



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 **2011**
Report

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

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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 three months and nine months ended 31 December 2011 together with the unaudited comparative figures for the corresponding period in 2010 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the three months and nine months ended 31 December 2011

		Three months ended 31 December		Nine months ended 31 December	
	Note	2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000
Turnover	3	20,817	31,696	87,007	99,182
Cost of goods sold		(16,311)	(22,100)	(63,646)	(69,294)
Gross profit		4,506	9,596	23,361	29,888
Other income		234	-	300	-
Selling expenses		(806)	(757)	(2,676)	(1,839)
Administrative expenses		(3,036)	(2,243)	(9,470)	(5,185)
Other operating expenses		(145)	(1,603)	(543)	(1,889)
Profit before tax	4	753	4,993	10,972	20,975
Income tax expense	5	-	-	-	-
Profit for the period attributable to owners of the Company		753	4,993	10,972	20,975
Other comprehensive income					
- Exchange difference on translating foreign operations		(4)	(53)	91	(53)
Total comprehensive income for the period attributable to owners of the Company		749	4,940	11,063	20,922
Earnings per share	7				
- Basic and diluted (HK cents)		0.11	0.90	1.70	3.80

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2011

	Share capital	Share premium	Merger reserve	Foreign currency translation reserve	Share- based payment reserve	Legal reserve	Retained profits	Proposed final dividend	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2011 (Audited)	5,520	20,092	(4,246)	(691)	-	485	31,135	9,936	62,231
Total comprehensive income for the period	-	-	-	91	-	-	10,972	-	11,063
Issue of shares on placement	1,104	39,744	-	-	-	-	-	-	40,848
Share issue expenses	-	(453)	-	-	-	-	-	-	(453)
Dividend paid	-	-	-	-	-	-	-	(9,936)	(9,936)
Recognition of equity-settled share-based payments	-	-	-	-	3,242	-	-	-	3,242
Changes in equity for the period	1,104	39,291	-	91	3,242	-	10,972	(9,936)	44,764
At 31 December 2011 (Unaudited)	6,624	59,383	(4,246)	(600)	3,242	485	42,107	-	106,995
At 1 April 2010 (Audited)	234	-	-	(979)	-	485	24,051	-	23,791
Total comprehensive income for the period	-	-	-	(53)	-	-	20,975	-	20,922
Dividend paid	-	-	-	-	-	-	(8,000)	-	(8,000)
Share swap pursuant to group reorganisation	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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED THIRD QUARTERLY RESULTS:

For the nine months ended 31 December 2011

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.

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 2011 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 audited financial statements included in the annual report of the Company for the year ended 31 March 2011 (the "Annual Report"), 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 Annual 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 31 December		Nine months ended 31 December	
	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
Hong Kong	364	828	1,253	1,531
The People's Republic of China ("PRC") except Hong Kong and Macau	2,038	1,342	5,545	4,105
Australia	5,803	7,201	16,918	22,361
Canada	3,496	4,784	14,183	15,480
Europe	737	1,728	5,009	6,600
South East Asia	6,658	12,745	32,315	39,577
Others	1,721	3,068	11,784	9,528
	20,817	31,696	87,007	99,182

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	
	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
Cost of goods sold	16,311	22,100	63,646	69,294
Depreciation	74	81	242	262
Operating lease charges				
– Land and buildings	261	240	782	693
Staff costs including directors' emoluments				
– Salaries, bonus and allowances	1,073	1,115	3,240	2,786
– Retirement benefit scheme contributions	178	119	502	332
Equity-settled share-based payments	–	–	3,242	–
	16,564	23,555	71,412	73,067

5. INCOME TAX EXPENSE

	Three months ended		Nine months ended	
	31 December		31 December	
	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
Current income tax	–	–	–	–
	–	–	–	–

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	
	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
Interim dividend paid	-	-	-	-
Special dividend paid	-	-	-	8,000

The Board does not recommend the payment of any dividend for the nine months ended 31 December 2011 (2010: Nil).

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 2011 are based on the unaudited consolidated profit of approximately HK\$753,000 and approximately HK\$10,972,000 attributable to owners of the Company for the three months and nine months ended 31 December 2011 respectively (three months and nine months ended 31 December 2010: approximately HK\$4,993,000 and approximately HK\$20,975,000 respectively) and the weighted average number of 662,400,000 and 645,538,909 shares respectively in issue (pro forma weighted average number of shares in issue for the three months and nine months ended 31 December 2010: 552,000,000 shares on the assumption that they have 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 2011 and 2010, and therefore, diluted earnings per share were the same as the basic earnings per share.

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 were mainly sold to overseas customers, which are mainly food product wholesalers engaged in trading and distribution of food products in Australia, Canada, Europe and South East Asia and, and our Group's fresh noodles were mainly sold to restaurants, hotels and cafes in Shanghai, the PRC.

The downturn in the global economy, instability in the financial market and tightening up of formalities of regulating edible foodstuff control in the domestic market of the PRC in recent months has significantly affected the performance of the Group. The escalating costs in raw materials which the Group has difficulties to fully transfer all the increased costs to the customers has also exerted pressure on the Group's gross profit margin. Therefore, the Group's turnover, gross profit and profit attributable to shareholders for nine months ended 31 December 2011 were dropped by approximately 12.3%, 21.8% and 47.7% respectively when compared to the corresponding period in 2010.

In line with the Group's expansion plan in production capacity, two of new production lines have been installed and it is anticipated that the remaining one production line shall be fully installed and operated as planned.

Although the Group has been implementing the scheduled business objectives and future plans, taking into account the continuously unstable global economy, the Group has been considering possible business expansion and/or diversification should such opportunities arise. On 1 December 2011, the Group entered into the memorandum of understanding in respect of a possible acquisition of copper mining rights and business located in Tibet, the PRC. The Group considers the possible acquisition under above-mentioned memorandum of understanding is an opportunity which the Group should explore further. As at the date of this report, no definitive terms have been agreed and no formal agreement in relation to the possible acquisition has been entered into. Further announcement will be made by the Company should there be any progress in finalising the possible acquisition.

Financial Review

For the nine months ended 31 December 2011, the turnover of the Group was decreased to approximately HK\$87.0 million (31 December 2010: approximately HK\$99.2 million), representing a decrease by approximately 12.3% when compared with the corresponding period in 2010. This decrease in turnover was mainly attributed to decrease in orders from our overseas customers due to unpredictable global economic conditions and the weakening of the customer confidence. In terms of geographical segments, South East Asia, Australia and Canada were still our major markets, which represented approximately 37.1%, 19.4% and 16.3% of the Group's turnover.

The gross profit margin of the Group for the nine months ended 31 December 2011 was dropped to approximately 26.8% (31 December 2010: approximately 30.1%) and the gross profit was dropped to approximately HK\$23.4 million (31 December 2010: approximately HK\$29.9 million), representing a decrease by approximately 21.8% compared to the corresponding period in 2010. The decrease in gross profit margin was mainly attributed to the escalating costs in raw materials which could not be fully transfer all the increased costs to the customers.

The Group's selling expenses for the nine months ended 31 December 2011 was increased by approximately 45.5% to approximately HK\$2.7 million compared to approximately HK\$1.8 million for the corresponding period in 2010. The increase was mainly attributed to the equity-settled share-based payments of approximately HK\$0.8 million charged to the income statement for grant of share options during the period under review.

The Group's administrative expenses for the nine months ended 31 December 2011 was increased by approximately 82.6% to approximately HK\$9.5 million compared to approximately HK\$5.2 million for the corresponding period in 2010. The increase was mainly attributed to the increase in outlays in entertainment and traveling for customer visits, staff headcounts, share-based payments, legal and professional fees and certain recurrent listing expenses.

The Group's profit attributable to shareholders for the nine months ended 31 December 2011 was decreased by approximately 47.7% to approximately HK\$11.0 million compared to approximately HK\$21.0 million for the corresponding period in 2010.

DIRECTORS' INTERESTS IN SECURITIES

As at 31 December 2011, the interests and short positions of the Directors and chief executives 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 as referred to in Rules 5.46 of the GEM Listing Rules, were as follows:

Aggregate long positions in shares

Name of Director	Capacity of interests	Number of shares in interest	Approximate percentage of interest in shares
Ms. Lee (<i>Note 1</i>)	Interest in controlled corporation/Beneficial owner	310,880,000	46.93%
Mr. Wong (<i>Note 2</i>)	Interest in controlled corporation/Beneficial owner	39,840,000	6.01%
Mr. Ho Wai Hung (<i>Note 3</i>)	Beneficial owner	400,000	0.06%
Ms. Cheung Kin, Jacqueline (<i>Note 3</i>)	Beneficial owner	400,000	0.06%
Ms. Mak Yun Chu (<i>Note 3</i>)	Beneficial owner	400,000	0.06%

Notes:

- Ms. Lee Yau Lin, Jenny ("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) the SFO. The remaining interests in 4,000,000 Shares are share options granted by the Company to Ms. Lee on 11 July 2011.
- Mr. Wong Wing Fat ("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) the SFO. The remaining interests in 4,000,000 Shares are share options granted by the Company to Mr. Wong on 11 July 2011.
- These shares in interests are share options granted by the Company to respective Directors on 11 July 2011.

Save as disclosed above, as at 31 December 2011, 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 corporations (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 Rules 5.46 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 31 December 2011, 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	46.33%
Mr. Leung Kai Tong, Tommy (Note 2)	Family interest	310,880,000	46.93%
Fastray (Note 3)	Beneficial owner	35,840,000	5.41%
Ms. Fu Ching Man (Note 4)	Family interest	39,840,000	6.01%

Notes:

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

Save as disclosed above, as at 31 December 2011, 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 Securities" above, at no time during the reporting period were there rights to acquire benefits by means of the acquisition of Shares 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

Save for the top-up placing of the new Shares as disclosed in the announcements of the Company dated 29 April 2011, 5 May 2011 and 13 May 2011, 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 2011.

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

As at 31 December 2011, 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 2011 was not audited by the Company's independent 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, 10 February 2012

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.