



**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  
2013**

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

**GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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

The board of directors (the “Board”) of Wealth Glory Holdings Limited (the “Company”) is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months ended 30 June 2013 together with the unaudited comparative figures for the corresponding period in 2012 as follows:

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

		For the three months ended 30 June	
	Notes	2013 HK\$'000	2012 HK\$'000
<b>Turnover</b>	3	<b>3,197</b>	17,038
Cost of goods sold		<b>(2,070)</b>	(13,624)
<b>Gross profit</b>		<b>1,127</b>	3,414
Other income		<b>128</b>	241
Selling expenses		<b>(338)</b>	(392)
Administrative expenses		<b>(3,894)</b>	(1,726)
Other operating expenses		<b>(918)</b>	(133)
<b>(Loss)/profit before tax</b>	4	<b>(3,895)</b>	1,404
Income tax expense	5	-	-
<b>(Loss)/profit for the period attributable to owners of the Company</b>		<b>(3,895)</b>	1,404
<b>Other comprehensive income</b>			
- Exchange difference on translating foreign operations		<b>5</b>	-
<b>Total comprehensive income for the period attributable to owners of the Company</b>		<b>(3,890)</b>	1,404
<b>(Loss)/earnings per share</b>			
- Basic and diluted ( <i>HK cents</i> )	7	<b>(0.39)</b>	0.21

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY***For the three months ended 30 June 2013*

	Share capital	Share premium	Merger reserve	Share- based payment reserve	Foreign currency translation reserve	Legal reserve	Retained profits	Total	Non- controlling interests	Total equity
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
At 1 April 2013 (Audited)	9,992	112,660	(4,246)	4,132	(383)	485	24,991	147,631	23	147,654
Total comprehensive income for the period	-	-	-	-	5	-	(3,895)	(3,890)	-	(3,890)
Changes in equity for the period	-	-	-	-	5	-	(3,895)	(3,890)	-	(3,890)
At 30 June 2013 (Unaudited)	<u>9,992</u>	<u>112,660</u>	<u>(4,246)</u>	<u>4,132</u>	<u>(378)</u>	<u>485</u>	<u>21,096</u>	<u>143,741</u>	<u>23</u>	<u>143,764</u>
At 1 April 2012 (Audited)	6,624	59,383	(4,246)	4,132	(465)	485	38,863	104,776	-	104,776
Total comprehensive income for the period	-	-	-	-	-	-	1,404	1,404	-	1,404
Changes in equity for the period	-	-	-	-	-	-	1,404	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>106,180</u>	<u>-</u>	<u>106,180</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 17/F., No. 8 Wyndham Street, Central, 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, and investment in coal trading business.

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

The Group's first quarterly report for the three months ended 30 June 2013 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 2013 (the "Annual Report"), except for adoption of certain new and revised Hong Kong Financial Reporting Standards. This first 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:

	For the three months ended 30 June	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Overseas	447	15,149
PRC except Hong Kong and Macau	2,750	1,889
	<u>3,197</u>	<u>17,038</u>

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:

	For the three months ended 30 June	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Cost of goods sold	2,070	13,624
Depreciation	318	88
Operating lease charges		
– Land and buildings	775	279
Staff costs including directors' emoluments		
– Salaries, bonus and allowances	1,786	1,148
– Retirement benefit scheme contributions	202	123
	<u>202</u>	<u>123</u>

## 5. INCOME TAX EXPENSE

	<b>For the three months ended 30 June</b>	
	<b>2013 (Unaudited) HK\$'000</b>	2012 (Unaudited) HK\$'000
Current income tax	-	-
	<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 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 2013 (2012: Nil).

## 7. (LOSS)/EARNINGS PER SHARE

The calculations of basic (loss)/earnings per share attributable to owners of the Company for the three months ended 30 June 2013 was based on the unaudited consolidated loss of approximately HK\$3,895,000 (three months ended 30 June 2012: profit of approximately HK\$1,404,000) and the weighted average number of 999,248,000 shares of the Company (weighted average number of shares in issue for the three months ended 30 June 2012: 662,400,000 shares) in issue during the period.

No diluted (loss)/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 2012 and 2013.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review and Prospect

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. During the three months ended 30 June 2013 (the "Period"), the Group's fresh noodles were mainly sold to restaurants, hotels and cafes nearby our Group's production base in Shanghai, the PRC and the Group's dried noodles were mainly sold to food wholesalers engaged in trading and distribution of food products in and outside the PRC.

Due to persistent uncertainty of the downturn in global economy and the implementation of more stringent domestic measures on food quality control that had weakened the confidence and demand of the overseas customers, sales to customers outside the PRC had been kept at a minimal level during the Period under review. The escalating costs in raw materials and direct labours had eliminated the possibility of a price-cut strategy to maintain the sales level with overseas customers and in fact the Group had difficulties to fully transfer all the increased costs to the customers, which also had exerted pressure on the Group's profit margin and performance. As a result, the Group had shifted its focus and had allocated more resources to develop the domestic noodle sales in the PRC, which, contrary to most western and developing countries, is still sustaining admirable growth rates both on its GDP and domestic consumption. In the coming year, the Group would focus its noodle business development in the PRC domestic market and orders from overseas customers would only be accepted unless a higher profit margin is achieved through a higher selling price that is accepted by overseas customers.

The coal trading business operated by our Group's associated company has been delayed due to certain tax administrative procedures. To resolve these issues permanently, the management of the associated company decided to form its own wholly-foreign owned enterprise (the "WFOE") in the PRC, which would apply for its own coal trading licence in the PRC. The WFOE set-up procedures are now underway and upon obtaining of the coal trading licence by its owned subsidiary in Qinghai Province, it is expected that our Group's associated company would resume its full operation as planned with a stable profit contribution through a share of the profit of its associate by the Group.

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 for an aggregate consideration of HK\$156,250,000.



On 3 May 2013, the Company and the placing agent entered into a share placing agreement, pursuant to which the placing agent conditionally agreed, on a best effort basis, to procure one or more places to purchase up to 250,000,000 shares at a placing price which would be higher of HK\$0.20 per share or the price per share which represented 30% discount of the average closing price per share for five trading days immediately prior to the price determinations date.

On 3 May 2013, the Company and the placing agent entered into a bond placing agreement, pursuant to which the placing agent conditionally agreed, on a best effort basis, to place to one or more bond places to subscribe for the bonds of up to an aggregate principal amount of HK\$80 million. Warrants would be issued (for no additional payment) to the first registered holder of the bonds on the basis of 1,625,000 warrants for every whole multiple of HK\$1,000,000 in the principal amount of the bonds taken up, with an exercise price of HK\$0.24 per share. The warrants were detachable from the bonds. While the bonds were non-transferable, the warrants could be transferred individually and separately from the bonds. The bonds were secured by the corporate guarantee of the Group's subsidiary and shares of certain shareholders of the Company.

The aggregate net proceeds from the share placing and the bond placing would be in an approximate amount not exceeding HK\$124.3 million and it is intended it would be applied as to (i) HK\$108.0 million to settle the cash portion of the consideration of the proposed acquisition of the iron trading business; (ii) approximately HK\$2.0 million to settle the professional fees for the proposed acquisition; and (iii) the remaining balance of not more than HK\$14.3 million to be used as the future working capital of the Group. The acquisition together with the share and bond placements were duly passed by shareholders at the extraordinary general meeting held on 25 July 2013 by way of poll and the acquisition and the share and bond placements are expected to be completed on or before 15 August 2013 if all conditions precedent are fulfilled.

Going forward in the coming year, the Group would allocate more resources and shift its focus to its noodle business development in the PRC domestic market. In addition, the Group would further to diversify its existing business into the mineral trading business through the proposed acquisition of 100% equity interest of the iron trading business. The acquisition represents a good opportunity for the Group to further develop its mineral trading business and the Group would be able to benefit from the revenue stream and the profit contribution upon completion of the acquisition.

## Financial Review

For the three months ended 30 June 2013, the turnover of the Group dropped significantly to approximately HK\$3.2 million (30 June 2012: approximately HK\$17.0 million), representing a decrease by approximately 81.2% when compared with the corresponding period in 2012. This decrease in turnover was principally attributed to decrease in orders from overseas customers as a result of persistent uncertainty of the downturn in global economy and the implementation of more stringent domestic measures on food quality control that had weakened the confidence and demand of the overseas customers. The Group also aimed to keep the overseas sales at a minimal level unless a higher profit margin could be achieved through a higher selling price that is accepted by overseas customers.

The gross profit margin of the Group for the three months ended 30 June 2013 was increased to approximately 35.3% (30 June 2012: approximately 20.0%) though the gross profit dropped to approximately HK\$1.1 million (30 June 2012: approximately HK\$3.4 million), representing a decrease by approximately 67.0% compared with the corresponding period in 2012. The increase in gross profit margin was mainly attributed to sales of fresh noodles in the PRC domestic market that contributed a comparably higher gross profit margin than sales of dried noodles in overseas market. The Group would continue to expand its noodle sales in the PRC domestic market given its comparably higher profit margin and the foreseeable increasing demand.

The Group's selling expenses for the three months ended 30 June 2013 was decreased by approximately 13.8% to approximately HK\$0.3 million compared with approximately HK\$0.4 million for the corresponding period in 2012. The decrease was mainly attributed to the savings in sales activities.

The Group's administrative expenses for the three months ended 30 June 2013 were increased by approximately 125.0% to approximately HK\$3.9 million compared with approximately HK\$1.7 million for the corresponding period in 2012. The increase was mainly attributed to increase in rental, headcounts and supportive costs for its expansion into the mineral trading business, which had offset part of the savings in other administrative expenses in noodle business when compared with the corresponding period in 2012.

The Group's other operating expenses for the three months ended 30 June 2013 were increased to approximately HK\$0.9 million compared with approximately HK\$0.1 million for the corresponding period in 2012. The increase was mainly attributed to increase in legal, professional and consultancy fees in relation to the acquisition and set-up costs for further expansion of the Group to diversify its mineral business stream during the Period.

The Group's loss attributable to shareholders for the three months ended 30 June 2013 was approximately HK\$3.9 million compared to a profit attributable to shareholders of approximately HK\$1.4 million for the corresponding period in 2012. The loss incurred by the Group can be summarised as mainly attributable to approximately 81.2% decrease in turnover, approximately 125.0% increase in administrative expenses and approximately HK\$0.8 million increase in other operating expenses.

## DIRECTORS' INTERESTS IN SHARES

As at 30 June 2013, 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 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 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	31.11%
Mr. Wong Wing Fat (“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 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 2013, 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 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 30 June 2013 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 (In aggregate)	24,000,000	11 July 2011	11 July 2011 to 10 July 2016	HK\$0.355
Consultants (In aggregate)	10,000,000	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 three months ended 30 June 2013.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 30 June 2013, 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	30.71%
Mr. Leung Kai Tong, Tommy ( <i>Note 2</i> )	Family Interest	310,880,000	31.11%

#### 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.

Save as disclosed above, as at 30 June 2013, 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 2013.

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

During the Period under review and up to the date of this report, 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 three months ended 30 June 2013 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, 9 August 2013

*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.*