

**WEALTH GLORY HOLDINGS LIMITED**

**富譽控股有限公司**

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8269



**Interim 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 of the Stock Exchange 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 and six months ended 30 September 2012 together with the unaudited comparative figures for the corresponding period in 2011 as follows:

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 30 September 2012

		Three months ended 30 September		Six months ended 30 September	
	Note	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
<b>Turnover</b>	3	<b>17,348</b>	34,448	<b>34,386</b>	66,190
Cost of goods sold		<b>(14,427)</b>	(24,966)	<b>(28,051)</b>	(47,335)
<b>Gross profit</b>		<b>2,921</b>	9,482	<b>6,335</b>	18,855
Other income		11	55	252	66
Selling expenses		(327)	(1,252)	(719)	(1,870)
Administrative expenses		(2,439)	(3,988)	(4,165)	(6,434)
Other operating expenses		(3,106)	(236)	(3,239)	(398)
<b>(Loss)/profit before tax</b>	5	<b>(2,940)</b>	4,061	<b>(1,536)</b>	10,219
Income tax expense	6	-	-	-	-
<b>(Loss)/profit for the period attributable to owners of the Company</b>		<b>(2,940)</b>	4,061	<b>(1,536)</b>	10,219
<b>Other comprehensive income</b>					
- Exchange difference on translating foreign operations		-	95	-	95
<b>Total comprehensive income for the period attributable to owners of the Company</b>		<b>(2,940)</b>	4,156	<b>(1,536)</b>	10,314
<b>(Loss)/earnings per share</b>	8				
- Basic (HK cents)		<b>(0.44)</b>	0.61	<b>(0.23)</b>	1.61
- Diluted (HK cents)		<b>N/A</b>	0.61	<b>N/A</b>	1.61

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION***As at 30 September 2012*

	<i>Note</i>	<b>As at 30 September 2012 (Unaudited) HK\$'000</b>	<b>As at 31 March 2012 (Audited) HK\$'000</b>
<b>Non-current assets</b>			
Fixed assets	9	<b>10,282</b>	10,167
Interests in associates	10	<b>100,000</b>	–
		<hr/> <b>110,282</b> <hr/>	<hr/> 10,167 <hr/>
<b>Current assets</b>			
Inventories	11	<b>634</b>	686
Trade receivables	12	<b>5,442</b>	17,187
Prepayments, deposits and other receivables		<b>6,136</b>	522
Bank and cash balances		<b>39,077</b>	86,676
		<hr/> <b>51,289</b> <hr/>	<hr/> 105,071 <hr/>
<b>Current liabilities</b>			
Trade payables	13	<b>6,465</b>	8,162
Accruals and other payables		<b>3,195</b>	2,297
		<hr/> <b>9,660</b> <hr/>	<hr/> 10,459 <hr/>
<b>Net current assets</b>		<hr/> <b>41,629</b> <hr/>	<hr/> 94,612 <hr/>
<b>Total assets less current liabilities</b>		<hr/> <b>151,911</b> <hr/>	<hr/> 104,779 <hr/>
<b>Non-current liabilities</b>			
Deferred tax liabilities		<hr/> <b>3</b> <hr/>	<hr/> 3 <hr/>
<b>NET ASSETS</b>		<hr/> <b>151,908</b> <hr/> <hr/>	<hr/> 104,776 <hr/> <hr/>
<b>Capital and reserves</b>			
Share capital	14	<b>9,522</b>	6,624
Reserves		<b>142,386</b>	98,152
<b>TOTAL EQUITY</b>		<hr/> <b>151,908</b> <hr/> <hr/>	<hr/> 104,776 <hr/> <hr/>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY***For the six months ended 30 September 2012*

	Share capital	Share premium	Merger reserve	Foreign currency translation reserve	Share-based payment reserve	Legal reserve	Retained profits	Proposed final dividend	Total equity
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
At 1 April 2012 (Audited)	6,624	59,383	(4,246)	(465)	4,132	485	38,863	-	104,776
Total comprehensive income for the period	-	-	-	-	-	-	(1,536)	-	(1,536)
Issue of shares on placements	2,898	47,182	-	-	-	-	-	-	50,080
Share issue expenses	-	(1,412)	-	-	-	-	-	-	(1,412)
Changes in equity for the period	2,898	45,770	-	-	-	-	(1,536)	-	47,132
At 30 September 2012 (Unaudited)	<u>9,522</u>	<u>105,153</u>	<u>(4,246)</u>	<u>(465)</u>	<u>4,132</u>	<u>485</u>	<u>37,327</u>	<u>-</u>	<u>151,908</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	-	-	-	95	-	-	10,219	-	10,314
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	-	95	3,242	-	10,219	(9,936)	44,015
At 30 September 2011 (Unaudited)	<u>6,624</u>	<u>59,383</u>	<u>(4,246)</u>	<u>(596)</u>	<u>3,242</u>	<u>485</u>	<u>41,354</u>	<u>-</u>	<u>106,246</u>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS***For the six months ended 30 September 2012*

	<b>Six months ended 30 September</b>	
	<b>2012 (Unaudited) HK\$'000</b>	2011 (Unaudited) HK\$'000
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>4,021</b>	12,023
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(100,288)</b>	(3,974)
<b>NET CASH GENERATED FROM FINANCING ACTIVITIES</b>	<b>48,668</b>	30,459
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(47,599)</b>	38,508
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>86,676</b>	46,799
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>39,077</b>	85,307
<b>ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS</b>		
<b>Bank and cash balances</b>	<b>39,077</b>	85,307

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS

*For the six months ended 30 September 2012*

### 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 in Hong Kong was changed to 17/F., No. 8 Wyndham Street, Central, Hong Kong, effective from 10 October 2012. The Company's 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 sale of fresh and dried noodles and investment in coal trading business.

### 2. BASIS OF PRESENTATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements for the six months ended 30 September 2012 (the "Interim Accounts") have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the GEM Listing Rules.

The accounting policies and methods of computation used in the preparation of the Interim Accounts 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 the new and revised Hong Kong Financial Reporting Standards. The Interim Accounts do not include all of the information required for the financial statements and thereby they 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.

### 4. SEGMENT INFORMATION

The Group has one single reportable segment which was managed as a single strategic business unit that engaged in the manufacturing and sale of packaged food with similar marketing strategy. Information reported to the Group's chief operating decision maker, for the purpose of resource allocation and assessment performance is focused on the operating results of the Group as a whole as the Group's resources are integrated and no discrete financial information is available. Accordingly, no segment analysis is presented.

#### 4. SEGMENT INFORMATION (CONTINUED)

##### Geographical information:

The following table presents revenue from external customers by geographical locations for each of the periods:

	Revenue		Non-current assets	
	Six months ended		As at	
	30 September	30 September	30 September	31 March
	2012	2011	2012	2012
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	491	889	20	17
Macau	-	-	-	48
PRC except Hong Kong and Macau	3,836	3,507	10,034	9,842
Australia	7,261	11,115	-	-
Canada	-	10,687	-	-
Dubai U.A.E.	2,714	6,798	-	-
Malaysia	6,606	17,702	-	-
New Zealand	2,875	3,265	228	260
Singapore	2,236	-	-	-
Thailand	4,756	7,955	-	-
United Kingdom	3,611	4,272	-	-
Consolidated total	<b>34,386</b>	66,190	<b>10,282</b>	10,167

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

##### Information about major customers:

For the six months ended 30 September 2012, revenue from customer contributing over 10% of the total revenue of the Group is as follow:

	Revenue	
	Six months ended	
	30 September	
	2012	2011
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Customer A	<b>3,611</b>	4,272

For the six months ended 30 September 2011, there was no customer who accounted for 10% or more of the Group's revenue.



## 5. (LOSS)/PROFIT BEFORE TAX

The Group's (loss)/profit before tax is arrived at after charging the following:

	Three months ended 30 September		Six months ended 30 September	
	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
Cost of goods sold	14,427	24,966	28,051	47,335
Depreciation	85	111	173	168
Operating lease charges				
– Land and buildings	399	264	678	521
Staff costs (including directors' emoluments)				
– Salaries, bonus and allowances	1,177	1,044	2,325	2,167
– Retirement benefit scheme contributions	197	205	320	324
Equity-settled share-based payments	–	3,242	–	3,242
Acquisition-related expenses	3,013	–	3,013	–
	<b>3,013</b>	<b>–</b>	<b>3,013</b>	<b>–</b>

## 6. INCOME TAX EXPENSE

	Three months ended 30 September		Six months ended 30 September	
	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
Current income tax	–	–	–	–
	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

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 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.

## 6. INCOME TAX EXPENSE (CONTINUED)

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 is 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.

## 7. DIVIDENDS

	Three months ended 30 September		Six months ended 30 September	
	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
Final dividend paid	-	9,936	-	9,936

The Board does not declare the payment of an interim dividend for the six months ended 30 September 2012 (2011: Nil).

## 8. (LOSS)/EARNINGS PER SHARE

The calculations of basic (loss)/earnings per share for the three months and six months ended 30 September 2012 were based on the unaudited consolidated loss of approximately HK\$2,940,000 and approximately HK\$1,536,000 attributable to owners of the Company for the three months and six months ended 30 September 2012 respectively (three months and six months ended 30 September 2011: profit of approximately HK\$4,061,000 and profit of approximately HK\$10,219,000 respectively) and the weighted average number of 675,002,087 and 668,735,475 shares respectively in issue (weighted average number of shares in issue for the three months and six months ended 30 September 2011: 662,400,000 and 637,062,295 shares respectively in issue).

No diluted earnings per share are presented as the effect of all potential ordinary shares is anti-dilutive for the three months and six months ended 30 September 2012.

There were no potential dilutive ordinary shares for each of the three months and six months ended 30 September 2011, and therefore, diluted earnings per share were the same as the basic earnings per share.

## 9. FIXED ASSETS

During the six months ended 30 September 2012, the Group did not acquire any property, plant and machinery in significant amount (six months ended 30 September 2011: HK\$4.0 million).

## 10. INTERESTS IN ASSOCIATES

	As at 30 September 2012 (Unaudited) HK\$'000	As at 31 March 2012 (Audited) HK\$'000
Share of net assets	–	–
Goodwill	100,000	–
	<b>100,000</b>	–

Details of the Group's associates at 30 September 2012 are as follows:

Name	Place of Incorporation	Paid-up capital	Percentage of ownership interest/ voting power/ profit sharing		Principal activities
			Direct	Indirect	
Goldenbase Ltd.	Republic of Seychelles	US\$100,000	33.33%	–	Investment holding in coal trading business
Royal Dragon Corporation Limited	Hong Kong	HK\$1,010,000	–	33.33%	Coal trading business (Not yet commenced business for the period)

The above associates are unlisted entity, and the Group's interest in the associates were indirectly held through wholly-owned subsidiaries. The Group was entitled to the same percentage of voting power and profit sharing as denoted in the ownership percentage.

**10. INTERESTS IN ASSOCIATES (CONTINUED)**

Summarised financial information in respect of the Group's associates is set out below:

	<b>As at 30 September 2012 (Unaudited) HK\$'000</b>	As at 31 March 2012 (Audited) HK\$'000
At 30 September 2012		
Total assets	45	-
Total liabilities	(49)	-
Net liabilities	<u>(4)</u>	<u>-</u>
Group's share of associates' net liabilities	<u>-</u>	<u>-</u>
Period from 8 March 2012 (date of incorporation) to 30 September 2012		
Total revenue	<u>-</u>	<u>-</u>
Loss for the period	<u>(784)</u>	<u>-</u>
Group's share of associates' loss for the period	<u>-</u>	<u>-</u>

**11. INVENTORIES**

	<b>As at 30 September 2012 (Unaudited) HK\$'000</b>	As at 31 March 2012 (Audited) HK\$'000
Raw materials	520	602
Work in progress	52	40
Finished goods	62	44
	<u>634</u>	<u>686</u>

**12. TRADE RECEIVABLES**

The Group's trading terms with customers are mainly on credit. The credit terms generally range from 30 to 120 days. Each customer has a maximum credit limit. For new customers, payment in advance is normally required. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors.

The ageing analysis of the Group's trade receivables as at the balance sheet dates based on the date of recognition of sales, and net of allowances, is as follows:

	<b>As at 30 September 2012 (Unaudited) HK\$'000</b>	As at 31 March 2012 (Audited) HK\$'000
0 – 90 days	5,324	15,984
91 – 180 days	118	1,203
	<hr/>	<hr/>
	<b>5,442</b>	17,187
	<hr/> <hr/>	<hr/> <hr/>

**13. TRADE PAYABLES**

The ageing analysis of the Group's trade payables as at the balance sheet dates based on the date of receipt of goods is as follows:

	<b>As at 30 September 2012 (Unaudited) HK\$'000</b>	As at 31 March 2012 (Audited) HK\$'000
0 – 90 days	6,465	8,096
91 – 180 days	–	66
	<hr/>	<hr/>
	<b>6,465</b>	8,162
	<hr/> <hr/>	<hr/> <hr/>

## 14. SHARE CAPITAL

		<b>As at 30 September 2012 (Unaudited) HK\$'000</b>	<b>As at 31 March 2012 (Audited) HK\$'000</b>
Authorised:			
2,000,000,000 (31 March 2012: 1,000,000,000) ordinary shares of HK\$0.01 each		<b>20,000</b>	10,000
Issued and fully paid:			
952,248,000 (31 March 2012: 662,400,000) ordinary shares of HK\$0.01 each		<b>9,522</b>	6,624
		<b>Number of ordinary shares of HK\$0.01 each (Unaudited)</b>	<b>Nominal value of ordinary shares (Unaudited) HK\$'000</b>
	<i>Note</i>		
<b>Authorised:</b>			
At 1 April 2012		1,000,000,000	10,000
Increase in authorised share capital	(a)	1,000,000,000	10,000
At 30 September 2012		<b>2,000,000,000</b>	<b>20,000</b>
<b>Issued and fully paid:</b>			
Ordinary share of HK\$0.01 each			
At 1 April 2012		662,400,000	6,624
Issue of shares on placements	(b)	289,848,000	2,898
At 30 September 2012		<b>952,248,000</b>	<b>9,522</b>

**14. SHARE CAPITAL (CONTINUED)**

Notes:

(a) Pursuant to the ordinary resolution of shareholders of the Company passed at the extraordinary general meeting on 3 August 2012, the Company's authorised share capital was increased from HK\$10,000,000 to HK\$20,000,000 by the creation of an additional 1,000,000,000 shares of HK\$0.01 each.

(b) On 19 September 2012, the Company conducted a top-up placing of 42,400,000 shares at a placing price of HK\$0.189 per share. Net proceeds of approximately HK\$7.8 million had been raised and the Directors would apply the net proceeds from the subscription towards part of the consideration of the acquisition of the coal trading business.

On 27 September 2012, the Company conducted a placing of 247,448,000 shares of HK\$0.17 per share. Net proceeds of approximately HK\$40.8 million had been raised and the Directors would apply the net proceeds from the subscription towards part of the consideration of the acquisition of the coal trading business.

**15. CONTINGENT LIABILITIES**

The Group had no material contingent liabilities as at 30 September 2012 (31 March 2012: Nil).

**16. CAPITAL COMMITMENTS**

The Group had no significant capital commitment as at 30 September 2012 (31 March 2012: Nil).

**17. LEASE COMMITMENTS**

At 30 September 2012, the total future minimum lease payments of the Group under non-cancelable operating leases in respect of rented premises payable to independent third parties are as follows:

	<b>As at 30 September 2012 (Unaudited) HK\$'000</b>	As at 31 March 2012 (Audited) HK\$'000
Within one year	<b>3,055</b>	1,065
In the second to fifth years inclusive	<b>3,708</b>	18
	<b>6,763</b>	1,083

**18. APPROVAL OF FINANCIAL STATEMENTS**

The financial statements for the Interim Accounts were approved by the Board on 9 November 2012.

## INTERIM DIVIDEND

The Board does not declare the payment of an interim dividend for the six months ended 30 September 2012 (2011: Nil).

## 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; (ii) the manufacture and sale of fresh noodles, including but not limited to hefen, wonton noodles and yi mein; and (iii) investment holding in coal trading business. The Group's dried noodles are mainly sold to overseas food product wholesalers engaged in trading and distribution of food products outside the People's Republic of China (the "PRC") and the Group's fresh noodles are mainly sold to restaurants, hotels and cafes nearby our Group's production base in Shanghai, the PRC. After completion of acquisition of coal trading business on 27 September 2012, the Group would start to engage in coal trading business.

During the period under review, the Group's turnover had been affected by the more stringent domestic measures on food quality control, which caused extra workload and procedures in its production process. This had triggered delay in goods clearance procedures, caution among customers and weakening of the customer confidence which in turn caused reduction in sales volume. The unstable global economy and various tightening policies launched in the PRC also gave rise to a challenging and difficult time for the Group. Demand for export sales was obviously reduced. Together with the escalating costs in raw materials and other production costs, the Group's performance 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 year and the reducing demand for the Group's products, the Group had decided to diversify its business stream through acquisition of 33.33% equity interests in the coal trading business. It is expected that the coal trading business would be able to generate a steady revenue stream and thus contribute a stable profit sharing to the Group.

On 25 May 2012, Silver Summit Investments Limited, a wholly owned subsidiary of the Company 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 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. 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 was subsequently completed on 27 September 2012.



### Financial Review

For the six months ended 30 September 2012, the Group's turnover decreased by approximately 48.0% to approximately HK\$34.4 million from approximately HK\$66.2 million compared to the corresponding period in 2011. The decrease in turnover was principally attributed to the decrease in orders from overseas customers due to more stringent domestic measures on food quality control, which caused extra workload and procedures in its production process. This had triggered delay in goods clearance procedures, caution among customers and weakening of the customer confidence which in turn caused reduction in sales volume. Together with the decreasing demand for the Group's products resulting from the weakening global economy, the Group's sales had been significantly affected.

The gross profit of the Group for six months ended 30 September 2012 decreased to approximately HK\$6.3 million as compared to approximately HK\$18.9 million for the corresponding period in 2011, a decrease of approximately 66.4%. The decrease in gross profit was mainly attributed to the decrease in turnover and also the decrease in gross profit margin attributable to escalating costs in labor and raw materials which the Group could not fully transfer all the increased costs to the customers.

The Group's selling expenses for the six months ended 30 September 2012 were decreased by approximately 61.6% to approximately HK\$0.7 million compared to approximately HK\$1.9 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 six months ended 30 September 2012 were decreased by approximately 35.3% to approximately HK\$4.2 million compared to approximately HK\$6.4 million for the corresponding period in 2011. The decrease was mainly attributed to the saving in equity-settled share-based payments that were incurred as a result of granting share options in the corresponding period in 2011.

The Group's other operating expenses for the six months ended 30 September 2012 were increased to approximately HK\$3.2 million compared to approximately HK\$0.4 million for the corresponding period in 2011. The increase was mainly attributed to increase in certain legal and professional fees related to acquisition of the coal trading business during the period.

The Group's loss attributable to shareholders for the six months ended 30 September 2012 was approximately HK\$1.5 million compared to a profit attributable to shareholders of approximately HK\$10.2 million for the corresponding period in 2011. The loss incurred by the Group can be summarised as mainly attributable to approximately 48.0% decrease in turnover, approximately 10.1% decrease in the Group's overall gross profit margin and approximately HK\$2.8 million increase in other operating expenses, though there was an approximately HK\$3.4 million savings in selling and administrative expenses.

**Liquidity, financial resources and capital structure**

During the six months ended 30 September 2012, the Group mainly financed its operations with its own working capital and equity funding.

On 19 September 2012, the Company conducted a top-up placing of 42,400,000 shares at a placing price of HK\$0.189 per share. Net proceeds of approximately HK\$7.8 million had been raised and would be used as part of the consideration of the acquisition of the coal trading business.

On 27 September 2012, the company conducted a placing of 247,448,000 shares at a placing price of HK\$0.17 per share. Net proceeds of approximately HK\$40.8 million had been raised and would be used as part of the consideration of the acquisition of the coal trading business.

As at 30 September 2012, the Group had net current assets of approximately HK\$41.6 million (31 March 2012: approximately HK\$94.6 million), including cash and bank balances of approximately HK\$39.1 million (31 March 2012: approximately HK\$86.7 million).

As at 30 September 2012, the Group's gearing ratio represented by the total liabilities as a percentage of the Group's total assets was amounted to approximately 6.0% (31 March 2012: 9.1%).

**OUTLOOK**

Despite the uncertainty of the global economy and challenging business environment for the past six months, the management have been implementing the business objectives and future plans as scheduled and taking several moves to fine tune and adjust in response to the global unstable financial and business environments. At the same time, the Group has also implemented its diversifying process through acquisition of 33.33% equity interests in the coal trading business and the management is confident that such new business will enlarge the Group's business scale and contribute steady profit stream to the Group and maximize the return to the shareholders.

## COMPARISON OF THE BUSINESS OBJECTIVES WITH THE ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as stated in the Prospectus with the Group's actual business progress for the period from the latest practicable date (as defined in the Prospectus) to 30 September 2012 is set out below:

	<b>Business objectives</b>	<b>Actual operation progress up to 30 September 2012</b>
Expansion of production capacity	All newly installed production lines commence production	All newly installed dried noodle production lines have commenced production
	Evaluate the operation mode	Evaluation of new production lines have been carried out
Expansion of the overseas markets	Strengthen the communication channels with existing customers	Regular email contacts and visits were arranged to strengthen the communication channels with existing customers
	Expand the customer base by further exploring business opportunities with potential customers in existing markets and new markets based on the information gathered from Hong Kong Trade and Development Council, the internet and business trip if necessary	Several business trips to visit potential customers in existing markets were arranged throughout the period
	Enhance the Group's corporate profile and participate in tradeshows if necessary	Corporate profile was enhanced by regular update and participation in several tradeshows
	Evaluate the performance of the new overseas sale offices	Performance of the new sales office in New Zealand have been evaluated and the locations of the remaining sales office were evaluated

	<b>Business objectives</b>	<b>Actual operation progress up to 30 September 2012</b>
Marketing and brand building in the PRC	Strengthen the communication channels with existing customers	Regular email, telephone contacts and visits were arranged to strengthen the communication channels with existing customers
	Expand the customer base by further exploring business opportunities with potential customers in existing markets	Several trips to the PRC such as Guangzhou and Beijing to explore potential customers in existing markets
	Evaluate and update the Group's website	The Group's website was updated regularly on the latest product information and latest business development news
	Enhance the Group's corporate profile, participate in more new tradeshows and organize some marketing campaigns including free tasting events in supermarkets and shopping malls and sport sponsorship events	Campaigns such as free tasting in supermarket and shopping malls were organised and several tradeshows were participated to enhance corporate profile
	Advertising in multi-media, newspapers, magazines and some public transportation	Advertising will be launched in line with the production scale of newly production lines
	Update the marketing material including poster, brochure and leaflet	The Group's marketing material were updated regularly with latest product information

### Business objectives

#### Product development

Evaluate the taste, ingredient, and appearance and packaging of our Group's existing products

Study the customer appetites in PRC and overseas markets with assistance from the sales and marketing team

Launch trial products such as improved/new taste, ingredient and appearance to customers and review customers' demand and preference

Introduce not less than 10 new products to the market and continuous improve the quality of existing products

Update the regulatory requirements in PRC regarding the quality of noodle products and improve accordingly if there is any amendments

### Actual operation progress up to 30 September 2012

Taste, ingredient, and appearance and packaging of our existing products were regularly evaluated and modulated

Studies of customer appetites in PRC market were conducted

Product of new taste and ingredients products have been delivered to existing customers for trial and were modified based on customers' feedback

6 new products were developed and launched to the market and the Group kept improving the quality and taste of existing products

Prompt reviewed and updated the regulatory requirement of noodle products in PRC

## USE OF PROCEEDS

The business objectives and planned use of proceeds as stated in the Prospectus were based on the best estimation of the Group on future market conditions at the time of preparing the Prospectus whilst the proceeds were applied in accordance with the actual development of the market. The actual application of the use of proceeds as indicated in the Prospectus as at 30 September 2012 were as follows:

Event	Net proceeds	Intended use of proceeds	Actual use of proceeds and the intended use of any amount not yet utilised
Initial public offering by way of placing	Approximately HK\$19.8 million	(i) approximately 48.0% of the net proceeds, or approximately HK\$9.5 million, for the expansion of the Group's production capacity of dried noodles;	(i) approximately HK\$7.9 million used for the expansion of production capacity were utilised as intended
		(ii) approximately 15.2% of the net proceeds, or approximately HK\$3.0 million, for the expansion of the overseas markets;	(ii) partially used as intended, approximately HK\$1.2 million has been used for the expansion of the overseas markets and the remaining will be utilised as intended
		(iii) approximately 20.2% of the net proceeds, or approximately HK\$4.0 million, for marketing and brand building in the PRC;	(iii) partially used as intended, approximately HK\$1.2 million has been used for the marketing and promotion activities, and the remaining will be utilised as intended
		(iv) approximately 10.1% of the net proceeds, or approximately HK\$2.0 million, for product development; and	(iv) partially used as intended, approximately HK\$1.0 million has been used for the development of new products, and the remaining will be utilised as intended
		(v) approximately 6.5% of the net proceeds, or approximately HK\$1.3 million for working capital of the Group.	(v) used as intended

Actual application of the net proceeds was lower as compared to the planned application due to the reasons as explained under the section headed "Comparison of the Business Objectives with the Actual Business Progress" above.

## SHARE OPTION SCHEME

Pursuant to the share option scheme adopted by the Company on 26 September 2010, certain Directors and participants were granted share options to subscribe for the Company's shares, details of share option outstanding and exercisable as at 30 September 2012 as follows:

Details of grantees	No. of options outstanding at beginning of the period and period end	Date granted	Period during which options are exercisable	Exercise price per share option
Ms. Lee Yau Lin, Jenny ("Ms Lee") <i>(Executive Director)</i>	4,000,000	11 July 2011	11 July 2011 to 10 July 2016	HK\$0.355
Mr. Wong Wing Fat ("Mr Wong") <i>(Executive Director)</i>	4,000,000	11 July 2011	11 July 2011 to 10 July 2016	HK\$0.355
Mr. Ho Wai Hung <i>(Independent non-Executive Director)</i>	400,000	11 July 2011	11 July 2011 to 10 July 2016	HK\$0.355
Ms. Cheung Kin, Jacqueline <i>(Independent non-Executive Director)</i>	400,000	11 July 2011	11 July 2011 to 10 July 2016	HK\$0.355
Ms. Mak Yun Chu <i>(Independent non-Executive Director)</i>	400,000	11 July 2011	11 July 2011 to 10 July 2016	HK\$0.355
Employees (In aggregate)	22,000,000	11 July 2011	11 July 2011 to 10 July 2016	HK\$0.355
Service providers (In aggregate)	12,000,000	11 July 2011	11 July 2011 to 10 July 2016	HK\$0.355
	43,200,000			

The options granted to the Directors are registered under the names of the Directors whom are also the beneficial owners.

All the above options granted had no vesting period imposed. There were no options exercised, cancelled or lapsed during the six months ended 30 September 2012.

## DIRECTORS' INTERESTS IN SECURITIES

As at 30 September 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 the Directors as referred to in Rule 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	32.65%
Mr. Wong ( <i>Note 2</i> )	Interest in controlled corporation/Beneficial owner	39,840,000	4.18%
Mr. Ho Wai Hung ( <i>Note 3</i> )	Beneficial owner	400,000	0.04%
Ms. Cheung Kin, Jacqueline ( <i>Note 3</i> )	Beneficial owner	400,000	0.04%
Ms. Mak Yun Chu ( <i>Note 3</i> )	Beneficial owner	400,000	0.04%

#### Notes:

- 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 of the Company are share options granted by the Company to Ms. Lee on 11 July 2011.
- 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 of the Company 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 30 September 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 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 Rule 5.46 of the GEM Listing Rules.



## SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 30 September 2012, the interests or short positions of every person, other than a Director or chief executive of the Company, in the shares and 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	32.23%
Mr. Leung Kai Tong, Tommy ( <i>Note 2</i> )	Spouse	310,880,000	32.65%
Mr. Lam Man Chan ( <i>Note 3</i> )	Beneficial owner	58,232,000	6.12%
Ms. Ting Lai Ling ( <i>Note 3</i> )	Beneficial owner	58,232,000	6.12%

#### 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 duplicated in the interests held by Ms. Lee and Mr. Leung Kai Tong, Tommy as stated in the section headed "Directors' Interest in Securities".
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 shares held by Ms. Lee under Section 316(1) of the SFO.
3. These shares in interest are duplicated and jointly owned by Mr. Lam Man Chan and Ms. Ting Lai Ling.

Save as disclosed above, as at 30 September 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**

Save as disclosed under the section headed "Directors' Interests In Securities", 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**

Save for the placements of shares as disclosed in the announcements of the Company dated 19 September 2012 and 27 September 2012, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2012.

## **DIRECTOR'S INTERESTS IN COMPETING INTERESTS**

As at 30 September 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.

## **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, the Company was not aware of any non-compliance with such required standard of dealings and its code of conduct regarding securities transactions by Directors during the six months ended 30 September 2012.

## **CORPORATE GOVERNANCE CODE**

The Company has complied with all the code provisions as set out in the Corporate Governance Code (effective from April 2012) contained in Appendix 15 of the GEM Listing Rules throughout the period under review.

## **CHANGE IN INFORMATION OF DIRECTORS**

Pursuant to Rule 17.50A(1) of the GEM Listing Rules, the Company discloses the change in information of the Director as follows:

On 9 August 2012, Mr. Wong Ka Wah, Albert has been appointed as executive Director of the Company.

## **REVIEW OF INTERIM REPORT**

This interim report for the six months ended 30 September 2012 was not audited by the Company's independent auditor, 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, 9 November 2012

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