
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Glory Future Group Limited, you should at once hand this circular to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

**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)****DISCLOSEABLE TRANSACTION:
FORMATION OF A JOINT VENTURE COMPANY**

This circular, for which the directors of Glory Future Group Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to Glory Future Group Limited. The directors of Glory Future Group Limited, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this circular 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 circular misleading; and (3) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This circular will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least seven (7) days from the date of its posting.

23 August 2005

* for identification purposes only

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

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

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“Company”	Glory Future Group Limited (光彩未來集團有限公司*), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on GEM
“Directors”	the directors of the Company
“E-silkroad.net”	E-silkroad.net Corporation, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company, a party to the JV Agreement
“GEM”	the Growth Enterprise Market operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	parties who are independent of the Group and connected persons (within the meaning of the GEM Listing Rules) of the Group
“JV Agreement”	the joint venture agreement dated 1 August 2005 entered into between E-silkroad.net and Sun Rise pursuant to which both parties agreed to co-operate to form the JV Company
“JV Company”	the joint venture company proposed to be established in Hong Kong named as “Leland Solutions Limited” pursuant to the JV Agreement
“Latest Practicable Date”	18 August 2005, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“PRC”	the People’s Republic of China
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“SFO”	Securities and Futures Ordinance, Cap. 571 of the Laws of Hong Kong
“Sun Rise”	Sun Rise Int’l Trading Limited (東升國際貿易有限公司), a limited company incorporated in Hong Kong on 15 June 2005 and a party to the JV Agreement
“%”	per cent.

* *for identification purposes only*

LETTER FROM THE BOARD



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)

Executive Directors:

Choi Koon Ming (*Chairman*)

Ng Kam Yiu (*Chief Executive Officer and
Compliance Officer*)

Chow Yeung Tuen, Richard (*Finance Director*)

Registered address:

Century Yard, Cricket Square
Hutchins Drive, P.O. Box 2681 GT
George Town, Grand Cayman
British West Indies

Non-executive Director

Ha Kee Choy, Eugene

Principal place of business

in Hong Kong:

7th Floor, San Kei Tower
56-58 Yee Wo Street
Causeway Bay
Hong Kong

Independent non-executive Directors:

Cho Po Hong, Jimmy

Chik Sun Cheung

Ho Suk Yin, JP

23 August 2005

To the Shareholders

Dear Sir or Madam

DISCLOSEABLE TRANSACTION: FORMATION OF A JOINT VENTURE COMPANY

INTRODUCTION

On 2 August 2005, the Directors announced E-silkroad.net (a wholly-owned subsidiary of the Company), entered into the JV Agreement with Sun Rise pursuant to which both parties agreed to co-operate to form the JV Company which is to engage in the business development in the information technology solution and provision of related technical support services in Hong Kong on 1 August 2005.

Since the relevant percentage ratio calculated pursuant to Rule 19.07 of the GEM Listing Rules is more than 5% but less than 25%, the formation of the JV Company constitutes a discloseable transaction for the Company.

The purpose of this circular is to give you further information regarding the JV Agreement and other information of the Group.

* *for identification purposes only*

LETTER FROM THE BOARD

JV AGREEMENT

Date : 1 August 2005

Parties : (a) E-silkroad.net, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company

(b) Sun Rise, a company incorporated in Hong Kong on 15 June 2005 and is engaged in the business of investment

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Sun Rise and its beneficial owners are Independent Third Parties.

Proposed paid up share capital of JV Company : The proposed paid up share capital of the JV Company is HK\$50,000, which shall be owned as to 51% by E-silkroad.net and 49% by Sun Rise and shall be paid up by the parties in the following manner:

(a) as regards the 51% of the proposed paid up capital of HK\$25,500, to be paid up by E-silkroad.net by way of subscription of new shares in the JV company for cash at par; and

(b) as regards the 49% of the proposed paid up capital of HK\$24,500, to be paid up by Sun Rise by way of subscription of new shares in the JV Company, the subscription price for which will be satisfied by Sun Rise's transferring and assigning, or procuring the transfer and assignment of, certain assets, including furniture and equipment at an agreed value, to the JV Company, free from all encumbrances and third party interest,

in each case, within one month from the date of incorporation of the JV Company.

Total capital commitment of the Group : The initial total investment in the JV Company is estimated to be not more than HK\$250,000, of which the Group will contribute HK\$127,500 (including the cash subscription amount of HK\$25,500 referred to above). Since the JV Company is in the process of incorporation, the initial total investment has not been paid yet. The remaining portion of the investment will be made by the parties either by way of subscription of additional new shares or by way of shareholders' loan as the parties may agree at a later stage. The aforesaid investment by the Group will be financed by internal resources of the Group.

The consideration to be provided by the Group as referred to above was determined after arm's length negotiations between the E-silkroad.net and Sun Rise taking into account of the growth prospects of information technology solution businesses in Hong

LETTER FROM THE BOARD

Kong and the PRC in the coming years. The Directors are of the view that the consideration aforesaid is fair and reasonable and in the interests of the shareholders of the Company as a whole.

Scope of business of the : The JV Company will be engaged in the business development in
JV Company the information technology solution and provision of related technical support services in Hong Kong.

Board composition : The board of directors of the JV Company is proposed to comprise
of the JV Company six directors. Each of E-silkroad.net and Sun Rise is entitled to appoint three directors. The quorum for board meetings of the JV Company will be any four directors, at least one of which must be a director of E-silkroad.net. In case of equality of votes, the chairman of the board of directors of the JV Company will be entitled to a second or casting vote.

Upon the full injection of the initial total investment, the total asset value of the JV Company is expected to be not more than HK\$250,000. Since the Group will own 51% of the issued and paid up capital of the JV Company, the JV Company will be accounted as a subsidiary of the Company. Accordingly, the Group's financial results will be directly affected by the performance of the JV Company. It is expected that the JV Company will generate revenue for the Group in the near future. As all of the Group's investment in the JV Company will be in the form of cash, there will not be any net effect on the Group's enlarged consolidated assets and liabilities upon the completion of the investment in the JV Company.

Reasons for the formation of the JV Company

The Group is principally engaged in the business of software development and trading of computer hardware and software. Since the Group has been identifying suitable business segments to improve the performance of the Group and targeting at customers in the private and public sectors in Hong Kong and the PRC, the Directors consider that the formation of the JV Company a good opportunity for the Group to further explore the markets of information technology solution and provision of related technical support services in both Hong Kong and the PRC.

Taking into account the expertise of the management of Sun Rise in the information technology industry and the business potential in such area, the Directors are of the view that the terms of the JV Agreement are normal commercial terms and are fair and reasonable and the JV Agreement is in the interests of the Company and the shareholders of the Company as a whole.

DISCLOSEABLE TRANSACTION

Since the relevant percentage ratio calculated pursuant to Rule 19.07 of the GEM Listing Rules is more than 5% but less than 25%, the formation of the JV Company constitutes a discloseable transaction for the Company.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is drawn to the information set out in the appendix to this circular.

For and on behalf of the Board
Glory Future Group Limited
Choi Koon Ming
Chairman

1. DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

- (a) As at the Latest Practicable Date, the interests and short positions of the Directors or chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he is taken or deemed to have under such provisions of the SFO), or are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or are required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to the securities transactions by Directors to be notified to the Company and the Stock Exchange were as follows:

Name of Director	Capacity	Number and class of securities	Number of shares and underlying shares of the Company	Approximate percentage of issued share capital as at the Latest Practicable Date
Mr. Choi Koon Ming ("Mr. Choi")	Beneficial owner	7,500,000 share options	7,500,000	1.0%
Mr. Ng Kam Yiu	Beneficial owner	3,000,000 share options	3,000,000	0.4%
Mr. Chow Yeung Tuen, Richard	Beneficial owner	3,000,000 share options	3,000,000	0.4%

- (b) Save as disclosed in this circular, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had any interest in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he is taken or deemed to have under such provisions of the SFO), or are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or are required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to the securities transactions by Directors to be notified to the Company and the Stock Exchange.

2. SUBSTANTIAL SHAREHOLDERS' INTERESTS AND OTHER PERSONS WHO ARE REQUIRED TO DISCLOSE THEIR INTERESTS IN THE COMPANY

(a) Substantial shareholders

As at the Latest Practicable Date, so far as is known to the Directors, the following persons, other than a Director or chief executive of the Company, had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is expected, directly or indirectly, interested in 10% or more of

the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company:

Name	Capacity	Number of ordinary shares held	Approximate percentage of issued share capital	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	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

Name	Capacity	Number of ordinary shares held	Approximate percentage of issued shares capital	Number of underlying shares of the Company	Number of ordinary shares and underlying shares of the Company
Tai Lee Assets Limited (Note 5)	Beneficial owner	94,406,000	12.5%	–	94,406,000
Tsoi Siu Lan, Mazie (Note 5)	Through a controlled corporation	94,406,000	12.5%	–	94,406,000
Ceroilfood Finance Limited (Note 6)	Beneficial owner	83,022,000	11.0%	–	83,022,000
China National Cereals Oils and Footstuffs Import and Export Corporation (Note 6)	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 the date of this statement of interests, 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 without taking into account any of the shares which may fall to be issued upon the exercise of any share options outstanding as at the date of this statement of interests.
- (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.
- (b) Save as disclosed in this circular, so far as is known to the Directors, there is no other person who had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, had a direct or indirect interests amounting to 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any members of the Group.

3. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

4. DIRECTORS' SERVICE CONTRACTS

None of the Directors had entered into any services agreements with the Company or any of its subsidiaries (excluding contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

5. COMPETING BUSINESS

None of the Directors and management shareholders of the Company had any interests in any business which competes or may compete with the business in which the Group is engaged.

6. MISCELLANEOUS

- (a) The registered office of the Company is Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681 GT, George Town, Grand Cayman, British West Indies.
- (b) The principal place of business of the Company in Hong Kong is at 7th Floor, San Kei Tower, 56-58 Yee Wo Street, Causeway Bay, Hong Kong.
- (c) The Hong Kong share registrar and transfer office of the Company is Tengis Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.
- (d) The company secretary and qualified accountant of the Company is Mr. Tsui Chun Kuen, a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of International Accountants.
- (e) The compliance officer and the Chief Executive Officer of the Company is Mr. Ng Kam Yiu.
- (f) The finance director of the Company is Mr. Chow Yeung Tuen, Richard.

- (g) The audit committee of the Company comprises the three independent non-executive Directors, Mr. Cho Po Hong, Jimmy, Mr. Chik Sun Cheung and Ms. Ho Suk Yin, JP. Each of the independent non-executive Directors does not hold directorship in other companies listed on GEM, the Main Board operated by the Stock Exchange or other exchanges. The main responsibilities of the audit committee is to review the financial reporting process and internal control of the Company.

- (h) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.