

WEALTH GLORY HOLDINGS LIMITED

富譽控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8269

Third Quarterly Report **2010**



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

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. 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.

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This report, for which the directors of Wealth Glory Holdings Limited (the “Directors”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to Wealth Glory Holdings Limited. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading or deceptive; and (2) there are no other matters the omission of which would make any statement herein or in this report misleading.

The board of directors (the "Board") of Wealth Glory Holdings Limited (the "Company") is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the nine months ended 31 December 2010 together with the unaudited comparative figures for the corresponding period in 2009 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

| | Notes | Three months ended 31 December | | Nine months ended 31 December | |
|--|-------|-----------------------------------|------------------|----------------------------------|------------------|
| | | 2010 HK\$'000 | 2009 HK\$'000 | 2010 HK\$'000 | 2009 HK\$'000 |
| Turnover | 3 | 31,696 | 24,283 | 99,182 | 63,736 |
| Cost of goods sold | | (22,100) | (17,434) | (69,294) | (47,861) |
| Gross profit | | 9,596 | 6,849 | 29,888 | 15,875 |
| Other income | | - | - | - | 1 |
| Selling expenses | | (757) | (844) | (1,839) | (2,426) |
| Administrative expenses | | (2,243) | (1,077) | (5,185) | (3,515) |
| Other operating expenses | | (1,603) | (122) | (1,889) | (200) |
| Profit before tax | 4 | 4,993 | 4,806 | 20,975 | 9,735 |
| Income tax expense | 5 | - | - | - | - |
| Profit for the period attributable to owners of the Company | | 4,993 | 4,806 | 20,975 | 9,735 |
| Earnings per share | | | | | |
| - Basic and diluted (<i>HK cents</i>) | 7 | 0.90 | 1.07 | 3.80 | 2.17 |

CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

For the nine months ended 31 December 2010

| | Share Capital | Share premium | Merger reserve | Foreign currency translation reserve | Legal reserve | Retained profits | Total equity |
|--|------------------|------------------|-------------------|---|------------------|---------------------|-----------------|
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| At 1 April 2010 | 234 | - | - | (979) | 485 | 24,051 | 23,791 |
| Total comprehensive income for the period | - | - | - | (53) | - | 20,975 | 20,922 |
| Dividends paid | - | - | - | - | - | (8,000) | (8,000) |
| Share swap pursuant to group reorganization | 4,246 | - | (4,246) | - | - | - | - |
| Issue of shares upon listing, net of listing expenses | 1,040 | 20,152 | - | - | - | - | 21,192 |
| Changes in equity for the period | 5,286 | 20,152 | (4,246) | (53) | - | 12,975 | 34,114 |
| At 31 December 2010 (Unaudited) | 5,520 | 20,152 | (4,246) | (1,032) | 485 | 37,026 | 57,905 |
| At 1 April 2009 | 234 | - | - | (979) | 485 | 16,857 | 16,597 |
| Total comprehensive income for the period | - | - | - | - | - | 9,735 | 9,735 |
| Dividends paid | - | - | - | - | - | (10,000) | (10,000) |
| Changes in equity for the period | - | - | - | - | - | (265) | (265) |
| At 31 December 2009 (Unaudited) | 234 | - | - | (979) | 485 | 16,592 | 16,332 |

NOTES:**1. GENERAL INFORMATION**

The Company was incorporated in the Cayman Islands on 25 June 2010 under the Companies Law of the Cayman Islands as an exempted company with limited liability. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of its principal place of business is Unit 4, 10/F., Lucky Commercial Centre, 103 Des Voeux Road West, Hong Kong. The shares of the Company ("Shares") were listed on GEM of the Stock Exchange on 14 October 2010.

The Company is an investment holding company and the principal activities of its subsidiaries are manufacture and sales of fresh and dried noodles.

2. BASIS OF PRESENTATION AND PRINCIPAL ACCOUNTING POLICIES

The Group's third quarterly report for the nine months ended 31 December 2010 has been prepared in accordance with the disclosure requirements of the GEM Listing Rules.

The accounting policies and methods of computation used in the preparation of this third quarterly report are consistent with those used in the accountants' report (the "Accountants' Report") included in the prospectus of the Company dated 30 September 2010, except for adoption of certain new and revised Hong Kong Financial Reporting Standards. This third quarterly report does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Accountants' Report.

3. TURNOVER

Turnover represents the net invoiced value of goods sold, after allowances for returns and trade discounts.

The following table presents turnover from external customers by geographical location for each of the periods:

| | Three months ended | | Nine months ended | |
|----------------------------------|---------------------------------|-------------------------|---------------------------------|-------------------------|
| | 31 December | 2009 | 31 December | 2009 |
| | 2010 (Unaudited) HK\$'000 | (Unaudited) HK\$'000 | 2010 (Unaudited) HK\$'000 | (Unaudited) HK\$'000 |
| Australia | 7,201 | 5,058 | 22,361 | 16,071 |
| Canada | 4,784 | 4,825 | 15,480 | 9,315 |
| Europe | 1,728 | 2,827 | 6,600 | 8,675 |
| Hong Kong | 828 | – | 1,531 | 235 |
| PRC (except Hong Kong and Macau) | 1,342 | 699 | 4,105 | 2,820 |
| South East Asia | 12,745 | 8,305 | 39,577 | 20,906 |
| Others | 3,068 | 2,569 | 9,528 | 5,714 |
| | 31,696 | 24,283 | 99,182 | 63,736 |

In presenting the geographical information, turnover is based on the locations of the customers.

4. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging the following:

| | Three months ended | | Nine months ended | |
|---|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| | 31 December | | 31 December | |
| | 2010 (Unaudited) HK\$'000 | 2009 (Unaudited) HK\$'000 | 2010 (Unaudited) HK\$'000 | 2009 (Unaudited) HK\$'000 |
| Cost of goods sold | 22,100 | 17,434 | 69,294 | 47,861 |
| Depreciation | 81 | 88 | 262 | 349 |
| Operating lease charges | | | | |
| – Land and buildings | 240 | 236 | 693 | 709 |
| Staff costs including directors' emoluments | | | | |
| – Salaries, bonus and allowances | 1,115 | 665 | 2,786 | 1,936 |
| – Retirement benefit scheme contributions | 119 | 103 | 332 | 301 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

5. INCOME TAX EXPENSE

| | Three months ended | | Nine months ended | |
|--------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| | 31 December | | 31 December | |
| | 2010 (Unaudited) HK\$'000 | 2009 (Unaudited) HK\$'000 | 2010 (Unaudited) HK\$'000 | 2009 (Unaudited) HK\$'000 |
| Current income tax | – | – | – | – |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

No provision for Hong Kong profits tax has been made for the above periods as the Group did not generate any assessable profits arising in Hong Kong.

The subsidiary, Shui Ye Foods (Shanghai) Co., Ltd., operating in the People's Republic of China ("PRC"), is subject to corporate income tax rate of 25% on its taxable profit in accordance with the PRC Corporate Income Tax Law. No provision for corporate income tax has been made as it has no assessable profit for the above periods.

According to the current applicable laws of the Macau Special Administrative Region, Macau Complementary Tax is calculated at a progressive rate from 9% to 12% on the estimated assessable profits for the year with first two hundred thousand patacas assessable profits being free from tax. However, Greenfortune (Macao Commercial Offshore) Limited, a subsidiary of the Company, operating in Macau during the period was in compliance with the Decree-Law No. 58/99/M of Macau Special Administrative Region, and thus, the profits generated by the subsidiary was exempted from the Macau Complementary Tax. Further, in the opinion of the Directors, that portion of the Group's profit is not at present subject to taxation in any other jurisdictions in which the Group operates.

6. DIVIDENDS

| | Three months ended 31 December | | Nine months ended 31 December | |
|-----------------------|-----------------------------------|---------------------------------|----------------------------------|---------------------------------|
| | 2010 (Unaudited) HK\$'000 | 2009 (Unaudited) HK\$'000 | 2010 (Unaudited) HK\$'000 | 2009 (Unaudited) HK\$'000 |
| Interim dividend paid | - | - | - | 10,000 |
| Special dividend paid | - | - | 8,000 | - |

The Board does not recommend the payment of an interim dividend for the nine months ended 31 December 2010 (2009: HK\$10,000,000).

On 26 August 2010, Paraburdoo Limited, a subsidiary of the Company, paid a special dividend of HK\$8,000,000 to its then shareholders prior to the reorganisation of the Group on 24 September 2010.

7. EARNINGS PER SHARE

The calculations of basic earnings per share for the three months and nine months ended 31 December 2010 were based on the unaudited consolidated profit of HK\$4,993,000 and HK\$20,975,000 attributable to owners of the Company for the three months and nine months ended 31 December 2010 respectively (three months and nine months ended 31 December 2009: HK\$4,806,000 and HK\$9,735,000 respectively) and the pro forma weighted average number of 552,000,000 shares of the Company ("Shares") in issue (pro forma weighted average number of shares in issue for the three months and nine months ended 31 December 2009: 448,000,000 shares) on the assumption that they had been in issue throughout the periods.

There were no potential dilutive ordinary shares for each of the three months and nine months ended 31 December 2010 and 2009, and therefore, diluted earnings per share were the same as the basic earning per share in each period.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group is principally engaged in (i) the supply and sale of dried noodles, including bowl noodles and packed noodles; and (ii) the manufacture and sale of fresh noodles, including but not limited to, hefen, wonton noodles and yi mein. The Group's dried noodles are mainly sold to overseas customers, which are mainly food product wholesalers engaging in trading and distribution of food products in Australia, Canada and South East Asia; and our Group's fresh noodles are mainly sold to restaurants, hotels and cafes in Shanghai, the PRC which are close to our Group's production plant.

The Group's performance was fairly strong for the nine months ended 31 December 2010 compared to the corresponding period in 2009 due to global economic recovery and introduction of new products in the fourth quarter of 2009. Turnovers for the principal markets of the Group i.e. Australia, Canada and South East Asia recorded an increase of approximately HK\$6,290,000, HK\$6,165,000 and HK\$18,671,000 respectively. Overall turnover of the Group was increased by approximately 55.6% to approximately HK\$99,182,000 for the nine months ended 31 December 2010 as compared to the corresponding period in 2009.

During the period under review, the Group's marketing team continued to visit the customers on a regular basis to bring them the latest product designs and samples, attend tradeshow and set up booths in the tradeshow and supermarkets, visit exhibitions as well as through its internet website to promote its products with a view to fostering business relationships with its customers, capturing business opportunities with potential customers and obtaining the latest market information and trends of products.

Financial Review

For the nine months ended 31 December 2010, the turnover of the Group was increased to approximately HK\$99,182,000 (31 December 2009: approximately HK\$63,736,000), representing an increase by approximately 55.6% compared with the corresponding period in 2009. This satisfactory result was mainly attributed to rising demand from our existing customers for new products introduced in the fourth quarter of 2009 and sales to new customers. In terms of geographical segments, sales to the Group's major markets, i.e. Australia, Canada and South East Asia were increased by approximately 39.1%, 66.2% and 89.3% respectively.

The gross profit of the Group for the nine months ended 31 December 2010 was increased by approximately 88.3% to approximately HK\$29,888,000 compared to approximately HK\$15,875,000 for the corresponding period in 2009 due to an increase in sales and an improvement in gross profit margin to approximately 30.1% for the nine months ended 31 December 2010 from approximately 24.9% for the corresponding period in 2009. The improvement in gross profit margin was mainly attributed to an increasing demand for new products with higher gross profit margin that had been introduced in the fourth quarter of 2009.

The Group's selling expenses for the nine months ended 31 December 2010 were decreased by approximately 24.2% to approximately HK\$1,839,000 compared to approximately HK\$2,426,000 for the corresponding period in 2009. The decrease was mainly attributed to a decrease in the commission expenses paid to agents for referring customers to our Group.

The Group's administrative expenses for the nine months ended 31 December 2010 were increased by approximately 47.5% to approximately HK\$5,185,000 compared to approximately HK\$3,515,000 for the corresponding period in 2009. The increase was mainly attributed to an increase in annual listing fee to the Stock Exchange, legal and professional fees, and other administrative expenses.

The Group's other operating expenses for the nine months ended 31 December 2010 were increased to approximately HK\$1,889,000 compared to approximately HK\$200,000 in the corresponding period in 2009. The increase was mainly attributed to certain listing expenses borne by the Company during the period.

The Group's profit attributable to owners for the nine months ended 31 December 2010 was increased by approximately 115.5% to HK\$20,975,000 compared to approximately HK\$9,735,000 in the corresponding period in 2009.

DIRECTORS' INTERESTS IN SHARES

As at 31 December 2010, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) ("SFO")) as recorded in the register required to be kept by the Company under Section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of the Company as referred to in Rule 5.46 of the GEM Listing Rules, were as follows:

(i) Aggregate long positions in Shares

| Name of Director | Capacity of Interests | Number of Shares in interest | Approximate percentage of interest in Shares |
|--|------------------------------------|------------------------------|--|
| Ms. Lee Yau Lin, Jenny ("Ms. Lee") (Note 1) | Interest in controlled corporation | 306,880,000 | 55.59% |
| Mr. Wong Wing Fat ("Mr. Wong") (Note 2) | Interest in controlled corporation | 35,840,000 | 6.49% |

Note:

- Ms. Lee is the beneficial owner of 100% of the issued share capital of Conrich Investments Limited ("Conrich"). Ms. Lee is deemed to be interested in, and duplicated the interests of, the 306,880,000 Shares held by Conrich under section 316(2) of the SFO.
- Mr. Wong is the beneficial owner of 100% of the issued share capital of Fastray Investments Limited ("Fastray"). Mr. Wong is deemed to be interested in, and duplicated the interests of, the 35,840,000 Shares held by Fastray under section 316(2) of the SFO.

(ii) Aggregate long positions in associated corporation

| Name of Director | Name of associated corporation | Number of share in interest in the associated corporation | Percentage of interest in share of the associated corporation |
|------------------|--------------------------------|---|---|
| Ms. Lee | Conrich (Note) | 1 | 100% |

Note: Conrich is the holding company of the Company holding about 55.59% of the issued share capital of the Company, and is deemed to be an associated corporation of the Company pursuant to the SFO.

Save as disclosed above, as at 31 December 2010, none of the Directors and chief executive of the Company had any other interests or short positions in any shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under 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.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 31 December 2010, the interests or short positions of every person, other than a Director or chief executive of the Company, in the Shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Aggregate long positions in Shares

| Name of shareholder | Capacity of Interests | Number of Shares in interest | Approximate percentage of interest in Shares |
|--------------------------------|-----------------------|------------------------------|--|
| Conrich (Note 1) | Beneficial owner | 306,880,000 | 55.59% |
| Leung Kai Tong, Tommy (Note 2) | Family interest | 306,880,000 | 55.59% |
| Fastray (Note 3) | Beneficial owner | 35,840,000 | 6.49% |
| Fu Ching Man (Note 4) | Family interest | 35,840,000 | 6.49% |

Note:

1. Conrich is an investment holding company incorporated in the British Virgin Islands on 5 January 2010 with limited liability, the entire issued share capital of which is wholly and beneficially owned by Ms. Lee.
2. Mr. Leung Kai Tong, Tommy is the spouse of Ms. Lee and is deemed to be interested in, and duplicated the interests of, all the Shares she is interested under Section 316(1) of the SFO.
3. Fastray is an investment holding company incorporated in the British Virgin Islands on 5 January 2010 with limited liability, the entire issued share capital of which is wholly and beneficially owned by Mr. Wong.
4. Ms. Fu Ching Man is the spouse of Mr. Wong and is deemed to be interested in, and duplicated the interests of, all the Shares he is interested under Section 316(1) of the SFO.

Save as disclosed above, as at 31 December 2010, no other person had any interests or short positions in the Shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTOR'S RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed under the heading "Directors' Interests In Shares" above, at no time during the reporting period were there rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company or of any other body corporate granted to any Directors or their respective spouse or children under 18 years of age, or were there any such rights exercised by them; or was the Company, its holding company or any of its subsidiaries a party to any arrangements to enable the Directors, their respective spouse or children under 18 years of age to acquire such rights in the Company or any other body corporate.

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

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the nine months ended 31 December 2010.

DIRECTOR'S AND CONTROLLING SHAREHOLDER'S INTERESTS IN COMPETING INTERESTS

As at 31 December 2010, none of the Directors, the controlling shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) had any interest in a business which competes or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

REVIEW OF QUARTERLY REPORT

This quarterly report for the nine months ended 31 December 2010 was not audited by the Company's auditors, but was reviewed by the Audit Committee of the Company, which was of the opinion that the information contained therein had complied with the disclosure requirements of the GEM Listing Rules, and that adequate disclosures had been made.

By order of the Board
Wealth Glory Holdings Limited
Lee Yau Lin, Jenny
Chairman

Hong Kong, 11 February 2011

As at the date of this report, the Company's executive directors are Ms. Lee Yau Lin, Jenny and Mr. Wong Wing Fat and the Company's independent non-executive directors are Mr. Ho Wai Hung, Ms. Cheung Kin, Jacqueline and Ms. Mak Yun Chu.