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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)

**VERY SUBSTANTIAL ACQUISITION AND
CONNECTED TRANSACTION,
PROPOSED CONTINUING CONNECTED TRANSACTION,
SPECIFIC MANDATE TO ISSUE NEW SHARES,
UNUSUAL PRICE AND TRADING VOLUME MOVEMENT
AND
RESUMPTION OF TRADING**

VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION

Reference is made to the announcement of the Company dated 3 October 2007 in relation to the non-legally binding memorandum of understanding regarding the possible acquisition by the Company from the Vendor of not less than 51% of the issued share capital of the Target. Subsequent to the signing of such memorandum of understanding, the Company further negotiated with the Vendor on the terms of the proposed transaction and decided to revise the structure of such transaction. On 4 January 2008, the Company and the Vendor entered into a memorandum to terminate such memorandum of understanding.

On 4 January 2008 (after trading hours), the Purchaser, a wholly-owned subsidiary of the Company, and the Vendor entered into the Agreement pursuant to which the Purchaser has agreed to acquire and the Vendor has agreed to dispose of the Sale Share and the Sale Loan, at a total consideration of HK\$1,800 million.

Pursuant to the terms of the Agreement, the Consideration of HK\$1,800 million shall be settled in the following manner: (i) on the date of the Agreement, an aggregate amount of HK\$65 million was paid by the Purchaser to the Vendor as the Deposit and part of the Consideration; (ii) a sum equivalent to 90% of the net proceeds from the Fund Raising Exercise shall be payable by the Purchaser to the Vendor on Completion (the remaining 10% of such net proceeds will be retained as general working capital); (iii) in the event that the net proceeds obtained from item (ii) above are not sufficient to satisfy the remaining balance of the Consideration (being HK\$1,735 million), the Purchaser shall procure the Company to allot and issue the Consideration Shares, credited as fully paid at the Issue Price, on Completion to the Vendor. Such Consideration Shares, together with the Shares beneficially owned by the Vendor at Completion shall not exceed 29% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares; and (iv) the balance of the Consideration, after the deduction of items (i), (ii) and (iii) above, shall be satisfied by the Purchaser procuring the Company to issue the Convertible Bonds to the Vendor on Completion.

Details of the Acquisition, in particular the Target and the Exploration Area, are set out below. **The exploration permit of the CJV may or may not be successfully renewed in May 2008. If such exploration permit is not renewed, the value of the CJV will be adversely affected. However, the Company's PRC legal adviser advised that there will not be any unforeseen legal obstacles for such renewal. In addition, the CJV has renewed the exploration permit in the past.**

Shareholders and investors of the Company are thus advised to exercise caution when dealing in the Shares.

The Vendor is a connected person by virtue of him being a Director and a substantial Shareholder interested in approximately 16.09% of the issued share capital of the Company as at the date of this announcement. As such, the Acquisition constitutes a connected transaction on the part of the Company under Chapter 20 of the GEM Listing Rules. The Acquisition also constitutes a very substantial acquisition on the part of the Company under Chapter 19 of the GEM Listing Rules. Accordingly, the Agreement and the transactions contemplated thereunder are subject to the approval of the Independent Shareholders at the EGM. In accordance with the GEM Listing Rules, the Vendor and his associates will abstain from voting on the resolution to approve the Acquisition and the vote exercised by the Independent Shareholders at the EGM shall be taken by poll.

PROPOSED CONTINUING CONNECTED TRANSACTION

The CJV has an existing agreement (i.e. the Supply Agreement) with the Ore Supplier, which is a company controlled by the PRC Partner. The Ore Supplier has not supplied any ore to the CJV before. Since the Mine is located adjacent to the Exploration Area and the CJV intends to conduct processing of minerals available from the Mine, it entered into the Supply Agreement with the Ore Supplier.

Pursuant to the Supply Agreement, the CJV agreed to purchase and the Ore Supplier agreed to sell all the ore extracted from the Mine at a price of RMB12 (equivalent to approximately HK\$12.63) per ton. The CJV will conduct processing of the minerals available from the Mine supplied by the Ore Supplier. The Supply Agreement is of a term expiring on 31 December 2010. The expected annual caps for the Supply Agreement for the period commencing from the date of the Supply Agreement and ending on 31 December 2008, and the two years ending 31 December 2009 and 31 December 2010 are approximately RMB21.60 million (equivalent to approximately HK\$22.74 million), approximately RMB32.40 million (equivalent to approximately HK\$34.11 million) and approximately RMB43.20 million (equivalent to approximately HK\$45.47 million), respectively. Such annual caps are determined by reference to the expected amount of ore to be supplied to the CJV under the Supply Agreement which will be not less than 1.5 million tons, not less than 2.25 million tons and not less than 3 million tons for the period commencing from the date of the Supply Agreement and ending on 31 December 2008, and the two years ending 31 December 2009 and 31 December 2010, respectively, and include a buffer of 20% for the increase in the amount of ore to be supplied to the CJV.

Upon Completion, the CJV will become an indirect non wholly-owned subsidiary of the Company and the PRC Partner, being a substantial shareholder of the CJV, and companies controlled by it (including the Ore Supplier) will become connected persons of the Company. As such, the transactions contemplated under the Supply Agreement will constitute continuing connected transactions for the Company under Chapter 20 of the GEM Listing Rules upon Completion. Accordingly, the Supply Agreement and the transactions contemplated thereunder are subject to the approval of the Independent Shareholders at the EGM.

GENERAL

A circular containing, among other matters, further details of the Acquisition and the Supply Agreement, the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Acquisition and the Supply Agreement, the advice of the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition and the Supply Agreement and a notice convening the EGM, will be despatched to the Shareholders in compliance with the GEM Listing Rules.

SPECIFIC MANDATE TO ISSUE NEW SHARES

A specific mandate for the issue of the Consideration Shares and the Conversion Shares will be sought at the EGM.

It is proposed that a fund raising exercise by issue of equity will be conducted to fund part of the Consideration. More details regarding the Fund Raising Exercise will be separately announced by the Company when the specific mandate concerned is sought to be approved by the Shareholders.

UNUSUAL PRICE AND TRADING VOLUME MOVEMENT

The Board has noted the increases in the price and trading volume of the Shares on 4 January 2008 and wishes to state that, save as disclosed in the announcement dated 3 October 2007 in relation to the memorandum of understanding for a possible acquisition and the proposed transactions stated in this announcement, the Board is not aware of any reasons for such movements.

The Board also confirms that save as disclosed in the announcement dated 3 October 2007 in relation to a possible acquisition and the proposed transactions stated in this announcement, there are no negotiations or agreements relating to intended acquisitions or realisations which are discloseable under Chapters 19 and 20 of the GEM Listing Rules, neither is the Board aware of any matter discloseable under the general obligation imposed by Rule 17.10 of the GEM Listing Rules, which is or may be of a price-sensitive nature.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 7 January 2008 pending the release of this announcement. Application has been made to the Stock Exchange for resumption of trading in Shares with effect from 9:30 a.m. on 24 January 2008.

VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION

Reference is made to the announcement of the Company dated 3 October 2007 in relation to the non-legally binding memorandum of understanding regarding the possible acquisition by the Company from the Vendor of not less than 51% of the issued share capital of the Target. Subsequent to the signing of such memorandum of understanding, the Company further negotiated with the Vendor on the terms of the proposed transaction and decided to revise the structure of such transaction. On 4 January 2008, the Company and the Vendor entered into a memorandum to terminate such memorandum of understanding.

THE AGREEMENT

Date: 4 January 2008 (the Agreement was entered into after trading hours)

Parties:

Purchaser: Greatest High Holdings Limited, a wholly-owned subsidiary of the Company and an investment holding company

Vendor: Mr. Leung Ngai Man

As at the date of this announcement, the Vendor is the legal and beneficial owner of the entire issued share capital of the Target. The Target has an authorised capital of US\$50,000 divided into 50,000 ordinary shares of US\$1.00 each, of which one share has been issued and fully paid up and is beneficially owned by the Vendor.

The Vendor is a connected person of the Company by virtue of him being a Director and a substantial Shareholder, interested in approximately 16.09% of the issued share capital of the Company as at the date of this announcement.

Assets to be acquired

Pursuant to the Agreement, the Company has conditionally agreed to acquire and the Vendor has conditionally agreed to dispose of the Sale Share (being the entire issued share capital of the Target) and the Sale Loan.

Consideration

Pursuant to the terms of the Agreement, the Consideration of HK\$1,800 million shall be settled in the following manner: (i) on the date of the Agreement, an aggregate amount of HK\$65 million was paid by the Purchaser to the Vendor as the Deposit and part of the Consideration; (ii) a sum equivalent to 90% of the net proceeds from the Fund Raising Exercise shall be payable by the Purchaser to the Vendor on Completion (the remaining 10% of such net proceeds will be retained as general working capital); (iii) in the event that the net proceeds obtained from item (ii) above are not sufficient to satisfy the remaining balance of the Consideration (being HK\$1,735 million), the Purchaser shall procure the Company to allot and issue the Consideration Shares, credited as fully paid at the Issue Price, on Completion to the Vendor. Such Consideration Shares, together with the Shares beneficially owned by the Vendor at Completion shall not exceed 29% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares; and (iv) the balance of the Consideration, after the deduction of items (i), (ii) and (iii) above, shall be satisfied by the Purchaser procuring the Company to issue the Convertible Bonds to the Vendor on Completion.

The Consideration was determined by the Vendor and the Purchaser on the basis of normal commercial terms and arm's length negotiations by reference to, inter alia: (i) the value of the opportunity for the Group to gain access to the precious metals market in the PRC and to broaden the income base of the Group; (ii) the continuous growth in the market price of gold in recent years; (iii) the further business and growth potential of the CJV; (iv) the Geology Reports, which were prepared on the Exploration Area but do not state the amount of reserves in the Exploration Area; and (v) the expected value of the project of the CJV, comprising a mining portion, an exploration portion and a product processing portion, to be not less than RMB3.6 billion. The Directors (excluding the independent non-executive Directors whose view will be rendered upon receiving the advice of the independent financial adviser) consider that the terms of Acquisition (including the basis of the Consideration), which are determined on an arm's length basis, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

In the event that the conditions precedent stated below are not fulfilled (or as the case may be, waived by the Purchaser) on or before 180 days after the date of the Agreement, i.e. 3 July 2008 or such later date as the Vendor and the Purchaser may agree in writing, within 10 days after such date, the Vendor shall refund the Deposit, without interest, to the Purchaser.

In the event that the conditions precedent stated below are fulfilled (or as the case may be, waived by the Purchaser) on or before 180 days after the date of the Agreement, i.e. 3 July 2008 or such later date as the Vendor and the Purchaser may agree in writing, but Completion does not take place as a result of the non-performance of the Purchaser, the Vendor has the right to forfeit the Deposit as liquidated damages.

In the event that the conditions precedent stated below are fulfilled (or as the case may be, waived by the Purchaser) on or before 180 days after the date of the Agreement, i.e. 3 July 2008 or such later date as the Vendor and the Purchaser may agree in writing, but Completion does not take place other than as a result of the non-performance of the Purchaser, the Vendor shall refund the Deposit, without interest, to the Purchaser.

Conditions precedent

Completion is subject to the following conditions having been fulfilled or waived (as the case may be):

- (a) all necessary governmental and other consents and approvals required to be obtained on the part of the Target Group, the Vendor and the Purchaser in respect of the Agreement and the transactions contemplated thereby;
- (b) the Vendor's warranties contained in the Agreement remaining true and accurate in all respects and the Vendor having complied with all of its obligations under the Agreement;
- (c) the GEM Listing Committee of the Stock Exchange granting listing of, and the permission to deal, in the Consideration Shares and the Conversion Shares;
- (d) the passing by the Independent Shareholders at an extraordinary general meeting to be convened and held of an ordinary resolution to approve the Agreement and the transactions contemplated hereunder, including but not limited to the allotment and issue of the Consideration Shares to the Vendor at the Issue Price credited as fully paid, the issue of the Convertible Bonds and the Conversion Shares to the Vendor;
- (e) the delivery to the Purchaser of a PRC legal opinion (in form and substance satisfactory to the Purchaser) from a PRC legal adviser appointed by the Purchaser in relation to the Agreement and the transactions contemplated thereby and the delivery to the Purchaser of a BVI legal opinion (in form and substance satisfactory to the Purchaser) from a BVI legal adviser appointed by the Purchaser in relation to the due incorporation and valid subsistence of the Target;
- (f) the Purchaser being satisfied with the results of the due diligence review to be conducted on the assets, liabilities, operations and affairs and the feasibility of the business plan of the Target Group;
- (g) the obtaining of a valuation report (in substance satisfactory to the Purchaser) from a valuer appointed by the Purchaser and showing the value of the project of the CJV, comprising a mining portion, an exploration portion and a product processing portion, to be not less than RMB3.6 billion; and
- (h) the completion of the Fund Raising Exercise.

The valuer to be appointed pursuant to condition (g) above will be a third party independent of the Company and its connected persons. As at the date of this announcement, the methodology and the form of the valuation report have not been finalised.

The Purchaser has the right to waive all of the above conditions in part or in full, except for conditions numbered (a), (c) and (d). In the event that the above conditions are not fulfilled (or as the case may be, waived by the Purchaser) on or before 180 days after the date of the Agreement, i.e. 3 July 2008 or such later date as the Vendor and the Company may agree in writing, the Agreement shall cease and determine and neither party shall have any obligations towards each other. The Directors confirm that as at the date of this announcement, none of the above conditions have been fulfilled and the Company has no intention to waive any of the above conditions which are capable of being waived.

Completion

Completion shall take place at 4:00 p.m. on the Completion Date.

Upon Completion, the Target will become a wholly-owned subsidiary of the Company and the financial results of the Target will be consolidated into the consolidated financial statements of the Company.

Upon Completion, the Vendor will undertake in favour of the Company that he and his associates will not become a controlling shareholder (within the meaning of the GEM Listing Rules) of the Company within 24 months after Completion.

SPECIFIC MANDATE TO ISSUE NEW SHARES

The Consideration Shares

The Consideration Shares will be issued at an issue price of HK\$0.40 per Consideration Share, credited as fully paid. Such number of Consideration Shares will be issued to the Vendor which will result in the Vendor holding up to 29% of the issued share capital of the Company as at the Completion Date. The Consideration Shares, when allotted and issued, shall rank pari passu in all respects with the Shares in issue on the date of allotment and issue of the Consideration Shares including the right to all dividends, distributions and other payments made or to be made, the record date for which falls on or after the date of such allotment and issue. Assuming there is no Fund Raising Exercise, the Consideration Shares would satisfy up to HK\$173.26 million of the Consideration.

The Issue Price represents:

- (i) a premium of approximately 2.56% over the closing price of HK\$0.39 per Share as quoted on the Stock Exchange on 4 January 2008, being the date of the Agreement;
- (ii) a premium of approximately 11.42% over the average of the closing prices of HK\$0.359 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 4 January 2008, being the date of the Agreement; and

- (iii) a premium of approximately 14.78% over the average of the closing prices of HK\$0.3485 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including 4 January 2008, being the date of the Agreement.

The Consideration Shares will be allotted and issued on the Completion Date pursuant to the specific mandate to be sought at the EGM.

As at the date of this announcement, there are 2,382,165,948 Shares in issue. As illustrated in the table set out under the paragraph headed “Changes in shareholding structure of the Company” below and based on the assumption set out therein, the maximum number of 1,904,800,000 Consideration Shares represent approximately 79.96% of the issued share capital of the Company as at the date of this announcement and approximately 24.14% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

Application will be made by the Company to the GEM Listing Committee for the listing of, and permission to deal in, the Consideration Shares.

There is no provision in the Agreement which restricts the Vendor from disposing of the Consideration Shares.

The Convertible Bonds

The terms of the Convertible Bonds have been negotiated on an arm’s length basis and the principal terms of which are summarised below:

| | | |
|------------------|---|---|
| Issuer | : | The Company |
| Principal amount | : | up to HK\$1,561.74 million |
| Interest | : | Interest free |
| Transferability | : | the Convertible Bonds may be transferred or assigned in whole or in part by the Bondholder(s) to any person or company provided that where such transfer is made to a connected person of the Company, such transfer shall comply with the requirements (if any) of the Stock Exchange. |
| Maturity Date | : | 5 years |

- Conversion rights : The Bondholder may convert the whole or part (in multiples of HK\$100,000) of the principal amount of the Convertible Bonds into the Conversion Shares at the Conversion Price for the period commencing from the date of issue of the Convertible Bonds up to the close of business on the day falling 7 days prior to the maturity date provided that no Convertible Bond may be converted, to the extent that following such conversion, the Bondholder and parties acting in concert with it, taken together, will directly or indirectly, control or be interested in more than 29% of the entire issued Shares.
- Conversion Price : The Conversion Shares will be issued at an initial conversion price of HK\$0.40 per Conversion Share, subject to adjustment upon the occurrence of a capitalisation issue, rights issue, subdivision or consolidation of Shares and other dilutive events, which adjustments shall be certified by the auditor of the Company or an approved merchant bank in such manner as it thinks fit.
- Ranking of the Conversion Shares : The Conversion Shares, when allotted and issued, shall rank pari passu in all respects with the Shares in issue on the date of allotment and issue of the Conversion Shares.
- Ranking of the Convertible Bonds : The Convertible Bonds constitute direct, general, unconditional and unsecured obligations of the Company and rank pari passu and rateably without preference among themselves, and with other direct, unconditional, unsubordinated and unsecured obligations of the Company.
- Voting : The Convertible Bonds do not confer any voting rights at any meetings of the Company.
- Public float : The Company, at all times, shall use its reasonable endeavours to ensure that the relevant provisions as to the minimum public float requirement of the GEM Listing Rules are complied with. It will be a term of the Convertible Bonds that the Bondholder shall not exercise any of the conversion rights attaching to the Convertible Bonds, if following such exercise, the Company's minimum public float cannot be maintained.

The Conversion Price is equivalent to the Issue Price.

The Conversion Price was determined by the Purchaser and the Vendor on an arm's length basis with reference to the current market price of the Shares and the terms of the Convertible Bonds.

No application will be made by the Company for the listing of the Convertible Bonds. Application will be made by the Company to the GEM Listing Committee for the listing of, and permission to deal in, the Conversion Shares.

The issue of the Conversion Shares will be made pursuant to the specific mandate to be sought at the EGM. As illustrated in the table set out under the paragraph headed “Changes in shareholding structure of the Company” below and based on the assumption set out therein, the maximum number of Conversion Shares issuable under the Convertible Bonds is 3,904,350,000 if the initial conversion price of HK\$0.40 per Conversion Share is not adjusted.

It is proposed that a fund raising exercise by issue of equity will be conducted to fund part of the Consideration. More details regarding the Fund Raising Exercise will be separately announced by the Company when the specific mandate concerned is sought to be approved by the Shareholders

INFORMATION ON THE TARGET AND THE EXPLORATION AREA

The Target

The Target is a company incorporated in the BVI and is wholly and beneficially owned by the Vendor. The Target is principally engaged in investment holding. The sole asset of the Target is the entire issued capital of the Subsidiary, which in turn owns 80% of the registered and paid up capital of the CJV. The Subsidiary’s equity holding in the CJV was acquired by it from an independent third party at nil consideration but the Subsidiary assumed the obligation to pay up the outstanding registered capital of the CJV of US\$1,510,000 in cash. The Subsidiary contributed US\$1,510,000 to pay up the outstanding registered capital of the CJV in January 2008. As at the date of this announcement, 20% of the registered and paid up capital of the CJV is owned by the PRC Partner. The registered capital and the total investment of the CJV are US\$3,010,000 (equivalent to approximately HK\$23,418,000) and US\$3,344,400 (equivalent to approximately HK\$26,019,000) respectively. The CJV is principally engaged in the exploration of mines in the PRC at permitted and authorised locations. It has commenced its business and carries out exploration work at the Exploration Area. The mining right in respect of the Mine is vested in the Ore Supplier with whom the CJV entered into the Supply Agreement for the supply of ore to the CJV for processing. However, the CJV has not conducted any processing of minerals in the past. As advised by the Vendor, the CJV will make an application to the relevant PRC authorities to amend its principal activities for the inclusion of purchasing and processing of gold minerals.

According to the unaudited financial statements of the Target prepared under the Hong Kong Financial Reporting Standards the unaudited net loss from 30 March 2007 (being its incorporation date) to 30 November 2007 was HK\$14,600 and the unaudited net liabilities of the Target as at 30 November 2007 was approximately HK\$14,592. According to the unaudited financial statements of the Subsidiary prepared under the Hong Kong Financial Reporting Standards the unaudited net loss from 27 April 2007 (being its incorporation date) to 30 November 2007 was HK\$911,357 and the unaudited net liabilities of the Subsidiary as at 30 November 2007 was approximately HK\$911,356. According to the unaudited financial statements of the CJV prepared under the PRC GAAP the net loss for the two years ended 31 December 2006 were RMB427,805 (equivalent to approximately HK\$450,321) and

RMB412,394 (equivalent to approximately HK\$434,099) respectively. The net asset value of the CJV as at 30 November 2007 was approximately RMB10 million (equivalent to approximately HK\$10.53 million). The CJV has not generated any revenue for the two years ended 31 December 2006.

The Exploration Area

The Exploration Area is located at Luoxi City, Dehong Dai and Jingpo Autonomous Prefecture, Yunnan Province, the PRC (雲南省德宏傣族景頗族自治州潞西市). The Exploration Area which has an area of approximately 113.96 sq. km. and is subject to an exploration permit. Based on the information provided by the Vendor, the preliminary estimation of the potential resources of gold in the Exploration Area is approximately 60 metric tons to 80 metric tons.

As advised by the Vendor, the CJV is the holder of the exploration permit on the Exploration Area for a period of one year from 31 May 2007 to 30 May 2008 and granted by the Department of Land and Resources of Yunnan Province, the PRC. With the exploration permit of the Exploration Area, the CJV is granted the right to carry out exploration work within the Exploration Area. **The exploration permit of the CJV may or may not be successfully renewed in May 2008. If such exploration permit is not renewed, the value of the CJV will be adversely affected. Shareholders and investors of the Company are thus advised to exercise caution when dealing in the Shares.**

As advised by the Company's PRC legal adviser, according to the applicable PRC regulation (“礦產資源勘查區塊登記管理辦法”), the owner of an exploration permit shall apply to the relevant PRC administrative authority at least 30 days prior to the date of expiry of its exploration permit for renewal, and each renewal shall not exceed a period of two years. The Company's PRC legal adviser also advised that the CJV is entitled to apply for renewal of the exploration permit pursuant to the relevant PRC laws and regulations and there will not be any unforeseen legal obstacles for such renewal. However, the successful renewal of the exploration permit is subject to the granting of approval by the relevant authorities in the PRC. The exploration permit of the CJV has been renewed in the past.

Currently, there is no mine located within the Exploration Area.

Further details regarding the Exploration Area will be included in the technical report on the Exploration Area as contained in the circular in connection with the Acquisition to be despatched to the Shareholders.

CHANGES IN SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company (i) as at the date of this announcement; (ii) Scenario 1: immediately after the completion of the Fund Raising Exercise (Note 2) and with the allotment and issue

of the Consideration Shares; (iii) Scenario 2a: with no Fund Raising Exercise but with the allotment and issue of the Consideration Shares up to 29% of the enlarged share capital; and (iv) Scenario 2b: with no Fund Raising Exercise but with the allotment and issue of the Consideration Shares as in the case of Scenario 2a and conversion of the Convertible Bonds in full, are as follows:

| | As at the date of this announcement | | Scenario 1 | | | | Scenario 2a | | | | Scenario 2b | |
|--|-------------------------------------|---------------|--|---------------|----------------------|---------------|--|---------------|----------------------|---------------|--|---------------|
| | | | Immediately after the completion of the Fund Raising Exercise in the maximum amount and with the allotment and issue of all the Consideration Shares | | | | With no Fund Raising Exercise but with the allotment and issue of the Consideration Shares up to 29% of the enlarged share capital | | | | With no Fund Raising Exercise but with the allotment and issue of the Consideration Shares as in the case of Scenario 2a and conversion of the Convertible Bonds in full | |
| | No. of Shares | % | No. of Shares | % | No. of Shares | % | No. of Shares | % | No. of Shares | % | No. of Shares | % |
| The Vendor and parties acting in concert with him | | | | | | | | | | | | |
| – Existing Shares (Note 1) | 383,288,000 | 16.09 | 383,288,000 | 4.86 | 383,288,000 | 13.61 | 383,288,000 | 5.70 | 383,288,000 | 5.70 | 383,288,000 | 5.70 |
| – Consideration Shares | – | 0.00 | 1,904,800,000 | 24.14 | 433,150,000 | 15.39 | 433,150,000 | 6.45 | 433,150,000 | 6.45 | 433,150,000 | 6.45 |
| – Conversion Shares | – | 0.00 | – | 0.00 | – | 0.00 | – | 0.00 | 3,904,350,000 | 58.10 | 3,904,350,000 | 58.10 |
| <i>The Vendor and parties acting in concert with him</i> | <i>383,288,000</i> | <i>16.09</i> | <i>2,288,088,000</i> | <i>29.00</i> | <i>816,438,000</i> | <i>29.00</i> | <i>4,720,788,000</i> | <i>70.25</i> | <i>4,720,788,000</i> | <i>70.25</i> | <i>4,720,788,000</i> | <i>70.25</i> |
| – Mr. Choi Koon Ming | 7,860,000 | 0.33 | 7,860,000 | 0.10 | 7,860,000 | 0.28 | 7,860,000 | 0.12 | 7,860,000 | 0.12 | 7,860,000 | 0.12 |
| – Mr. Chow Yeung Tuen, Richard | 900,000 | 0.04 | 900,000 | 0.01 | 900,000 | 0.03 | 900,000 | 0.01 | 900,000 | 0.01 | 900,000 | 0.01 |
| <i>Other Directors</i> | <i>8,760,000</i> | <i>0.37</i> | <i>8,760,000</i> | <i>0.11</i> | <i>8,760,000</i> | <i>0.31</i> | <i>8,760,000</i> | <i>0.13</i> | <i>8,760,000</i> | <i>0.13</i> | <i>8,760,000</i> | <i>0.13</i> |
| – Existing public Shareholders | 1,990,117,948 | 83.54 | 1,990,117,948 | 25.22 | 1,990,117,948 | 70.69 | 1,990,117,948 | 29.62 | 1,990,117,948 | 29.62 | 1,990,117,948 | 29.62 |
| – Places from Fund Raising Exercise | – | 0.00 | 3,604,000,000 | | – | 0.00 | – | 0.00 | – | 0.00 | – | 0.00 |
| | | | (Note 2) | 45.67 | | | | | | | | |
| <i>Public Shareholders</i> | <i>1,990,117,948</i> | <i>83.54</i> | <i>5,594,117,948</i> | <i>70.89</i> | <i>1,990,117,948</i> | <i>70.69</i> | <i>1,990,117,948</i> | <i>29.62</i> | <i>1,990,117,948</i> | <i>29.62</i> | <i>1,990,117,948</i> | <i>29.62</i> |
| Total | <u>2,382,165,948</u> | <u>100.00</u> | <u>7,890,965,948</u> | <u>100.00</u> | <u>2,815,315,948</u> | <u>100.00</u> | <u>6,719,665,948</u> | <u>100.00</u> | <u>6,719,665,948</u> | <u>100.00</u> | <u>6,719,665,948</u> | <u>100.00</u> |

Notes:

1. These Shares are held through Speedy Well Investments Limited, a substantial shareholder of the Company.
2. Assuming a placing price of HK\$0.30 per placing Share in the Fund Raising Exercise. The final issue price per Share, the size of the Fund Raising Exercise and the manner in which it is to be conducted will be determined when the specific mandate to issue new Shares is proposed to the Shareholders.

REASONS FOR THE ACQUISITION

The Group is principally engaged in the provision of web-page design and website maintenance services, system integration services and information technology consultancy services and sale of software products. The Group will continue to carry on with its existing business after Completion.

Demand for gold has drastically increased since early 2006. It is expected that the gold market in the PRC will follow such trend, and the demand for gold is expected to increase in the PRC.

In addition, the gold market in the PRC has gradually become deregulated in recent years and the PRC government has established a series of policies to promote the development of the gold industry. The PRC government also strongly encourages gold mining enterprises to use advanced technologies in the mining and production of gold by granting them preferential treatments on taxation. These developments have significantly improved the business environment of the gold mining industry in the PRC.

In light of the above, the Directors are of the view that the Acquisition represents a good opportunity to invest in the natural resources sector, and enables the Group to diversify into gold mining business in the PRC. Currently, the Company does not have any capital commitment in relation to the exploration in the Exploration Area. Upon Completion, the CJV will continue to carry out the exploration work in the Exploration Area. It will also apply for the relevant mining operation permit in accordance with the applicable PRC laws and regulations. As advised by the Company's PRC legal adviser, the possession of the exploration permit for the Exploration Area entitles the CJV to have a priority right to apply for a mining operation permit, provided that the mineral resources are not those foreign investors are prohibited from mining. A mining operation permit will allow the CJV to exploit the minerals available in the Exploration Area subject to the relevant PRC laws and regulations. It is expected that approximately RMB8 million (equivalent to approximately HK\$8.4 million) to RMB9 million (equivalent to approximately HK\$9.5 million) will be used by the CJV for carrying out its exploration work in the Exploration Area during the year ending 31 December 2008. Upon completion of the exploration, it is planned that exploitation and processing of minerals will be conducted by the CJV subject to the relevant PRC laws and regulations. The Acquisition is anticipated to be beneficial to the Company and will enable the Company to generate income and cash flow from investment and trading activities in the natural resources sector. Based on the information provided by the Vendor, the CJV is managed and supervised by a team of senior engineers specialising in geology and exploration and the staff of the PRC Partner with expertise in mining. It is expected that, upon Completion, such managerial staff will remain with the CJV. Hence, the Directors consider that the CJV has sufficient expertise to run the exploration and mining business.

For the reasons given above, the Directors believe that the Acquisition would enhance the future growth and profitability of the Group.

Taking into account the benefits of the Acquisition, the Board is of the view that the terms of the Acquisition are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

IMPLICATION UNDER THE GEM LISTING RULES

The Vendor is a connected person by virtue of him being a Director and a substantial Shareholder interested in approximately 16.09% of the issued share capital of the Company as at the date of this announcement. As such, the Acquisition constitutes a connected transaction on the part of the Company under Chapter 20 of the GEM Listing Rules. The Acquisition also constitutes a very substantial acquisition on the part of the Company under Chapter 19 of the GEM Listing Rules. Accordingly, the Agreement and the transactions contemplated thereunder are subject to the approval of the Independent Shareholders at the EGM. In accordance with the GEM Listing Rules, the Vendor and his associates will abstain from voting on the resolution to approve the Acquisition and the vote exercised by the Independent Shareholders at the EGM shall be taken by poll.

The Independent Board Committee will be established to consider the Acquisition and to advise the Independent Shareholders in relation to the terms of the Acquisition and on how to vote. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders regarding the Acquisition.

PROPOSED NON-EXEMPT CONTINUING CONNECTED TRANSACTION

The CJV has an existing agreement (i.e. the Supply Agreement) with the Ore Supplier, which is a company controlled by the PRC Partner, which is principally engaged in mining and smelting. The Ore Supplier has not supplied any ore to the CJV before. Since the Mine (an area of 0.43 sq. km. of a gold mining site) is located adjacent to the Exploration Area (an area of approximately 113.96 sq. km. of the gold mining site) and the CJV intends to conduct processing of minerals available from the Mine, it entered into the Supply Agreement with the Ore Supplier.

Pursuant to the Supply Agreement, the CJV agreed to purchase and the Ore Supplier agreed to sell all the ore extracted from the Mine at a price of RMB12 (equivalent to approximately HK\$12.63) per ton. The CJV will conduct processing of the minerals available from the Mine supplied by the Ore Supplier. The Supply Agreement is of a term expiring on 31 December 2010. The expected annual caps for the Supply Agreement for the period commencing from the date of the Supply Agreement and ending on 31 December 2008, and the two years ending 31 December 2009 and 31 December 2010 are approximately RMB21.60 million (equivalent to approximately HK\$22.74 million), approximately RMB32.40 million (equivalent to approximately HK\$34.11 million) and approximately RMB43.20 million (equivalent to approximately HK\$45.47 million), respectively. Such annual caps are determined by reference to the expected amount of ore to be supplied to the CJV under the Supply Agreement which will be not less than 1.5 million tons, not less than 2.25 million tons and not less than 3 million tons for the period commencing from the date of the Supply Agreement and ending on 31 December 2008, and the two years ending 31 December 2009 and 31 December 2010, respectively, and include a buffer of 20% for the increase in the amount of ore to be supplied to the CJV.

Upon Completion, the CJV will become an indirect non wholly-owned subsidiary of the Company and the PRC Partner, being a substantial shareholder of the CJV, and companies controlled by it (including the Ore Supplier) will become connected persons of the Company. As such, the transactions contemplated

under the Supply Agreement will constitute continuing connected transactions for the Company under Chapter 20 of the GEM Listing Rules upon Completion. Accordingly, the Supply Agreement and the transactions contemplated thereunder are subject to the approval of the Independent Shareholders at the EGM.

The Independent Board Committee will be established to consider the Supply Agreement and the relevant annual caps and to advise the Independent Shareholders in relation to the terms of the Supply Agreement and on how to vote. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders regarding the Supply Agreement and the relevant annual caps.

EGM

The EGM will be convened at which resolutions will be proposed to seek the approval of the Shareholders by way of a poll for the transactions contemplated under the Agreement, including, amongst other things, the Acquisition, the allotment and issue of the Consideration Shares and the Conversion Shares, the approval of a specific mandate to issue the Consideration Shares and Conversion Shares and the transactions contemplated under the Supply Agreement and the relevant annual caps. In accordance with the GEM Listing Rules, the Vendor and his associates, Shareholders interested in the Acquisition and the transactions contemplated under the Supply Agreement, will abstain from voting on the resolutions to approve the Acquisition and the Supply Agreement and the relevant annual caps. Any vote exercised by the Independent Shareholders at the EGM shall be taken by poll.

GENERAL INFORMATION

A circular containing, among other matters, further details of the Acquisition and the Supply Agreement, the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Acquisition and the Supply Agreement, the advice of the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition and the Supply Agreement and a notice convening the EGM, will be despatched to the Shareholders in compliance with the GEM Listing Rules.

UNUSUAL PRICE AND TRADING VOLUME MOVEMENT

After trading hours of 4 January 2008, the Purchaser and the Vendor were in the course of negotiating and finalising the terms of the Agreement as a result of which the Agreement was entered into on 4 January 2008. The Company requested for suspension of trading of the Shares with effect from 9:30 a.m. on 7 January 2008.

The Board has noted the increases in the price and trading volume of the Shares on 4 January 2008 and wishes to state that, save as disclosed in the announcement dated 3 October 2007 in relation to the memorandum of understanding for a possible acquisition and the proposed transactions stated in this announcement, the Board is not aware of any reasons for such movements.

The Board also confirms that save as disclosed in the announcement dated 3 October 2007 in relation to a possible acquisition and the proposed transactions stated in this announcement, there are no negotiations or agreements relating to intended acquisitions or realisations which are discloseable under Chapters 19 and 20 of the GEM Listing Rules, neither is the Board aware of any matter discloseable under the general obligation imposed by Rule 17.10 of the GEM Listing Rules, which is or may be of a price-sensitive nature.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 7 January 2008 pending the release of this announcement. Application has been made to the Stock Exchange for resumption of trading in Shares with effect from 9:30 a.m. on 24 January 2008.

TERMS USED IN THIS ANNOUNCEMENT

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

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| “ Acquisition” | the acquisition of the Sale Share and the Sale Loan pursuant to the terms and conditions of the Agreement |
| “Agreement” | the agreement dated 4 January 2008 and entered into between Greatest High Holdings Limited and the Vendor in respect of the Acquisition |
| “associates” | has the meaning ascribed thereto in the GEM Listing Rules |
| “Board” | the board of Directors |
| “Bondholder” | the holder of the Convertible Bonds |
| “business day” | any day (other than a Saturday or Sunday or public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours |
| “BVI” | the British Virgin Islands |
| “CJV” | 雲南西部礦業有限公司(Yunnan Xibu Mining Company Limited*), a Chinese foreign co-operative joint venture company established under the PRC laws on 14 May 2004 |

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| “Company” | Glory Future Group Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM |
| “Completion” | completion of the Acquisition in accordance with the terms and conditions of the Agreement |
| “Completion Date” | the date of Completion, being the date falling two business days after all the conditions of the Agreement have been fulfilled or waived or such later date as may be agreed between the Vendor and the Purchaser |
| “connected persons” | has the meaning ascribed thereto in the GEM Listing Rules |
| “Consideration” | the consideration for the Acquisition, being HK\$1,800 million |
| “Consideration Shares” | up to 1,904,800,000 new Shares that may be allotted and issued by the Company at the Issue Price as partial consideration for the Acquisition |
| “Conversion Price” | the initial conversion price of HK\$0.40 per Conversion Share, pursuant to the terms of the Convertible Bonds |
| “Conversion Shares” | the Shares to be issued upon the exercise of the conversion rights attaching to the Convertible Bonds |
| “Convertible Bonds” | the convertible bonds in the principal amount of up to HK\$1,561.74 million, that may be issued by the Company in favour of the Vendor as partial consideration for the Acquisition |
| “Deposit” | the deposit of HK\$65 million paid by the Purchaser to the Vendor on the date of the Agreement, as partial consideration for the Acquisition |
| “Directors” | directors of the Company |
| “EGM” | the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve the relevant matters mentioned in this announcement |
| “Exploration Area” | an area of approximately 113.96 sq. km. of the gold mining site located at Luoxi City, Yunnan Province, the PRC |

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| “Fund Raising Exercise” | any fund raising exercise, including by way of placing of new shares or issue of other securities to investors who are third party independent of the Company and its connected persons (as defined in the GEM Listing Rules), excluding by way of rights issue or open offer, to be conducted by the Company to finance the Consideration |
| “GEM Listing Rules” | the Rules Governing the Listing of Securities on GEM |
| “GEM” | the Growth Enterprise Market of the Stock Exchange |
| “Geology Reports” | a geology report entitled “Yunnan Province Luxi City, Mt. Santai, Mengdan Area Gold Mine General Investigation Report” prepared by the Yunnan Province Nuclear Engineering Industry No. 209 Geological Brigade in 2005, and a geology report entitled “Yunnan Province Luxi County, Upper Manggang Area Gold Mine General Investigation Report” prepared by the Yunnan Province Nuclear Engineering Industry Second Sub-Team in 2006 |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Independent Board Committee” | the independent board committee of the Company, comprising all the independent non-executive Directors |
| “Independent Shareholders” | Shareholders other than the Vendor and his associates |
| “Issue Price” | the issue price of HK\$0.40 per Consideration Share as agreed between the Vendor and the Purchaser |
| “Mine” | an area of 0.43 sq. km. of a gold mining site located at Luxi City, Yunnan Province, the PRC which is subject to a mining operation permit |
| “Ore Supplier” | the supplier named in the Supply Agreement and is a company controlled by the PRC Partner |
| “PRC” | the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan |
| “PRC Partner” | 雲南省核工業209地質大隊 (Geological Brigade 209 of the Nuclear Industry of Yunnan Province*), the PRC partner to the CJV and a party independent of the Company and its connected persons |

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| “Purchaser” | Greatest High Holdings Limited, a company incorporated in the BVI and a wholly-owned subsidiary of the Company and the purchaser named under the Agreement |
| “Sale Loan” | all obligations, liabilities and debts owing or incurred by the Target to the Vendor on or at any time prior to the Completion whether actual, contingent or deferred and irrespective of whether or not the same is due and payable on Completion and as at the date of the Agreement, amounted to HK\$947,586.50 |
| “Sale Share” | one ordinary share of nominal value US\$1.00 in the issued share capital of the Target, representing the entire issued share capital of the Target |
| “Share(s)” | existing ordinary share(s) of HK\$0.0005 each in the share capital of the Company |
| “Shareholder(s)” | holder(s) of Shares |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Subsidiary” | China Mining Group Investment Limited, a company incorporated in Hong Kong and as at the date of this announcement, wholly and beneficially owned by the Target |
| “Supply Agreement” | the supply agreement dated 19 December 2007 and entered into between the CJV and the Ore Supplier in respect of the supply of all the ore extracted from the Mine to the CJV |
| “Target” | China Nonferrous Metals Resources Investment Limited, a company incorporated in the BVI, and as at the date of this announcement, wholly and beneficially owned by the Vendor |
| “Target Group” | collectively, the Target, the Subsidiary and the CJV |
| “Vendor” | Mr. Leung Ngai Man, being the vendor under the Agreement |
| “HK\$” | Hong Kong dollars |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “US\$” | United States dollars, the lawful currency of the United States of America |

“sq. km.” square kilometres

“%” per cent.

For the purpose of this announcement, unless otherwise specified, conversions of RMB and US\$ into Hong Kong dollars are based on the approximate exchange rate of RMB0.95 to HK\$1 and US\$1 to HK\$7.78.

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

Hong Kong, 23 January 2008

* *the English translation of the Chinese name is for information purposes only, and should not be regarded as the official English translation of such name.*

As at the date of this announcement, the executive Directors are Messrs. Choi Koon Ming, Chow Yeung Tuen, Richard, 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 for at least 7 days from the date of its publication.