)
Administrative expenses		<u>(18,641)</u>	<u>(3,069)</u>
Operating loss		<b>(17,573)</b>	(3,139)
Finance costs	6	<u>(1,581)</u>	<u>(2,035)</u>
<b>Loss before income tax</b>	7	<b>(19,154)</b>	(5,174)
Income tax expense	8	<u>–</u>	<u>–</u>
<b>Loss for the year</b>		<u><b>(19,154)</b></u>	<u>(5,174)</u>
<b>Attributable to:</b>			
Equity holders of the Company		<b>(19,154)</b>	(5,149)
Minority interests		<u>–</u>	<u>(25)</u>
<b>Loss for the year</b>		<u><b>(19,154)</b></u>	<u>(5,174)</u>
<b>Loss per share for loss attributable to the equity holders of the Company during the year</b>	10		(restated)
– Basic		<b>(HK1.0 cents)</b>	(HK0.34 cents)
– Diluted		<u>N/A</u>	<u>N/A</u>

## CONSOLIDATED BALANCE SHEET

As at 31 December 2007

	Notes	2007 HK\$'000	2006 HK\$'000
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		3,576	38
Prepaid lease payments		16,189	—
		<u>19,765</u>	<u>38</u>
<b>Current assets</b>			
Inventories		65	65
Trade receivables	11	132	14
Prepayments, deposits and other receivables		178	115
Cash and cash equivalents		74,043	675
		<u>74,418</u>	<u>869</u>
<b>Current liabilities</b>			
Bank overdrafts		380	—
Other payables and accrued expenses		603	739
Loans from a shareholder		3,275	23,982
		<u>4,258</u>	<u>24,721</u>
<b>Net current assets/(liabilities)</b>		<u>70,160</u>	<u>(23,852)</u>
<b>Total assets less current liabilities</b>		<b>89,925</b>	<b>(23,814)</b>
<b>Non-current liabilities</b>			
Due to minority shareholders of subsidiaries		502	474
<b>Net assets/(liabilities)</b>		<u><b>89,423</b></u>	<u><b>(24,288)</b></u>
<b>EQUITY</b>			
<b>Equity attributable to the equity holders of the Company</b>			
Share capital	12	1,181	754
Reserves		88,242	(25,042)
<b>Total equity</b>		<u><b>89,423</b></u>	<u><b>(24,288)</b></u>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*for the year ended 31 December 2007*

	Equity attributable to equity holders of the Company							Minority interests	Total	
	Convertible									
	Share capital <i>HK\$'000</i>	Share premium account <i>HK\$'000</i>	bond equity reserve <i>HK\$'000</i>	Employee compensation reserve <i>HK\$'000</i>	Translation reserve <i>HK\$'000</i>	Warrant reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>			Subtotal <i>HK\$'000</i>
At 1 January 2006	37,686	-	3,219	-	(15)	-	(60,023)	(19,133)	-	(19,133)
Currency translation (Net loss recognised directly in equity)	-	-	-	-	(6)	-	-	(6)	-	(6)
Loss for the year	-	-	-	-	-	-	(5,149)	(5,149)	(25)	(5,174)
Total recognised income and expense for the year	-	-	-	-	(6)	-	(5,149)	(5,155)	(25)	(5,180)
Par Value Reduction ( <i>note 12</i> )	(36,932)	-	-	-	-	-	36,932	-	-	-
Capital contribution from a minority shareholder of a subsidiary	-	-	-	-	-	-	-	-	25	25
Redemption of convertible bonds	-	-	(3,219)	-	-	-	3,219	-	-	-
At 31 December 2006 and 1 January 2007	754	-*	-*	-*	(21)*	-*	(25,021)*	(24,288)	-	(24,288)
Currency translation (Net loss recognised directly in equity)	-	-	-	-	(18)	-	-	(18)	-	(18)
Loss for the year	-	-	-	-	-	-	(19,154)	(19,154)	-	(19,154)
<b>Total recognised income and expense for the year</b>	-	-	-	-	(18)	-	(19,154)	(19,172)	-	(19,172)
Issuance of new shares	320	107,860	-	-	-	-	-	108,180	-	108,180
Share issue expense	-	(3,895)	-	-	-	-	-	(3,895)	-	(3,895)
Recognition of equity-settled share-based compensation	-	-	-	11,433	-	-	-	11,433	-	11,433
Proceeds from shares issued under share option scheme	58	7,385	-	(1,661)	-	-	-	5,782	-	5,782
Issuance of warrants	-	-	-	-	-	358	-	358	-	358
Exercise of warrants	49	11,075	-	-	-	(99)	-	11,025	-	11,025
<b>At 31 December 2007</b>	<b>1,181</b>	<b>122,425*</b>	<b>-*</b>	<b>9,772*</b>	<b>(39)*</b>	<b>259*</b>	<b>(44,175)*</b>	<b>89,423</b>	<b>-</b>	<b>89,423</b>

\* *The aggregate amount of these reserve accounts is included in the consolidated reserves of HK\$88,242,000 in surplus (2006: HK\$25,042,000 in deficit) in the consolidated balance sheet.*

## NOTES TO THE FINANCIAL STATEMENTS

*For the year ended 31 December 2007*

### 1. BASIS OF PREPARATION

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). The financial statements include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the GEM Listing Rules. The financial statements are prepared on the historical cost basis.

### 2. ADOPTION OF NEW AND AMENDED HKFRSs

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 these HKFRSs has given rise to additional disclosures as follows:

#### 2.1 HKAS 1 (Amendment) – Capital Disclosures

In accordance with the HKAS 1 (Amendment) – Capital Disclosures, the Group now reports on its capital management objectives, policies and procedures in each annual financial report.

#### 2.2 HKFRS 7 – Financial Instruments: Disclosures

HKFRS 7 – Financial Instruments: Disclosures is mandatory for reporting periods beginning on 1 January 2007 or later. The new standard replaces and amends the disclosure requirements previously set out in HKAS 32 Financial Instruments: Presentation and Disclosures and has been adopted by the Group in its financial statements for the year ended 31 December 2007. All disclosures relating to financial instruments including the comparative information have been updated to reflect the new requirements. In particular, the Group’s financial statements now feature:

- a sensitivity analysis explained the Group’s market risk exposure in regard to its financial instruments, and
- a maturity analysis that shows the remaining contractual maturities of financial liabilities,

each as at the balance sheet date. The first-time application of HKFRS 7, however, has not resulted in any prior-period adjustments on cash flows, net income or balance sheet items.

The adoption of other new and amended HKFRSs did not result in significant changes to the Group’s accounting policies. The specific transitional provisions contained in some of these new and amended HKFRSs have been considered. The adoption of these new and amended HKFRSs did not result in any changes to the amounts or disclosures in these financial statements.

The Group has not early adopted the following HKFRSs that have been issued but are not yet effective. The Directors are currently assessing the impact of these HKFRSs but are not yet in a position to state whether they would have material financial impact on the Group's financial statements.

HKAS 1 (Revised)	Presentation of Financial Statements <sup>1</sup>
HKAS 23 (Revised)	Borrowing costs <sup>1</sup>
HKFRS 8	Operating segments <sup>1</sup>
HK(IFRIC)-Int 11	HKFRS 2: Group and Treasury Share Transactions <sup>2</sup>
HK(IFRIC)-Int 12	Service Concession Arrangements <sup>3</sup>
HK(IFRIC)-Int 13	Customer Loyalty Programmes <sup>4</sup>
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction <sup>3</sup>

*Notes:*

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2009

<sup>2</sup> Effective for annual periods beginning on or after 1 March 2007

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2008

<sup>4</sup> Effective for annual periods beginning on or after 1 July 2008

### **3. SEGMENT INFORMATION**

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments. Details of the business segments are summarised as follows:

- (a) the web page design and website maintenance segment provides application and web page development work and monthly services for maintaining and updating website services;
- (b) the staff secondment and system integration segment provides services including hardware and software management services;
- (c) the information technology consultancy services segment provides services relating to the implementation and application of computer systems; and
- (d) the trading of hardware and software segment provides trading of computer products in the People's Republic of China (the "PRC").

The Group's main operations and customers are located in Hong Kong. Accordingly, no further analysis by geographical segment is provided. There was no intersegment sale and transfer during the year (2006: Nil).

## Business segments

The following table presents revenue, loss and asset, liability and expenditure information for the Group's business segments.

	Web page design and website maintenance		Staff secondment and system integration		Information technology consultancy services		Trading of hardware and software		Consolidated	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Segment revenue:										
Sales to external customers	<u>5</u>	<u>7</u>	<u>316</u>	<u>128</u>	<u>100</u>	<u>829</u>	<u>2,188</u>	<u>-</u>	<u>2,609</u>	<u>964</u>
Segment results	5	(12)	45	4	(9)	88	757	-	798	80
Bank interest income									549	28
Sundry income									6	22
Unallocated expenses									(18,926)	(3,269)
Operating loss									(17,573)	(3,139)
Finance costs									(1,581)	(2,035)
Loss before income tax									(19,154)	(5,174)
Income tax expense									-	-
Loss for the year									<u>(19,154)</u>	<u>(5,174)</u>
Segment assets	100	1	77	102	132	14	-	-	309	117
Unallocated assets									93,874	790
Total assets									<u>94,183</u>	<u>907</u>
Segment liabilities	265	248	-	-	-	-	-	-	265	248
Unallocated liabilities									4,495	24,947
Total liabilities									<u>4,760</u>	<u>25,195</u>
Other segment information:										
Depreciation	11	33	81	17	-	-	-	-	92	50
Capital expenditure	111	-	3,519	35	-	-	-	-	<u>3,630</u>	<u>35</u>

#### 4. REVENUE AND TURNOVER

The Group's turnover represents the invoiced value of goods sold and services rendered arising from the principal activities of the Group during the year after eliminations of all significant intra-group transactions.

	<b>2007</b> <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Web page design and website maintenance income	5	7
Staff secondment and system integration income	316	128
Information technology consultancy services income	100	829
Trading of hardware and software income	<u>2,188</u>	<u>—</u>
	<b><u>2,609</u></b>	<b><u>964</u></b>

#### 5. OTHER OPERATING INCOME

	<b>2007</b> <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Bank interest income	549	28
Sundry income	<u>6</u>	<u>22</u>
	<b><u>555</u></b>	<b><u>50</u></b>

#### 6. FINANCE COSTS

	<b>2007</b> <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Interest charges on financial liabilities stated at amortised cost:		
Loans from a shareholder wholly repayable within one year	1,581	745
Convertible bonds	<u>—</u>	<u>1,290</u>
	<b><u>1,581</u></b>	<b><u>2,035</u></b>



## 7. LOSS BEFORE INCOME TAX

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Loss before income tax		
is arrived at after charging:		
Cost of goods sold	1,432	–
Cost of services provided *	379	884
Auditors' remuneration	272	190
Employee benefit expense (excluding directors' emoluments)#	13,574	1,556
Directors' emoluments	664	150
Minimum lease payments paid under operating leases in respect of:		
– Land and buildings	62	169
– Computer server	12	12
Loss on disposal of property, plant and equipment	–	6
Depreciation	92	50
Amortisation of prepaid lease payments	<u>26</u>	<u>–</u>

\* Cost of services provided included HK\$253,000 (2006: HK\$176,000) relating to employee benefit expense. This amount is included in both “Cost of services provided” and “Employee benefit expense” disclosed above.

# Employee benefit expenses (excluding directors' emoluments) included share based payment of HK\$11,433,000 (2006: Nil).

## 8. INCOME TAX EXPENSE

Hong Kong profits tax has not been provided as the Group did not generate any assessable profits arising in Hong Kong during the year (2006: Nil).

No provision for PRC profits tax has been made on the financial statements for the current year as the assessable profits were wholly offset by tax losses brought forward (2006: Nil).

## 9. DIVIDEND

The Directors do not recommend the payment of any dividend in respect of the year ended 31 December 2007 (2006: Nil).

## 10. LOSS PER SHARE

The calculation of the basic loss per share is based on the loss for the year attributable to equity holders of the Company of approximately HK\$19,154,000 (2006: HK\$5,149,000) and on the weighted average number of 1,889,074,600 (2006: 1,507,440,000 (restated)) ordinary shares of the Company in issue during the year.

The weighted average number of shares for the purposes of calculating basic earnings per share for the year ended 31 December 2006 has been restated to reflect the share subdivision during the year as detailed in note 12(b) below.

Diluted result per share for the years ended 31 December 2007 and 2006 have not been disclosed as the share options and warrants outstanding during these years were anti-dilutive.

## 11. TRADE RECEIVABLES

	<b>2007</b> <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Trade receivables	<b>132</b>	417
Less: allowance for impairment of receivables	<u>—</u>	<u>(403)</u>
Trade receivables – net	<u><b>132</b></u>	<u>14</u>

The Group allows a credit period from 30 days to 90 days to its trade customers. The following is an aged analysis of net trade receivables at the balance sheet date:

	<b>2007</b> <i>HK\$'000</i>	2006 <i>HK\$'000</i>
0 – 30 days	<b>52</b>	13
31 – 60 days	<b>52</b>	—
61 – 90 days	<b>10</b>	—
> 90 days	<u><b>18</b></u>	<u>1</u>
	<u><b>132</b></u>	<u>14</u>

## 12. SHARE CAPITAL

The share capital of the Company consists only of ordinary shares. All shares are equally eligible to receive dividends and the repayment of capital.

	Notes	Number of shares of HK\$0.5 each		Number of shares of HK\$0.01 each		Number of shares of HK\$0.0005 each		Share capital	
		2007	2006	2007	2006	2007	2006	2007	2006
		'000	'000	'000	'000	'000	'000	HK\$'000	HK\$'000
Authorised:									
Ordinary shares at beginning of year		-	200,000	10,000,000	-	-	-	100,000	100,000
Par Value Reduction and Capital Restoration	(a)	-	(200,000)	-	10,000,000	-	-	-	-
Share Subdivision	(b)	-	-	(10,000,000)	-	200,000,000	-	-	-
Ordinary shares at end of year		-	-	-	10,000,000	200,000,000	-	100,000	100,000

	Notes	Number of shares of HK\$0.5 each		Number of shares of HK\$0.01 each		Number of shares of HK\$0.0005 each		Share capital	
		2007	2006	2007	2006	2007	2006	2007	2006
		'000	'000	'000	'000	'000	'000	HK\$'000	HK\$'000
Issued and fully paid:									
Ordinary shares at beginning of year		-	75,372	75,372	-	-	-	754	37,686
Par Value Reduction	(a)	-	(75,372)	-	75,372	-	-	-	(36,932)
Issuance of new shares	(c)	-	-	13,567	-	367,695	-	320	-
Exercise of share options	(d)	-	-	2,085	-	74,400	-	58	-
Exercise of warrants	(e)	-	-	900	-	81,136	-	49	-
Share Subdivision	(b)	-	-	(91,924)	-	1,838,480	-	-	-
Ordinary shares at end of year		-	-	-	75,372	2,361,711	-	1,181	754

Note:

### (a) Par Value Reduction and Capital Restoration

On 14 February 2006, the Company reduced the nominal value of each share from HK\$0.50 to HK\$0.01 (“**Par Value Reduction**”) by cancellation of HK\$0.49 paid up capital on each share. As a result of the Par Value Reduction, on the basis of 75,372,000 then issued shares, an amount of approximately HK\$36,932,000 from the share capital account was applied towards the elimination of part of the then accumulated losses of the reserves. Upon the Par Value Reduction becoming effective on 14 February 2006, all the then authorised but unissued share capital of the Company was cancelled and the authorised share capital of the Company was immediately restored to the original amount of HK\$100,000,000 (“**Capital Restoration**”) by the creation of 9,800,000,000 new shares of HK\$0.01 each.

**(b) Share Subdivision**

Pursuant to an ordinary resolution passed on 22 August 2007, with effect from 23 August 2007, one share of HK\$0.01 each in the issued and unissued share capital of the Company were subdivided into twenty shares of HK\$0.0005 each (“**Share Subdivision**”). The authorised share capital of the Company remained at HK\$100,000,000 but was divided into 200,000,000,000 shares of HK\$0.0005 each.

**(c) Issuance of new shares**

On 27 April 2007, the issued share capital of the Company was increased from approximately HK\$754,000 to HK\$889,000 by the issue of 13,566,960 ordinary shares of HK\$0.01 each for cash at a placing price of HK\$0.49 per share. The total proceeds and net proceeds, after deducting all related expenses, were HK\$6,648,000 and HK\$6,538,000 respectively. The Company has utilised the net proceeds (i) for repayment of the loans of the Group; and (ii) for general working capital of the Group.

On 28 September 2007, the Company through a placing agent, BNP Paribas Capital (Asia Pacific) Limited placed 255,000,000 ordinary shares of HK\$0.0005 each at the placing price of HK\$0.27 each. The gross proceeds and net proceeds from the placing of shares, after deducting all related expenses, were approximately HK\$68,850,000 and HK\$66,949,000 respectively. The Company has utilised the net proceeds (i) for repayment of the loans of the Company; (ii) for acquisition of office premises; (iii) for general working capital of the Group; and (iv) for financing of the Mine Acquisition (as defined below).

On 26 October 2007, the Company through a placing agent, Morgan Stanley & Co. International plc placed 112,695,840 ordinary shares of HK\$0.0005 each at the placing price of HK\$0.29 each. The gross proceeds and net proceeds from the placing of shares, after deducting all related expenses, were approximately HK\$32,682,000 and HK\$30,798,000 respectively. The Company has utilised the entire net proceeds for the financing of the Mine Acquisition.

**(d) Exercise of options**

During the year, part of the share options issued were exercised for 2,085,000 shares of HK\$0.01 each and 74,400,000 shares of HK\$0.0005 each.

**(e) Exercise of warrants**

During the year, part of the warrants issued were exercised for 900,000 shares of HK\$0.01 each with an exercise price of HK\$2.25 per warrant, 30,000,000 shares of HK\$0.0005 each with an exercise price of HK\$0.1125 per warrant and 51,136,363 shares of HK\$0.0005 each with an exercise price of HK\$0.11 per warrant.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Operational review

During the year, the revenue of the Group was approximately HK\$2,609,000 which increased by approximately HK\$1,645,000 as compared with that of last year (2006: HK\$964,000). The revenue was mainly from information technology consultancy services, staff secondment and system integration and trading of hardware and software. Such increase was due to a significant rise in the revenue of the business segment of trading of hardware and software.

The operating loss increased by approximately HK\$14,434,000 to approximately HK\$17,573,000 (2006: approximately HK\$3,139,000). It is due to a substantial increase in administrative expenses (share-based payment expense) which was caused by the grant of share options to the eligible grantees of the Company in April, July and August 2007.

On 1 August 2007 and 12 September 2007, the Company made two partial repayments to fully repay the principal and accrued interest of the loan of HK\$10,000,000 granted by Sun Wah Net Investment Limited (“**Sun Wah**”) on 27 October 2006. On 16 October 2007, the Company also repaid the principal and accrued interest of the other loan of HK\$18,500,000 in full granted by Sun Wah on 13 March 2007. The full repayment of such two loans would largely reduce the Company’s interest burden and regular expenditure to a certain extent. Finance costs were then decreased by approximately HK\$454,000 to approximately HK\$1,581,000, representing a decrease of approximately 22%.

Hence, the audited loss of approximately HK\$19,154,000 (2006: HK\$5,149,000) for the year attributable to equity holders of the Company increased by approximately HK\$14,005,000.

### Financial review

#### *Liquidity and financial resources*

The Group financed its operations primarily with internally generated cash flow as well as the cash flow generated from the top-up placings during the year. The Group adopted a conservative financial management and treasury policy and will continue to apply such policy in the coming year. All borrowings and the majority of bank balances are denominated in Hong Kong dollars and put in short term deposits.

As at 31 December 2007, the Group had cash and cash equivalents of approximately HK\$73,663,000 (2006: HK\$675,000). During the year, the Group has carried out various fund raising activities which include top-up placing of shares and the issue of unlisted warrants. Out of the proceeds of two top-up placings of shares of the Company which took place in September and October 2007 respectively, not less than HK\$50,500,000 has been utilised to finance the Mine Acquisition.

As at 31 December 2007, the Group had total outstanding borrowings of approximately HK\$4,157,000 (2006: HK\$24,456,000) as stated in the consolidated balance sheet. The borrowings comprised mainly the bank overdraft of HK\$380,000 (2006: Nil), the shareholder’s loans in the total principal amount

of approximately HK\$3,275,000 and the amount due to minority shareholders of subsidiaries of approximately HK\$502,000 (2006: HK\$474,000), which were unsecured, interest-free and not repayable within 12 months from 31 December 2007.

With regard to the acquisition of 49% interests in Leland Solutions Limited on 15 February 2008, Leland Solutions Limited is now the wholly-owned subsidiary of the Company. On 18 February 2008, the Company repaid the principal and interests of the outstanding borrowings of approximately HK\$3,309,000 to Sun Wah.

### *Capital structure*

As at 31 December 2007, the Company's total number of issued shares was 2,361,711,403 ordinary shares of HK\$0.0005 each (2006: 75,372,000 ordinary shares of HK\$0.01 each). On 3 July 2007, the Company entered into two separate agreements with two investors for the issue of unlisted warrants to them. Such warrants confer the holders thereof the rights to subscribe up to HK\$40,275,000 in aggregate for shares at an initial subscription price of HK\$2.25 per share. The issue of those unlisted warrants was completed on 20 July 2007. (*Details of the issue of unlisted warrants are set out in the announcement of the Company dated 4 July 2007*).

On 9 August 2007, one of the warrant holders exercised the subscription rights attached to the warrants to subscribe for 900,000 shares at an aggregate subscription price of HK\$2,025,000. On 19 September and 28 November 2007, the aforesaid warrant holder exercised the subscription rights attached to the warrants to subscribe for 30,000,000 shares and 30,681,818 shares (after the Share Subdivision in August 2007 and adjusted subscription price in November 2007) at an aggregate subscription price of HK\$3,375,000 respectively. On 11 December 2007, another warrant holder exercised the subscription rights attached to the warrants to subscribe for 20,454,545 shares at an aggregate subscription price of HK\$2,250,000.

The Company has also issued various new shares during the year pursuant to certain fund-raising exercises, brief particulars of which are set out in note 12(c) above.

### *Investment, material acquisition and disposal of subsidiaries and affiliated companies*

On 11 October 2007 and 29 October 2007, Richtop Holdings Limited, a wholly-owned subsidiary of the Company, entered into each of the preliminary sale and purchase agreement and the formal agreement respectively, in relation to an acquisition of a property located in Hong Kong at a purchase price of HK\$17,200,000 ("**Office Acquisition**"). Completion of the Office Acquisition took place on 30 November 2007. The Board considers that the Office Acquisition provides an opportunity for the Group to expand its assets base and to cope with its further expansion. (*Details of the Office Acquisition are set out in the announcement of the Company dated 12 October 2007 and the circular of the Company dated 2 November 2007*).

On 26 November 2007, E-silkroad.net Corporation, a wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement with Sun Rise Int'l Trading Limited ("**Sun Rise**") in relation to acquisition of 49% equity interests in Leland Solutions Limited from Sun Rise. (*Details*

of this Acquisition are set out in the announcement of the Company dated 27 November 2007 and the circular of the Company dated 29 January 2008). An ordinary resolution regarding this acquisition was passed on 15 February 2008 at an extraordinary general meeting by the shareholders of the Company and completion of such acquisition took place on 19 February 2008.

On 4 January 2008, Greatest High Holdings Limited, a wholly-owned subsidiary of the Company and Mr. Leung Ngai Man entered into an agreement in relation to the acquisition of China Nonferrous Metals Resources Investment Limited (“**Target**”). The sole asset of the Target is the entire issued capital of China Mining Group Investment Limited, which in turns owns 80% of the registered and paid up capital of 雲南西部礦業有限公司, a chinese foreign co-operative joint venture company (“**CJV**”). The CJV is the holder of the exploration permit on the exploration area located at Luoxi City, Dehong Dai and Jingpo Autonomous Prefecture, Yunan Province, the PRC (雲南省德宏傣族景頗族自治州潞西市) (“**Mine Acquisition**”). (Details of the Mine Acquisition are set out in the announcement of the Company dated 23 January 2008).

#### *Segment comments*

During the year, the revenue from ordinary activities had been mainly derived from the following three business segments:

- i) Staff secondment and system integration segment: its revenue increased from approximately HK\$128,000 to approximately HK\$316,000 which represents an increase of approximately 146.9% as compared with that of last year.
- ii) Information technology consultancy services segment: its revenue dropped from approximately HK\$829,000 in last year to approximately HK\$100,000 in 2007. The profit margin of this segment is still low and the keen competition in this information technology consultancy industry is the main reason for the decrease.
- iii) Trading of hardware and software segment: this is a new business segment which is conducted in the PRC. It contributes approximately 83.9% of the total revenue of the Group and the profit margin is about 34.6%. As there is a rapid growth in the economy of the PRC, a high demand for information technology hardware and software is noted.

The Group will continue to develop its information technology consultancy services and trading of hardware and software and also to seek to invest in the natural resources sector, which the Directors are of view that the Mine Acquisition represents a good opportunity for the Group to diversify into the gold mining business in the PRC.

### *Employee information*

As at 31 December 2007, the Group employed a total number of 16 (2006: 9) employees. The staff costs, including Directors' remuneration and share-based payment, were approximately HK\$14,238,000 (2006: HK\$1,706,000).

The salaries and benefits of the Group's employees are kept at a competitive level and employees are rewarded on a performance-related basis within the general framework of the Group's salary and bonus system, which is reviewed annually. The Group also operates a share option scheme where options to subscribe for shares may be granted to the executive Directors, full-time employees and consultants of the Group. The aim of the scheme is to recognise staff outstanding performance in order to retain key staff members and for the benefits of the future business development of the Group.

### *Charge on group assets*

As at 31 December 2007, a fixed deposit of HK\$200,000 was pledged for obtaining the corporate card services. (2006: Nil).

### *Future plans for material investments or capital assets*

Other than the Mine Acquisition, there was no specific plan for material investments and acquisition of material capital assets as at 31 December 2007. However, the Group will continue to seek new business development opportunities.

### *Gearing ratio*

As at 31 December 2007, the gearing ratio of the Group was approximately 0.046 (2006:-1.01), based on the total borrowings of approximately HK\$4,157,000 (2006: approximately HK\$24,456,000) and total equity of approximately HK\$89,423,000 (2006: approximately HK\$24,288,000).

### *Exposure to fluctuation in exchange rates*

The Group has no significant foreign exchange risk due to limited foreign currency translations.

### *Contingent liabilities*

As at 31 December 2007, the Group had no significant contingent liabilities (2006: Nil).



## **BUSINESS REVIEW**

During the year, the economy of the Hong Kong Special Administrative Region (“**Hong Kong**”) of the People’s Republic of China (“**PRC**”) had improved steadily with an increase in its Gross Domestic Products. The unemployment rate in Hong Kong had reduced as compared with previous years. In addition, the booming capital market and prosperous initial public offerings activities in Hong Kong during 2007 brought along business opportunities and economic growth. The Group’s revenue significantly increased. As the information technology is in need in the PRC market, the profit margin generating from the sale of hardware and software products has noted a significant increase and the Company is expected to continue to engage in this business segment as well as information technology consultancy services and trading of hardware and software which are the main source of revenue for the year.

## **PROSPECTS**

The Group is principally engaged in the provision of web page design and website maintenance services, staff secondment and system integration services, information technology consultancy services and trading of hardware and software.

Looking forward, in view of the rapid opening up of the PRC market and the continued growth of the PRC economy, the Group will continue to explore new investment opportunities in the PRC market. In this connection, the Group has entered into an agreement for the Mine Acquisition. (*Details of the Mine Acquisition are set out in the announcement of the Company dated 23 January 2008*). Taking into account the ore supply arrangement between the CJV and the ore are supplier as described in the announcement dated 23 January 2008, the Mine Acquisition is expected to bring a positive effect on the Group’s prospects.

## **AUDIT COMMITTEE**

The Company has established an Audit Committee with written terms of reference in compliance with the GEM Listing Rules. During the year, the following persons served as the members of the Audit Committee:

<b>Name</b>	<b>Service period during the year</b>	
Mr. Ng Cheuk Tat, Ambrose	1 January 2007	23 September 2007
Mr. Phillip King	1 January 2007	19 November 2007
Mr. Wu Tak Lung	1 January 2007	10 December 2007
Mr. Chan Sing Fai	2 April 2007	31 December 2007
Dr. Leung Wai Cheung	16 October 2007	31 December 2007
Mr. Liu Jia Qing	11 December 2007	31 December 2007

The Audit Committee has three members comprising three independent non-executive Directors. As at the date of this announcement, the Audit Committee comprises Dr. Leung Wai Cheung (Chairman of the Audit Committee), Mr. Chan Sing Fai and Mr. Liu Jia Qing.

The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control of the Group. During the year, the Audit Committee held four meetings. The annual results of the Group for the year ended 31 December 2007 have been reviewed by the Audit Committee which is of the opinion that the preparation of such results complied with the applicable accounting standards, the Stock Exchange and legal requirements, and that adequate disclosures have been made.

## **CODE ON CORPORATE GOVERNANCE PRACTICES**

In the opinion of the Board, the Company had complied with the Code on Corporate Governance Practices contained in Appendix 15 to the GEM Listing Rules. A Corporate Governance Report will be included in the annual report to be published by the Company in due course.

## **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY**

Save as disclosed above, during the year, there was no purchase, sale or redemption by the Company, or any of subsidiaries, of the Company's listed securities.

By Order of the Board  
**Glory Future Group Limited**  
**Ng Kwok Chu, Winfield**  
*Executive Director*

Hong Kong, 25 February 2008

*As at the date of this announcement, the executive Directors are Messrs. Choi Koon Ming, Leung Ngai Man, Ng Kwok Chu, Winfield and Ms. Wu Wei Hua; and the independent non-executive Directors are Dr. Leung Wai Cheung, Messrs. Chan Sing Fai and Liu Jia Qing.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the 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 announcement 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 announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

*This announcement will remain on the "Latest Company Announcements" page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for a minimum period of seven (7) days from the date of its publication.*