



Glory Future

Interim Report **2005**

光彩未來集團
Glory Future Group

Glory Future Group Limited

(incorporated in the Cayman Islands with limited liability)



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INTERIM RESULTS FOR 2005

HIGHLIGHTS

- The unaudited turnover of the Group for the six months ended 30 June 2005 was approximately HK\$90,000.
- The Group recorded an unaudited loss attributable to shareholders of approximately HK\$1,238,000 for the six months ended 30 June 2005.
- Loss per share was approximately HK0.16 cent for the six months ended 30 June 2005.

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 six months ended 30 June 2005 together with comparative unaudited figures for the corresponding period in 2004 as follows:

UNAUDITED CONSOLIDATED INCOME STATEMENT

For the three months and six months ended 30 June 2005

	Notes	Three months ended 30 June		Six months ended 30 June	
		2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
Turnover	3	60	20	90	43
Cost of sales		(28)	(61)	(53)	(181)
Gross profit/(loss)		32	(41)	37	(138)
Other revenue		7	5	12	11
		39	(36)	49	(127)
Selling and distribution expenses		–	(31)	–	(63)
Administrative expenses		(501)	(663)	(949)	(1,245)
LOSS FROM OPERATING ACTIVITIES	4	(462)	(730)	(900)	(1,435)
Finance costs	5	(138)	(207)	(338)	(414)
LOSS BEFORE TAX		(600)	(937)	(1,238)	(1,849)
Tax	6	–	–	–	–
LOSS BEFORE MINORITY INTERESTS		(600)	(937)	(1,238)	(1,849)
Minority interests		–	–	–	–
NET LOSS ATTRIBUTABLE TO SHAREHOLDERS		(600)	(937)	(1,238)	(1,849)
LOSS PER SHARE					
– basic	7	<u>HK0.08 cent</u>	<u>HK0.12 cent</u>	<u>HK0.16 cent</u>	<u>HK0.25 cent</u>
– diluted		<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

UNAUDITED CONSOLIDATED BALANCE SHEET

As at 30 June 2005

		30 June 2005 (Unaudited) HK\$'000	31 December 2004 (Audited) HK\$'000
	<i>Notes</i>		
NON-CURRENT ASSETS			
Plant and equipment	8	<u>79</u>	<u>118</u>
CURRENT ASSETS			
Accounts receivable	9	90	–
Prepayments, deposits and other receivables		123	22
Cash and bank balances		521	893
		<u>734</u>	<u>915</u>
CURRENT LIABILITIES			
Accounts payable	10	(30)	–
Accrued liabilities, deposits, other payables		(555)	(653)
Unsecured and interest-free advances	11	–	(843)
Convertible redeemable notes	11	–	(7,000)
Other loan		–	(71)
Shareholder's loan	12	(9,000)	–
		<u>(9,585)</u>	<u>(8,567)</u>
NET CURRENT LIABILITIES		<u>(8,851)</u>	<u>(7,652)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		(8,772)	(7,534)
NON-CURRENT LIABILITIES			
Due to a minority shareholder of a subsidiary		(401)	(401)
Convertible redeemable notes	13	(9,000)	(9,000)
		<u>(9,401)</u>	<u>(9,401)</u>
		<u>(18,173)</u>	<u>(16,935)</u>
CAPITAL AND RESERVES			
Issued capital		37,686	37,686
Reserves	15	(55,859)	(54,621)
		<u>(18,173)</u>	<u>(16,935)</u>

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY*For the six months ended 30 June 2005*

	Issued capital <i>HK\$'000</i>	Share premium account <i>HK\$'000</i>	Exchange fluctuation reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2004	37,686	15,796	(10)	(66,642)	(13,170)
Loss for the period	—	—	—	(1,849)	(1,849)
	<u>37,686</u>	<u>15,796</u>	<u>(10)</u>	<u>(68,491)</u>	<u>(15,019)</u>
At 30 June 2004	<u>37,686</u>	<u>15,796</u>	<u>(10)</u>	<u>(68,491)</u>	<u>(15,019)</u>
At 1 January 2005	37,686	15,796	(10)	(70,407)	(16,935)
Loss for the period	—	—	—	(1,238)	(1,238)
	<u>37,686</u>	<u>15,796</u>	<u>(10)</u>	<u>(71,645)</u>	<u>(18,173)</u>
At 30 June 2005	<u>37,686</u>	<u>15,796</u>	<u>(10)</u>	<u>(71,645)</u>	<u>(18,173)</u>

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT*For the six months ended 30 June 2005*

	Six months ended 30 June	
	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Net cash used in operating activities	(2,312)	(2,023)
Net cash from/(used in) investing activities	12	(12)
Net cash from financing activities	1,929	—
NET DECREASE IN CASH AND CASH EQUIVALENTS	(371)	(2,035)
Cash and cash equivalents at beginning of period	893	4,349
CASH AND CASH EQUIVALENTS AT END OF PERIOD	522	2,314
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	522	2,314

Notes:

1. Basis of preparation

The unaudited consolidated financial statements have been prepared in accordance with and comply with all applicable Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of Chapter 18 of the Rules governing the Listing of Securities on the Growth Enterprise Market operated by The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). They have been prepared under the historical cost convention.

2. Principal Accounting Policies

The consolidated financial statements have been prepared on the historical cost basis.

The accounting policies used in the consolidated financial statements are consistent with those followed in the preparation of the Company’s annual financial statements for the year ended 31 December 2004 except as described below.

In the current period, the Company has applied, for the first time, the new Hong Kong Financial Reporting Standards (HKFRSs) and the Hong Kong Accounting Standards (HKASs) and Interpretations (hereinafter collectively referred to as “new HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants that are effective for accounting periods beginning on or after 1 January 2005. The application of the new HKFRSs did not have a significant impact on the Group’s results of operations and financial position.

3. Turnover

Turnover represents the net invoiced value of services rendered.

4. Loss from operating activities

The Group’s loss from operating activities is arrived at after crediting and charging the followings:

	Three months ended		Six months ended	
	30 June	2004	30 June	2004
	2005	2004	2005	2004
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$’000	HK\$’000	HK\$’000	HK\$’000
Crediting:				
Interest Income	7	5	12	11
Charging:				
Cost of services provided	28	61	53	181
Auditors’ remuneration	45	60	90	120
Depreciation	19	20	39	41
Staff costs				
Wages and salaries	143	163	332	383
Pension scheme contributions (MPF)	4	13	11	26

5. Finance costs

	Three months ended		Six months ended	
	30 June		30 June	
	2005	2004	2005	2004
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest on convertible redeemable notes	68	207	268	414
Interest on short term loan	70	–	70	–
	<u>138</u>	<u>207</u>	<u>338</u>	<u>414</u>

6. Tax

Hong Kong profits tax had not been provided as the Group did not generate any assessable profits arising in Hong Kong during the three months and six months ended 30 June 2005 and the corresponding periods in 2004.

Provision for the tax of profits of subsidiaries operating outside Hong Kong had not been calculated as the Group did not generate any assessable profits in the respective jurisdictions during the three months and six months ended 30 June 2005 and the corresponding periods in 2004.

The Group did not have any significant unprovided deferred tax liabilities in respect of the three months and six months ended 30 June 2005 and the corresponding periods in 2004.

7. Loss per share

The calculation of basic loss per share is based on the net loss attributable to shareholders for the three months and six months ended 30 June 2005 of HK\$600,000 and HK\$1,238,000 respectively (three months and six months ended 30 June 2004: HK\$937,000 and HK\$1,849,000 respectively) and 753,720,000 ordinary shares of the Company in issue during the aforementioned two periods ended 30 June 2005 (three months and six months ended 30 June 2004: 753,720,000 shares).

Diluted loss per share for the three months and six months ended 30 June 2005 and that for the three months and six months ended 30 June 2004 have not been disclosed as the share options and convertible redeemable notes outstanding during the periods had an anti-dilutive effect on the basic loss per share for the relevant periods.

8. Plants and equipment

Group

	Furniture fixtures and fittings <i>(Unaudited)</i> <i>HK\$'000</i>	Computers and office equipment <i>(Unaudited)</i> <i>HK\$'000</i>	Total <i>(Unaudited)</i> <i>HK\$'000</i>
Cost:			
At beginning of period and 30 June 2005	429	2,130	2,559
Accumulated depreciation:			
At beginning of period	339	2,102	2,441
Provided during the period	33	6	39
At 30 June 2005	372	2,108	2,480
Net book value:			
At 30 June 2005	<u>57</u>	<u>22</u>	<u>79</u>
At 31 December 2004	<u>90</u>	<u>28</u>	<u>118</u>

9. Accounts receivable

A defined credit policy is maintained within the Group. The general credit terms range from one month to three months. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are regularly reviewed by the senior management.

The aged analysis of accounts receivable is as follows:

Group

	30 June 2005 <i>(Unaudited)</i> <i>HK\$'000</i>	31 December 2004 <i>(Audited)</i> <i>HK\$'000</i>
Current – 3 months	60	–
3 – 6 months	30	–
	<u>90</u>	<u>–</u>

10. Accounts payable

The aged analysis of accounts payable is as follows:

Group

	30 June 2005 (Unaudited) HK\$'000	31 December 2004 (Audited) HK\$'000
Current – 3 months	20	–
3 – 6 months	10	–
	<hr/> 30 <hr/>	<hr/> – <hr/>

11. Convertible redeemable note/Unsecured and interest-free advances

The convertible redeemable note in the principal amount of HK\$7 million and unsecured and interest-free advances of HK\$843,000 had been settled on 28 March 2005.

12. Shareholder's loan

Sun Wah Net Investment Limited (“Sun Wah”), one of the substantial shareholders of the Company, advanced a shareholder's loan to the Company in the principal amount of HK\$9 million. The loan is unsecured and bears interest at a rate of 3% per annum and is due on 27 September 2005.

13. Convertible redeemable notes

On 27 October 2003, the Company issued convertible redeemable bonds to Sun Wah for the principal amount of HK\$9 million. Such convertible redeemable bonds are unsecured and bear interest, which is repayable half yearly in arrears, at a rate of 3% per annum. Under the terms of these bonds, the Company shall have the right at any time before the maturity date on 27 October 2006, to redeem or purchase the whole or part of the bonds from the holder. Sun Wah has the right to convert the whole or part of the principal amount of the bonds into Company's ordinary shares of HK\$0.05 each at par, subject to adjustment, at any time before the maturity date on 27 October 2006. However, Sun Wah does not have any rights to request for redemption of the whole or part of the convertible bonds before the maturity date on 27 October 2006. Moreover, no assignment or transfer of the bonds may be made without the prior consent of the Company.

The Company will only redeem the whole or such part thereof, in cash, if the adequacy of working capital and liquidity of the Group are not impaired by such cash redemption. The directors of the Company have confirmed that the possibility of the Company redeeming the whole or such part thereof, in cash, in the twelve month period after the balance sheet date, is remote. Accordingly, the principal of the convertible redeemable bonds has been classified as a non-current liability of the Group and the Company.

14. Segment Information

The following table presents revenue and results for the Group's business segments.

	Internet-based and Windows-based applications and web page design services		Website maintenance and technical support services		IT Consulting Services		Consolidated	
	Six months ended		Six months ended		Six months ended		Six months ended	
	30 June		30 June		30 June		30 June	
	2005	2004	2005	2004	2005	2004	2005	2004
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>
Segment revenue;								
Sales to external customers	<u>-</u>	<u>41</u>	<u>-</u>	<u>2</u>	<u>90</u>	<u>-</u>	<u>90</u>	<u>43</u>
Segment results	<u>-</u>	<u>(191)</u>	<u>(23)</u>	<u>(11)</u>	<u>60</u>	<u>-</u>	<u>37</u>	<u>(202)</u>
Interest and other income							12	11
Unallocated expenses							<u>(949)</u>	<u>(1,244)</u>
Loss from operating activities							<u>(900)</u>	<u>(1,435)</u>
Finance costs							<u>(338)</u>	<u>(414)</u>
Loss before tax							<u>(1,238)</u>	<u>(1,849)</u>
Tax							<u>-</u>	<u>-</u>
Loss before minority interests							<u>(1,238)</u>	<u>(1,849)</u>
Minority interests							<u>-</u>	<u>-</u>
Net loss attributable to shareholders							<u><u>(1,238)</u></u>	<u><u>(1,849)</u></u>

15. Reserves

	Share premium account <i>HK\$ '000</i>	Exchange fluctuation reserve <i>HK\$ '000</i>	Accumulated losses <i>HK\$ '000</i>	Total <i>HK\$ '000</i>
At 1 January 2004	15,796	(10)	(66,642)	(50,856)
Loss for the period	–	–	(1,849)	(1,849)
	<u>15,796</u>	<u>(10)</u>	<u>(68,491)</u>	<u>(52,705)</u>
At 30 June 2004	<u>15,796</u>	<u>(10)</u>	<u>(68,491)</u>	<u>(52,705)</u>
At 1 January 2005	15,796	(10)	(70,407)	(54,621)
Loss for the period	–	–	(1,238)	(1,238)
	<u>15,796</u>	<u>(10)</u>	<u>(71,645)</u>	<u>(55,859)</u>
At 30 June 2005	<u>15,796</u>	<u>(10)</u>	<u>(71,645)</u>	<u>(55,859)</u>

16. Interim dividend

The Board does not recommend the payment of an interim dividend in respect of the six months ended 30 June 2005 (six months ended 30 June 2004: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the six months ended 30 June 2005, the Group recorded an unaudited turnover of approximately HK\$90,000. During this period, the Group adopted stringent cost control measures, thereby reducing the expenditure by approximately 24% to HK\$949,000, as compared to the corresponding period in 2004. The Group has successfully narrowed down its net loss attributable to shareholders by approximately 33% to HK\$1,238,000, as compared to the loss of HK\$1,849,000 over the same period in 2004. The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2005.

Prospects

The Group has signed a joint venture agreement (“JV Agreement”) with Sun Rise Int’l Trading Limited on 1 August 2005 with an announcement published on 2 August 2005 and is going to establish a new subsidiary, of which the Group owns 51% of the shareholdings, with a business partner who has extensive experience in IT Enterprise Resources Planning (ERP) solutions services. The subsidiary is intended to engage in the business development in the information technology solution and provision of related technical support services in Hong Kong and is expected to generate revenue for the Group in the second half of the year. Looking forward, the Directors are confident that the Group will achieve a satisfactory result in the coming quarters.

Outlook

With the advent of the “Closer Economic Partnership Arrangement between Hong Kong and the Chinese Mainland II” (CEPA II) and the Pan-Pearl River Delta corporation scheme and the recovery of the economy in Hong Kong, the Group remains optimistic about its business development, both locally and in the Mainland, in the long run.

FINANCIAL REVIEW

Liquidity and financial resources

The Group financed its operation primarily with internally generated cash flow together with the shareholder’s loan from the substantial shareholder, Sun Wah Net Investment Limited. The Group adhered to a prudent financial management policy.

As at 30 June 2005, the Group had total outstanding borrowings of approximately HK\$18.4 million (31 December 2004: HK\$17.3 million). The borrowings comprised the unsecured convertible bonds in the principal amount of HK\$9 million, which will mature on 27 October 2006, and a shareholder’s loan of HK\$9 million, which will mature on 27 September 2005.

Capital structure

As at 30 June 2005, the Company’s total number of issued shares was 753,720,000 (31 December 2004: 753,720,000).

As at 30 June 2005, the Group had convertible bonds of an aggregate principal amount of HK\$9 million outstanding (31 December 2004: HK\$16 million). Such convertible bonds are unsecured and bear interest at a rate of 3% per annum.

Investment, material acquisitions and disposal of subsidiaries and affiliated companies

The Group had no significant investment during the period under review. There were no material acquisitions or disposals of subsidiaries and affiliated companies in the course of the six months ended 30 June 2005 (six months ended 30 June 2004: Nil).

Segment comments

As low profit was generated and keen competition was resulted in the existing businesses, the Group has determined to place less resources in the existing businesses, and to put more effort in ERP solutions, system integration and consulting services that would generate a higher profit. For the six months ended 30 June 2005, the turnover in the segment of Internet-based and Windows-based applications and web page design businesses recorded zero income which was caused by keen market competition.

Employee information

As at 30 June 2005, the Group employed a total of 4 (30 June 2004: 6) employees. The staff costs, excluding directors' remuneration, were approximately HK\$343,000 (30 June 2004: HK\$409,000). The decrease in staff costs was mainly attributable to the reduction in the number of staff during the period under review.

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 of the Company may be granted to the executive directors and full-time employees of the Group. The aim of the scheme is to recognise staff contribution to the Group and help the Group retain staff members.

Charges on group assets

As at 30 June 2005, none of the Group's assets was pledged (31 December 2004: Nil).

Future plans for material investments or capital assets

At 1 August 2005, the Group has entered into the JV Agreement with Sun Rise Int'l Trading Limited pursuant to which both parties agreed to co-operate to form the joint venture company which is to engage in the business development in the information technology solution and provision of related technical support services in Hong Kong.

Gearing ratio

As at 30 June 2005, the Group's gearing ratio was approximately -1.01 (31 December 2004: -1.02) based on the total borrowings of approximately HK\$18.4 million (31 December 2004: HK\$17.3 million) and deficiencies in assets of approximately HK\$18.17 million (31 December 2004: approximately HK\$16.9 million).

Exposure to fluctuation in exchange rates

The Group's exposure to foreign currencies is limited to its investment in a foreign subsidiary, which is financed internally. Most of the Group's transactions, including borrowings, were conducted in Hong Kong dollars or Renminbi and the exchange rate of Renminbi to Hong Kong dollars has been relatively stable throughout the period under review. Moreover, it is also the Group's policy for each operating entity to borrow in local currencies, where possible, to minimise currency risk.

Contingent liabilities

As at 30 June 2005, the Group and the Company had no significant contingent liabilities (31 December 2004: Nil).

DIRECTORS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

As at 30 June 2005, the interests and short positions of the directors 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 of Hong Kong Limited (the "Stock Exchange") pursuant to Rule 5.46 of the Rules Governing the Listing of Securities (the "GEM Listing Rules") on the Growth Enterprise Market (the "GEM") of the Stock Exchange, were as follows:

Long positions in the ordinary shares of HK\$0.05 each in the Company (the "Shares") and underlying shares of the Company

Name of director	Capacity	Attributable interest to the director	Number of Shares held	Number of Post-IPO share options	Number of Shares and underlying shares of the Company
Mr. Choi Koon Ming ("Mr. Choi")	Beneficial owner	100% (directly)	–	7,500,000	7,500,000
Mr. Ng Kam Yiu	Beneficial owner	100% (directly)	–	3,000,000	3,000,000
Mr. Chow Yeung Tuen, Richard	Beneficial owner	100% (directly)	–	3,000,000	3,000,000

Share options

The principal purpose of the share option scheme of the Company adopted on 19 February 2001 (the "Share Option Scheme") is to recognise the significant contributions of the directors and employees of the Group to the growth of the Group, by rewarding them with opportunities to obtain an ownership interest in the Company and to further motivate and give incentives to these persons to continue to contribute to the Group's long term success and prosperity.

Under the Share Option Scheme, share options entitling the holders thereof to subscribe for an aggregate of 26,000,000 Shares at a subscription price of HK\$0.1148 per Share were granted on 21 January 2003 to five executive directors and three employees of the Group. The closing price of the Shares immediately preceding the date on which those share options were granted (i.e. 20 January 2003) was HK\$0.114 per Share.

Furthermore, share options entitling the holders thereof to subscribe for an aggregate of 9,000,000 Shares at a subscription price of HK\$0.1084 per Share were granted on 30 April 2003 to two executive directors of the Company under the Share Option Scheme. The closing price of the Shares immediately preceding the date on which those share options were granted (i.e. 29 April 2003) was HK\$0.108 per Share.

The share options enable the relevant directors or employees to subscribe for Share during a period of five years after completion of his or her first year of service with the Group. Up to 30 June 2005 there were 21,500,000 share options lapsed upon the resignation of the directors and employees of the Group. A summary of principle terms and conditions of the Share Option Scheme are set out in the section headed “Share Option Scheme” in Appendix IV to the prospectus of the Company dated 26 February 2001.

Details of the share options lapsed during the period under review are as follows:

Category of participant	Number of share options		
	As at 1 January 2005	Lapsed during the period under review	As at 30 June 2005
<i>Directors of the Company</i>			
In aggregate	<u>19,500,000</u>	<u>6,000,000</u>	<u>13,500,000</u>

Save as disclosed above, none of the options granted under the Share Option Scheme had lapsed or had been cancelled during the six months ended 30 June 2005.

Details of the share options granted under the Share Option Scheme to certain directors are as follows:

Name of directors	Date of grant of share options	Number of shares underlying the share options as at 1 January and 30 June 2005	Exercise period of share options	Exercise price of share options HK\$
Mr. Choi Koon Ming	21 January 2003	7,500,000	21 January 2003 to 20 January 2008	0.1148
Mr. Ng Kam Yiu	21 January 2003	3,000,000	8 January 2004 to 7 January 2009	0.1148
Mr. Chow Yeung Tuen, Richard	21 January 2003	3,000,000	21 January 2003 to 20 January 2008	0.1148
		13,500,000		

No option had been granted under the Share Option Scheme during the six months ended 30 June 2005 and no option previously granted under the Share Option Scheme had been exercised during the same period.

Save as disclosed above, none of the directors had registered an interest or short positions in the shares or underlying shares of the Company 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 June 2005, the following interests of 5% or more in the issued share capital, share options and convertible redeemable notes 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 Shares and underlying shares of the Company

Name of substantial shareholder of the Company	Capacity and nature of interest	Number of Ordinary shares held	Percentage of issued share capital of the Company at 30 June 2005 held	Number of underlying shares of the Company	Number of Ordinary shares and underlying shares of the Company
global.com Investments Corp. <i>(Note 1)</i>	Beneficial owner	155,570,000	20.6%	–	155,570,000
Santana Enterprises Limited <i>(Note 1)</i>	Through a controlled corporation	155,570,000	20.6%	–	155,570,000
Yuen Fat Ching <i>(Note 1)</i>	Settlor	155,570,000	20.6%	–	155,570,000
Bornwise Investments Limited <i>(Note 2)</i>	Security interest	155,570,000	20.6%	–	155,570,000
Cheung Wo Sin <i>(Note 2)</i>	Through a controlled corporation	155,570,000	20.6%	–	155,570,000
Glory Cyber Company Limited ("Glory Cyber") <i>(Note 3)</i>	Beneficial owner	100,000,000	13.3%	–	100,000,000
Mr. Luan Shusheng ("Mr. Luan") <i>(Note 3)</i>	Through a controlled corporation	100,000,000	13.3%	–	100,000,000
Sun Wah Net Investment Limited ("Sun Wah") <i>(Note 4)</i>	Beneficial owner	95,474,000	12.7%	180,000,000	275,474,000
Sun Wah Hi-Tech Holdings Limited <i>(Note 4)</i>	Through a controlled corporation	95,474,000	12.7%	180,000,000	275,474,000
Choi Koon Shum <i>(Note 4)</i>	Through a controlled corporation	95,474,000	12.7%	180,000,000	275,474,000
Tai Lee Assets Limited <i>(Note 5)</i>	Beneficial owner	94,406,000	12.5%	–	94,406,000
Tsoi Siu Lan, Mazie <i>(Note 5)</i>	Through a controlled corporation	94,406,000	12.5%	–	94,406,000
Ceroilfood Finance Limited <i>(Note 6)</i>	Beneficial owner	83,022,000	11.0%	–	83,022,000
China National Cereals Oils and Footstuffs Import and Export Corporation <i>(Note 6)</i>	Through a controlled corporation	83,022,000	11.0%	–	83,022,000

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 be interested in 155,570,000 shares registered in name of global.com Investments Corp. as 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 100,000,000 shares 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 June 2005, Sun Wah is also the holder of convertible redeemable note and bonds of an aggregate principal amount of HK\$9 million issued by the Company, upon exercise of the conversion rights attaching thereto would entitle Sun Wah to subscribe for 180,000,000 ordinary shares of HK\$0.05 each in the Company, representing approximately 23.88% of the issued share capital of the Company as at 30 June 2005.
- (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 of the Company, whose interests are set out in the section “Directors’ interests and short positions in the shares and underlying shares” and shareholders, whose interests are set out in “Interests and short positions of shareholders discloseable under the SFO” above, had registered an interest or short position in the shares and underlying shares of the Company 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” and “Interests and short positions of shareholders discloseable under the SFO” above, so far as is known to the directors of the Company, 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 has three members comprising the three independent non-executive directors, Mr. Cho Po Hong, Jimmy (Committee Chairman), Mr. Chik Sun Cheung and Ms. Ho Suk Yin, JP. The primary duties of the audit committee are to review and supervise the financial reporting process, internal control and risk management of the Group. The Group's interim report for the six months ended 30 June 2005 have been reviewed by the audit committee who is of the opinion that such statements comply with the applicable accounting standards, the Stock Exchange requirements and other legal requirements, and that adequate disclosures have been made.

CORPORATE GOVERNANCE

For the six months ended 30 June 2005, the Company has adopted a code of conduct regarding directors' securities transaction on terms no less exacting than the required standard of dealings as stated under Rules 5.48 to 5.67 of the GEM Listing Rules. To the best of the Company's knowledge and having made specific enquiry of all directors, all directors have complied with the required standard of dealings and the code of conduct of the Company regarding directors' securities transactions. Throughout the six months ended 30 June 2005 the Company complied with code provisions set out in the Code of Corporate Governance Practices contained in Appendix 15 to the GEM Listing Rules.

COMPETITION AND CONFLICT OF INTERESTS

None of the Directors had 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 period.

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

Hong Kong, 10 August 2005

As at the date of this report, the executive Directors of the Company are Messrs. Choi Koon Ming, Ng Kam Yiu, and Chow Yeung Tuen, Richard; the non-executive Director of the Company is Ha Kee Choy, Eugene; and the independent non-executive Directors of the Company are Messrs. Cho Po Hong, Jimmy, Chik Sun Cheung and Ms. Ho Suk Yin, JP.