

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 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.

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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 2012 together with the unaudited comparative figures for the corresponding period in 2011 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the three months and nine months ended 31 December 2012

	Note	Three months ended 31 December		Nine months ended 31 December	
		2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000
Turnover	3	9,092	20,817	43,478	87,007
Cost of goods sold		(7,464)	(16,311)	(35,515)	(63,646)
Gross profit		1,628	4,506	7,963	23,361
Other income		135	234	387	300
Selling expenses		(560)	(806)	(1,279)	(2,676)
Administrative expenses		(5,202)	(3,036)	(9,367)	(9,470)
Other operating expenses		(1,181)	(145)	(4,420)	(543)
(Loss)/profit before tax	4	(5,180)	753	(6,716)	10,972
Income tax expense	5	-	-	-	-
(Loss)/profit for the period attributable to owners of the Company		(5,180)	753	(6,716)	10,972
Other comprehensive income					
- Exchange difference on translating foreign operations		21	(4)	21	91
Total comprehensive income for the period attributable to owners of the Company		(5,159)	749	(6,695)	11,063
(Loss)/earnings per share	7				
- Basic (HK cents)		(0.54)	0.11	(0.88)	1.70
- Diluted (HK cents)		N/A	0.11	N/A	1.70

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY*For the nine months ended 31 December 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	-	-	-	21	-	-	(6,716)	-	(6,695)
Issue of shares on placement	2,898	47,181	-	-	-	-	-	-	50,079
Share issue expenses	-	(1,421)	-	-	-	-	-	-	(1,421)
Issue of shares on subscription	470	7,520	-	-	-	-	-	-	7,990
Changes in equity for the period	3,368	53,280	-	21	-	-	(6,716)	-	49,953
At 31 December 2012 (Unaudited)	9,992	112,663	(4,246)	(444)	4,132	485	32,147	-	154,729
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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED THIRD QUARTERLY RESULTS:

For the nine months ended 31 December 2012

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands 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 in Hong Kong is 17/F., No. 8 Wyndham Street, Central, 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 and investment in coal trading business.

2. BASIS OF PRESENTATION AND PRINCIPAL ACCOUNTING POLICIES

The Group's third quarterly report for the nine months ended 31 December 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 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 2012 (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	
	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
Hong Kong	142	364	633	1,253
The People's Republic of China ("PRC") except Hong Kong and Macau	1,920	2,038	5,756	5,545
Australia	914	5,803	8,175	16,918
Canada	–	3,496	–	14,183
Dubai U.A.E.	683	727	3,397	7,525
Malaysia	782	5,064	7,388	22,766
New Zealand	1,943	994	4,818	4,259
Singapore	613	–	2,849	–
Thailand	1,916	1,594	6,672	9,549
United Kingdom	179	737	3,790	5,009
	9,092	20,817	43,478	87,007

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

4. (LOSS)/PROFIT BEFORE TAX

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

	Three months ended		Nine months ended	
	31 December		31 December	
	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
Cost of goods sold	7,464	16,311	35,515	63,646
Depreciation	132	74	305	242
Operating lease charges				
– Land and buildings	252	261	930	782
Staff costs including directors' emoluments				
– Salaries, bonus and allowances	2,302	1,073	4,627	3,240
– Retirement benefit scheme contributions	277	178	597	502
Equity-settled share-based payments	–	–	–	3,242
Acquisition related expenses	1,072	–	4,085	–
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

5. INCOME TAX EXPENSE

	Three months ended		Nine months ended	
	31 December		31 December	
	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2011 (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

The Board does not recommend the payment of any dividend for the nine months ended 31 December 2012 (2011: Nil).

7. (LOSS)/EARNINGS PER SHARE

The calculations of basic (loss)/earnings per share for the three months and nine months ended 31 December 2012 are based on the unaudited consolidated loss of approximately HK\$5,180,000 and approximately HK\$6,716,000 attributable to owners of the Company for the three months and nine months ended 31 December 2012 respectively (three months and nine months ended 31 December 2011: profit of approximately HK\$753,000 and profit of approximately HK\$10,972,000 respectively) and the weighted average number of 957,867,565 and 765,463,302 shares respectively in issue (weighted average number of shares in issue for the three months and nine months ended 31 December 2011: 662,400,000 and 645,538,909 shares respectively in issue).

No diluted loss per share are presented as the effect of all potential ordinary shares is anti-dilutive for the three months and nine months ended 31 December 2012.

There were no potential dilutive ordinary shares for each of the three months and nine months ended 31 December 2011, 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; (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 wholesalers engaged in trading and distribution of food products outside 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 in September 2012, the Group has started to engage in coal trading business through its associate in which the Group is interested in its 33.3% equity.

The downturn in the global economy and more stringent domestic measures on food quality control have weakened the confidence and demand of the overseas customers. The escalating costs in raw materials and direct labour which the Group has difficulties to fully transfer all the increased costs to the customers has also exerted pressure on the Group's performance. Therefore, the Group's performance had been significantly affected compared to corresponding period in 2011.

The Group has been implementing the scheduled business objectives and future plans, taking into account the continuously unstable global economy and unfavourable results of noodle business. The Group has also started to diversify into coal trading business to strengthen its future business development.

On 12 December 2012, the Company entered into a subscription agreement pursuant to which 47,000,000 shares at a subscription price of HK\$0.17 per share would be allotted and issued. The conditions under the subscription agreement dated 12 December 2012 have been fulfilled and completion of the subscription took place on 21 December 2012. Net proceeds of approximately HK\$7.85 million would be applied as general working capital of the Company.

On the same date, the Company entered into a placing agreement with the placing agent pursuant to which the placing agent agreed to procure, on a best effort basis, not less than six places to subscribe for the convertible bonds. The bondholders would be entitled to convert up to 150,000,000 shares at a conversion price of HK\$0.20 per conversation share with an aggregate principal amount up to HK\$30 million. The maximum net proceeds from the full exercise of the bonds is estimated to be approximately HK\$29.4 million, which would be used to fund the acquisition of equity interests in potential business in the future. The completion of the placing is subject to the passing of an ordinary resolution at the extraordinary general meeting to be held on 8 February 2013 and further details can be referred to the announcement and circular of the Company dated 12 December 2012 and 18 January 2013 respectively.

On 6 February 2013, Silver Summit Investments Limited (“Silver Summit”), a wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement pursuant to which Silver Summit would acquire 100% equity interest in Digital Rainbow Holdings Limited (“Target Company”) for an aggregate consideration of HK\$156,250,000. The consideration would be satisfied partly in cash and partly in shares. The Target Company is an investment holding company and engaged in the business of magnetite sand concentrate trading. The acquisition represents a good opportunity for the Group to further develop its mineral trading business and also allow it to diversify its existing businesses. Further details can be referred to the announcement of the Company dated 6 February 2013. The completion of the acquisition is subject to shareholders’ approval at the extraordinary general meeting to be held in around March 2013 with further details expected to be dispatched in a circular to shareholders in early March 2013.

Financial Review

For the nine months ended 31 December 2012, the turnover of the Group was decreased to approximately HK\$43.5 million (31 December 2011: approximately HK\$87.0 million), representing a decrease by approximately 50.0% when compared with the corresponding period in 2011. 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 and demand. In terms of geographical segments, South East Asia, Australia and PRC were still our major markets, which represented approximately 38.9%, 18.8% and 13.2% of the Group’s turnover.

The gross profit margin of the Group for the nine months ended 31 December 2012 was dropped to approximately 18.3% (31 December 2011: approximately 26.8%) and the gross profit was dropped to approximately HK\$8.0 million (31 December 2011: approximately HK\$23.4 million), representing a decrease by approximately 65.9% compared to the corresponding period in 2011. The decrease in gross profit margin was mainly attributed to the escalating costs in raw materials and direct labour which could not be fully transferred to the customers.

The Group’s selling expenses for the nine months ended 31 December 2012 was decreased by approximately 52.2% to approximately HK\$1.3 million compared to approximately HK\$2.7 million for the corresponding period in 2011. The decrease was mainly attributed to the saving in sales activities that were considered in line with the decrease in turnover.

The Group’s administrative expenses for the nine months ended 31 December 2012 were approximately HK\$9.4 million compared to a similar approximately HK\$9.5 million for the corresponding period in 2011. During the nine months ended 31 December 2012, the Group incurred initial set-up and supportive costs for its expansion into the coal trading business, which had offset the savings in other administrative expenses when compared to the corresponding period in 2011.

The Group's other operating expenses for the nine months ended 31 December 2012 were significantly increased to approximately HK\$4.4 million compared to approximately HK\$0.5 million for the corresponding period in 2011. The increase was mainly attributed to increase in legal and professional fees in relation to the acquisition and set-up costs for further expansion of the Group to diversify its business stream.

The Group's loss attributable to shareholders for the nine months ended 31 December 2012 was approximately HK\$6.7 million compared to a profit attributable to shareholders of approximately HK\$11.0 million for the corresponding period in 2011. The loss incurred by the Group can be summarised as mainly attributable to approximately 50.0% decrease in turnover, approximately 8.5% decrease in the Group's overall gross profit margin and approximately HK\$3.9 million increase in other operating expenses, though there was an approximately HK\$1.5 million savings in selling and administrative expenses.

DIRECTORS' INTERESTS IN SECURITIES

As at 31 December 2012, 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 to 5.67 of the GEM Listing Rules, were as follows:

Aggregate long positions in shares

Name of Director	Capacity of interests	Number of shares held	Approximate percentage of the issued shares
Ms. Lee (Note 1)	Interest in controlled corporation/Beneficial owner	310,880,000	31.11%
Mr. Wong (Note 2)	Interest in controlled corporation/Beneficial owner	39,840,000	3.99%
Mr. Ho Wai Hung (Note 3)	Beneficial owner	400,000	0.04%
Ms. Cheung Kin, Jacqueline (Note 3)	Beneficial owner	400,000	0.04%
Ms. Mak Yun Chu (Note 3)	Beneficial owner	400,000	0.04%

Notes:

1. 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.
2. 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.
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 31 December 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 Rules 5.46 to 5.67 of the GEM Listing Rules.

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 31 December 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 <i>(Executive Director)</i>	4,000,000	11 July 2011	11 July 2011 to 10 July 2016	HK\$0.355
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 <i>(In aggregate)</i>	22,000,000	11 July 2011	11 July 2011 to 10 July 2016	HK\$0.355
Service providers <i>(In aggregate)</i>	12,000,000	11 July 2011	11 July 2011 to 10 July 2016	HK\$0.355
	<u>43,200,000</u>			

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 nine months ended 31 December 2012.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 31 December 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 held	Approximate percentage of the issued shares
Conrich (<i>Note 1</i>)	Beneficial owner	306,880,000	30.71%
Mr. Leung Kai Tong, Tommy (<i>Note 2</i>)	Family interest	310,880,000	31.11%

Notes:

- 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 are in duplicate the interests held by Ms. Lee and Mr. Leung Kai Tong, Tommy.
- 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.

Save as disclosed above, as at 31 December 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 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 placements and subscription Shares as disclosed in the announcements of the Company dated 19 September 2012, 27 September 2012 and 21 December 2012, 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 2012.

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

As at 31 December 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.

REVIEW OF QUARTERLY REPORT

This quarterly report for the nine months ended 31 December 2012 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, 7 February 2013

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.