

**WEALTH GLORY HOLDINGS LIMITED**

**富譽控股有限公司**

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8269



First Quarterly Report **2012**

## **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.**

*Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.*

*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 ended 30 June 2012 together with the unaudited comparative figures for the corresponding period in 2011 as follows:

## CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

		For the three months ended 30 June	
	Notes	2012 HK\$'000	2011 HK\$'000
<b>Turnover</b>	3	<b>17,038</b>	31,742
Cost of goods sold		<b>(13,624)</b>	(22,369)
<b>Gross profit</b>		<b>3,414</b>	9,373
Other income		<b>241</b>	11
Selling expenses		<b>(392)</b>	(618)
Administrative expenses		<b>(1,726)</b>	(2,446)
Other operating expenses		<b>(133)</b>	(162)
<b>Profit before tax</b>	4	<b>1,404</b>	6,158
Income tax expense	5	–	–
<b>Profit for the period attributable to owners of the Company</b>		<b>1,404</b>	6,158
<b>Other comprehensive income</b>			
– Exchange difference on translating foreign operations		–	(10)
<b>Total comprehensive income for the period attributable to owners of the Company</b>		<b>1,404</b>	6,148
<b>Earnings per share</b>			
– Basic and diluted ( <i>HK cents</i> )	7	<b>0.21</b>	1.01

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 June 2012

	Share capital	Share premium	Merger reserve	Share- based payment reserve	Foreign currency translation 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 2012 (Audited)	6,624	59,383	(4,246)	4,132	(465)	485	38,863	-	104,776
Total comprehensive income for the period	-	-	-	-	-	-	1,404	-	1,404
Changes in equity for the period	-	-	-	-	-	-	1,404	-	1,404
At 30 June 2012 (Unaudited)	<u>6,624</u>	<u>59,383</u>	<u>(4,246)</u>	<u>4,132</u>	<u>(465)</u>	<u>485</u>	<u>40,267</u>	<u>-</u>	<u>106,180</u>
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	-	-	-	-	(10)	-	6,158	-	6,148
Issue of shares on placement	1,104	39,744	-	-	-	-	-	-	40,848
Share issue expenses	-	(453)	-	-	-	-	-	-	(453)
Changes in equity for the period	1,104	39,291	-	-	(10)	-	6,158	-	46,543
At 30 June 2011 (Unaudited)	<u>6,624</u>	<u>59,383</u>	<u>(4,246)</u>	<u>-</u>	<u>(701)</u>	<u>485</u>	<u>37,293</u>	<u>9,936</u>	<u>108,774</u>

**NOTES:****1. GENERAL INFORMATION**

The Company was incorporated in the Cayman Islands 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 Company's shares are 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 first quarterly report for the three months ended 30 June 2012 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 first 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 2012 (the "Annual Report"), except for adoption of certain new and revised Hong Kong Financial Reporting Standards. This first quarterly report do 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:

	<b>For the three months ended 30 June</b>	
	<b>2012</b>	2011
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Hong Kong	<b>135</b>	446
PRC except Hong Kong and Macau	<b>1,889</b>	1,553
Australia	<b>3,496</b>	7,333
Canada	–	5,475
Dubai U.A.E.	<b>1,306</b>	1,837
Malaysia	<b>3,704</b>	8,564
New Zealand	<b>1,310</b>	1,546
Singapore	<b>1,233</b>	–
Thailand	<b>2,512</b>	2,814
United Kingdom	<b>1,453</b>	1,866
Others	–	308
	<hr/>	<hr/>
	<b>17,038</b>	31,742
	<hr/> <hr/>	<hr/> <hr/>

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:

	For the three months ended 30 June	
	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
Cost of goods sold	13,624	22,369
Depreciation	88	57
Operating lease charges		
– Land and buildings	279	257
Staff costs including directors' emoluments		
– Salaries, bonus and allowances	1,148	1,123
– Retirement benefit scheme contributions	123	119
	<u>13,624</u>	<u>22,369</u>

#### 5. INCOME TAX EXPENSE

	For the three months ended 30 June	
	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
Current income tax	–	–
	<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 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**

The Board does not recommend the payment of an interim dividend for the three months ended 30 June 2012 (2011: Nil).

**7. EARNINGS PER SHARE**

The calculations of basic earnings per share for the three months ended 30 June 2012 was based on the unaudited consolidated profit of approximately HK\$1,404,000 attributable to owners of the Company (three months ended 30 June 2011: HK\$6,158,000) and the weighted average number of 662,400,000 shares of the Company (pro forma weighted average number of shares in issue for the three months ended 30 June 2011: 611,446,154 shares) in issue during the period.

No diluted earnings per share are presented as the Company did not have any dilute potential ordinary sharing for each of the three months ended 30 June 2011 and 2012, and therefore, diluted earnings per share were the same as the basic earnings 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 food product wholesalers engaging in trading and distribution of food products in Australia and South East Asia, and our Group's fresh noodles are mainly sold to restaurants, hotels and cafes nearby our Group's production base in Shanghai, the PRC.

During the period under review, the Group's turnover had been continually affected by the tightening up of formalities for domestic and export sales that were attributable to the PRC Government's concern with the food safety scandals, led to more stringent domestic measures on food quality controls and other process to reduce the food safety risks. This had triggered delay in goods clearance procedures, caution among customers, and an overall reduction in the sales volume since the late 2011. Together with the escalating costs in raw materials and the downturn in global economy, the Group's performance for export sales had been significantly affected.

Although the Group had been implementing the scheduled objectives and future plans, taking into account the continuously unstable global economy and instability in the financial market in recent months, the Group was in the course of identifying further investment opportunities in order to diversify its existing business. During the period, the Group decided to proceed to investing in the coal trading business which would contribute steady revenue stream to the Group and maximize the return to the shareholders.

On 25 May 2012, a wholly owned subsidiary of the Company had entered into a conditional acquisition agreement with an independent third party, Intellect Hero Limited, pursuant to which the Group could diversify its existing businesses and tap into the coal trading business in the PRC by acquiring the 100% interest in Eminent Along Limited at a total consideration of HK\$100 million. The Group would then indirectly hold 33.33% equity interests of the target group. According to the terms of the agreement, the Group would be able to benefit from the positive prospects of the target group in light of the increasing demand of coal in the PRC, and to benefit from the potential investment returns to achieve increasing revenue to the Group and maximize the returns to the shareholders. For financing the initial working capital of the target group, the Company had also conditionally agreed to provide a facility of HK\$5 million to the target group. Details can be found in the announcement and circular of the Company dated 25 May 2012 and 18 July 2012 respectively. The acquisition and the facility were duly passed by shareholders at the Extraordinary General Meeting held on 3 August 2012 by way of poll and the acquisition is expected to complete by 31 August 2012.

On 12 June 2012, the Company announced to propose to raise approximately HK\$51 million through placing of 300,000,000 new shares at the price of HK\$0.17 per share and net proceeds receivable by the Company under the placing were estimated to be approximately HK\$49.6 million after deducting relevant expenses incurred in placing. The net proceeds from placing would provide funding to meet the capital requirement for the acquisition of new coal trading business in the PRC and also allow the Company to diversify its existing businesses. Details can be found in the announcement and circular of the Company dated 12 June 2012 and 18 July 2012 respectively. The shares to be issued under this placing was duly passed by shareholders at the Extraordinary General Meeting held on 3 August 2012 by way of poll. The placing is expected to complete by 31 August 2012.

### **Financial Review**

For the three months ended 30 June 2012, the Group's turnover decreased by approximately 46.3% to approximately HK\$17.0 million from approximately HK\$31.7 million compared to the corresponding previous period in 2011. The decrease in turnover was principally attributed to the decrease in orders from overseas customers due to the tightening up of formalities for export sales that were attributable to the PRC Government's concern with the food safety scandals, led to more stringent measures on food quality controls and other process to reduce the food safety risks for export to overseas countries. This had triggered delay in goods clearance procedures, caution among customers, and an overall reduction in the sales volume since the late 2011. Together with the downturn in global economy, the Group's performance for sales had been significantly affected. In term of geographical segments, South East Asia and Australia were still our major markets, which represented approximately 43.7% and 20.5% of the Group's turnover.

The gross profit of the Group for the three months ended 30 June 2012 decreased to approximately HK\$3.4 million as compared to approximately HK\$9.4 million for the corresponding previous period in 2011, a decrease of approximately 63.6%. The decrease in gross profit was mainly attributed to the decrease in turnover and also the decrease in gross profit margin attributable to the escalating costs in raw materials which the Group could not fully transfer all the increased costs to the customers.

The Group's selling expenses for the three months ended 30 June 2012 were decreased by approximately 36.6% to approximately HK\$0.4 million compared to approximately HK\$0.6 million for the corresponding period in 2011. The decrease was mainly attributed to decrease in the sales activities that were considered in line with the decrease in turnover.

The Group's administrative expenses for the three months ended 30 June 2012 were decreased by approximately 29.4% to approximately HK\$1.7 million compared to approximately HK\$2.4 million for the corresponding period in 2011. The decrease was mainly attributed to the decrease in legal and professional fees, entertainment and traveling expenses.

The Group's profit attributable to shareholders for the three months ended 30 June 2012 was decreased by approximately 77.2% to approximately HK\$1.4 million compared to approximately HK\$6.2 million for the corresponding period in 2011.

## DIRECTORS' INTERESTS IN SHARES

As at 30 June 2012, 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/Beneficial owner	310,880,000	46.93%
Mr. Wong Wing Fat ("Mr. Wong") (Note 2)	Interest in controlled corporation/Beneficial owner	39,840,000	6.01%
Mr. Ho Wai Hung (Note 3)	Beneficial owner	400,000	0.06%
Ms. Cheung Kin, Jacqueline (Note 3)	Beneficial owner	400,000	0.06%
Ms. Mak Yun Chu (Note 3)	Beneficial owner	400,000	0.06%

Notes:

1. 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. The remaining interests in 4,000,000 shares are share options granted by the Company to Ms. Lee on 11 July 2011.
2. 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. The remaining interests in 4,000,000 shares are share options granted by the Company to Mr. Wong on 11 July 2011.
3. These shares in interests are share options granted by the Company to respective Directors on 11 July 2011.

Save as disclosed above, as at 30 June 2012, 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 30 June 2012, 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 ( <i>Note 1</i> )	Beneficial Owner	306,880,000	46.33%
Mr. Leung Kai Tong, Tommy ( <i>Note 2</i> )	Family Interest	310,880,000	46.93%
Fastray ( <i>Note 3</i> )	Beneficial Owner	35,840,000	5.41%
Ms. Fu Ching Man ( <i>Note 4</i> )	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 interests 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 interests of, all the shares Mr. Wong is interested under Section 316(1) of the SFO.

Save as disclosed above, as at 30 June 2012, 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 three months ended 30 June 2012.

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

As at 30 June 2012, 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.

## CORPORATE GOVERNANCE PRACTICES

The Company acknowledges the important role of its Board in providing effective leadership and direction to the Group's business, and ensuring transparency and accountability of the Company's operations. The Board has set out appropriate policies and implements corporate governance practices appropriate to the conduct and growth of the Group's business.

The Company has applied the principles and code provisions as set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 15 to the GEM Listing Rules.

In the opinion of the Board, the Company has complied with the code provisions set out in the CG Code during the three months ended 30 June 2012.

## REVIEW OF QUARTERLY REPORT

This quarterly report for the three months ended 30 June 2012 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, 10 August 2012

*As at the date of this report, the executive Directors are Ms. Lee Yau Lin, Jenny, Mr. Wong Wing Fat and Mr. Wong Ka Wah, Albert and the independent non-executive Directors are Mr. Ho Wai Hung, Ms. Cheung Kin, Jacqueline and Ms. Mak Yun Chu.*