2014 Interim Report

WEALTH GLORY HOLDINGS LIMITED

富 譽 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8269

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.

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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 interim financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the three and six months ended 30 September 2014 together with the unaudited comparative figures for the corresponding period in 2013 as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three and six months ended 30 September 2014

		For the three months ended 30 September		For the six months ended 30 September	
		2014	2013	**2014**	2013
		(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	Notes	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue	3	**29,769**	16,755	**244,672**	19,952
Cost of sales		**(28,525)**	(15,632)	**(242,262)**	(17,702)
Gross profit		**1,244**	1,123	**2,410**	2,250
Other income	3	**145**	92	**317**	220
Selling expenses		**(287)**	(396)	**(527)**	(734)
Administrative expense		**(7,061)**	(6,284)	**(13,134)**	(10,178)
Other expenses		**(12,993)**	(6,861)	**(22,088)**	(7,779)
Share of losses of an associate		**(151)**	–	**(151)**	–
Finance costs	5	**(10,431)**	(1,761)	**(16,691)**	(1,761)
Loss before taxation	6	**(29,534)**	(14,087)	**(49,864)**	(17,982)
Taxation	7	**806**	–	**1,612**	–
Loss for the period		**(28,728)**	(14,087)	**(48,252)**	(17,982)

	Notes	For the three months ended 30 September		For the six months ended 30 September	
		2014	2013	**2014**	2013
		(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
		HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Other comprehensive income:					
Items that may be subsequently reclassified to profit or loss:					
– Exchange differences arising on translation of foreign operations		**–**	59	**–**	64
Total comprehensive expense for the period		**(28,728)**	(14,028)	**(48,252)**	(17,918)
Loss for the period attributable to:					
Owners of the Company		**(28,674)**	(14,087)	**(48,184)**	(17,982)
Non-controlling interests		**(54)**	–	**(68)**	–
		(28,728)	(14,087)	**(48,252)**	(17,982)
Total comprehensive expense for the period attributable to:					
Owners of the Company		**(28,674)**	(14,028)	**(48,184)**	(17,918)
Non-controlling interests		**(54)**	–	**(68)**	–
		(28,728)	(14,028)	**(48,252)**	(17,918)
Loss per share	8				
Basic and diluted (HK cents)		**2.01**	1.34	**3.47**	1.75

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2014

	Notes	As at 30 September 2014 (Unaudited) HK$'000	As at 31 March 2014 (Audited) HK$'000
Non-current assets			
Property, plant and equipment	9	**10,957**	11,740
Interests in an associate		**23,986**	18,333
Goodwill		**29,657**	29,657
Intangible assets	10	**122,645**	112,417
		187,245	172,147
Current assets			
Inventories	11	**862**	845
Trade receivables	12	**2,016**	10,429
Prepayments, deposits and other receivables		**29,694**	15,460
Loan to an associate	13	**–**	6,220
Bank and cash balances		**39,740**	18,850
		72,312	51,804
Current liabilities			
Trade payables	14	**1,383**	9,799
Accruals and other payables		**20,195**	4,312
Promissory notes	15	**23,101**	18,794
Bonds – Current	16	**13,140**	–
		57,819	32,905
Net current assets		**14,493**	18,899
Total assets less current liabilities		**201,738**	191,046

	Notes	As at 30 September 2014 (Unaudited) *HK$'000*	As at 31 March 2014 (Audited) *HK$'000*
Non-current liabilities			
Bonds – Non-current	16	**6,354**	103,432
Deferred tax liabilities		**16,939**	18,551
		23,293	121,983
NET ASSETS		**178,445**	69,063
Capital and reserves			
Share capital	17	**19,101**	13,491
Reserves		**159,042**	55,352
Equity attributable to owners of the Company		**178,143**	68,843
Non-controlling interests		**302**	220
TOTAL EQUITY		**178,445**	69,063

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2014

	Attributable to owners of the Company										
	Share capital	Share premium	Warrants reserve	Merger reserve	Translation reserve	Share-based payment reserve	Legal reserve	Retinal profit/ (Accumulated loss)	Total	Non-controlling interests	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2014 (Audited)	13,491	168,514	6,039	(4,246)	(556)	17,313	485	(132,197)	68,843	220	69,063
Loss for the period	-	-	-	-	-	-	-	(48,184)	(48,184)	(68)	(48,252)
Issue of shares on placements	5,540	152,599	-	-	-	-	-	-	158,139	-	158,139
Transaction costs attributable to placements of shares	-	(5,908)	-	-	-	-	-	-	(5,908)	-	(5,908)
Issue of shares upon exercises of share options	70	2,620	-	-	-	(870)	-	-	1,820	-	1,820
Recognition of equity-settled share-based payments	-	-	-	-	-	3,433	-	-	3,433	-	3,433
Change in shareholdings of non-controlling interests	-	-		-	-	-	-	-	-	150	150
Changes in equity for the period	5,610	149,311	-	-	-	2,563	-	(48,184)	109,300	82	109,382
At 30 September 2014 (Unaudited)	**19,101**	**317,825**	**6,039**	**(4,246)**	**(556)**	**19,876**	**485**	**(180,381)**	**178,143**	**302**	**178,445**
At 1 April 2013 (Audited)	9,992	112,660	-	(4,246)	(383)	4,132	485	24,991	147,631	23	147,654
Other comprehensive income for the period	-	-	-	-	64	-	-	-	64	-	64
Loss for the period	-	-	-	-	-	-	-	(17,982)	(17,982)	-	(17,982)
Issue of warrants	-	-	9,709	-	-	-	-	-	9,709	-	9,709
Issue of consideration shares	1,930	30,494	-	-	-	-	-	-	32,424	-	32,424
Share issue expenses	-	(243)	-	-	-	-	-	-	(243)	-	(243)
Changes in equity for the period	1,930	30,251	9,709	-	64	-	-	(17,982)	23,972	-	23,972
At 30 September 2013 (Unaudited)	11,922	142,911	9,709	(4,246)	(319)	4,132	485	7,009	171,603	23	171,626

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2014

	Six months ended 30 September	
	2014	2013
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Net cash flows used in operating activities	**(32,496)**	(17,828)
Net cash flows used in investing activities	**(4,493)**	(88,874)
Net cash flows generated from financing activities	**57,879**	95,000
Increase in cash and cash equivalents	**20,890**	(11,702)
Effect of the change in exchange rate	**–**	64
Cash and cash equivalents at the beginning of the period	**18,850**	31,515
Cash and cash equivalents at the end of the period	**39,740**	19,877

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2014

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 is 17/F., No. 8 Wyndham Street, Central, Hong Kong. The Company's shares were listed on GEM of the Stock Exchange.

The Company is an investment holding company. During the period, the Group was involved in the following principal activities:

(i) trading of natural resources and commodities;

(ii) investment in coal trading business; and

(iii) manufacture and sale of fresh and dried noodles.

2. BASIS OF PRESENTATION AND PREPARATION

The unaudited condensed consolidated interim financial statements for the six months ended 30 September 2014 have been prepared in accordance with Hong Kong Accounting Standards and Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the GEM Listing Rules. The unaudited condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2014, which have been prepared in accordance with HKFRSs.

The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated interim financial statements are consistent with those used in the audited financial statements included in the annual report of the Company for the year ended 31 March 2014.

3. REVENUE AND OTHER INCOME

	For the three months ended 30 September		For the six months ended 30 September	
	2014	2013	**2014**	2013
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Revenue				
Trading of natural resources and commodities	**25,939**	12,957	**237,149**	12,957
Sale of packaged food	**3,830**	3,798	**7,523**	6,995
	29,769	16,755	**244,672**	19,952
Other income				
Interest income	**144**	92	**300**	220
Others	**1**	–	**17**	–
	145	92	**317**	220

4. SEGMENT INFORMATION

The Group determines its operating segment and measurement of segment profit based on the internal reports to executive directors, the Group's chief operating decision makers, for the purposes of resource allocation and performance assessment.

The management considers the business from a product perspective. During the six months ended 30 September 2014, the Group's reportable and operating segments are as follows:

(a) the natural resources and commodities business segment engages in the trading of natural resources and commodities including but not limited to iron ore, coal and crude palm oil etc. ("Natural Resources and Commodities")

(b) the Packaged Food

The following is an analysis of the Group's revenue and results for the six months ended 30 September 2014 by operating and reportable segment:

	Trading of natural resources and commodities		Packaged food		Total	
	2014	2013	**2014**	2013	**2014**	2013
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment Revenue						
External	**237,149**	12,957	**7,523**	6,995	**244,672**	19,952
Segment Results	**(972)**	(120)	**(1,187)**	(3,069)	**(2,159)**	(3,189)
Reconciliation:						
Interest income					**300**	220
Share-based payments					**(3,433)**	–
Amortisation of intangible assets					**(9,772)**	–
Corporate and other unallocated expenses					**(17,958)**	(13,252)
Share of losses of an associate					**(151)**	–
Finance costs					**(16,691)**	(1,761)
Loss before taxation					**(49,864)**	(17,982)
Revenue from major products and services						
The following is an analysis of the Group's revenue from its major products and services:						
Palm oil	**234,693**	12,957	**–**	–	**234,693**	12,957
Iron ore	**2,456**	–	**–**	–	**2,456**	–
Packaged food	**–**	–	**7,523**	6,995	**7,523**	6,995
	237,149	12,957	**7,523**	6,995	**244,672**	19,952

5. FINANCE COSTS

	For the three months ended 30 September		For the six months ended 30 September	
	2014	2013	**2014**	2013
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Interests on other borrowings wholly repayable within one year	**–**	60	**–**	60
Effective interests on promissory notes	**1,184**	270	**2,227**	270
Effective interests on bonds	**9,247**	1,431	**14,464**	1,431
	10,431	1,761	**16,691**	1,761

6. LOSS BEFORE TAXATION

	For the three months ended 30 September		For the six months ended 30 September	
	2014	2013	**2014**	2013
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
The Group's loss before taxation is arrived at after charging the following:				
Cost of inventories recognised as an expense	**28,525**	15,632	**242,262**	17,702
Depreciation	**396**	323	**792**	641
Amortisation of intangible assets	**4,886**	–	**9,772**	–
Operating lease rentals in respect of:				
– land and buildings	**791**	792	**1,620**	1,567
Staff costs including directors' emoluments				
– Salaries, bonus and allowances	**2,374**	3,868	**4,635**	5,654
– Retirement benefit scheme contributions	**307**	318	**621**	520
Share-based payments to grantees other than employees and directors	**3,433**	–	**3,433**	–

7. TAXATION

	For the three months ended 30 September		For the six months ended 30 September	
	2014	2013	**2014**	2013
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Current	**–**	–	**–**	–
Deferred tax credit	**(806)**	–	**(1,612)**	–
	(806)	–	**(1,612)**	–

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulations of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

No provision for Hong Kong Profits Tax has been made for the three and nine months ended 30 September 2014 (2013: Nil) as the Group did not generate any assessable profits arising in Hong Kong.

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% (2013: 9% to 12%) on the estimated assessable profits for the year with the first two hundred thousand patacas assessable profits being free from tax. However, Greenfortune (Macao Commercial Offshore) Limited ("Greenfortune"), wholly-owned subsidiary of the Company, operating in Macau during the year is in compliance with the Decree-Law No. 58/99/M of Macau Special Administrative Region, and thus, the profits generated by the subsidiary is 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.

8. LOSS PER SHARE

The calculations of basic loss per share for the three and six months ended 30 September 2014 were based on the unaudited consolidated loss of HK$28,674,000 and HK$48,184,000 attributable to owners of the Company for the three and six months ended 30 September 2014 respectively (three and six months ended 30 September 2013: loss of HK$14,087,000 and HK$17,982,000 respectively) and the weighted average number of 1,428,567,913 and 1,389,072,962 shares respectively in issue (weighted average number of shares in issue for the three and six months ended 30 September 2013: 1,051,693,652 and 1,025,614,120 shares respectively in issue).

The computations of diluted loss per share for the three and six months ended 30 September 2014 do not assume the exercise of the Company's share options and warrants as they would reduce loss per share.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2014, the Group did not acquire any property, plant and equipment in significant amount (2013: Nil).

10. INTANGIBLE ASSETS

During the six months ended 30 September 2014, the Group entered into a distribution agreement with an independent third party (the "Supplier") pursuant to which the Group was appointed as the authorised distributor and vested with a ten-year rights of distribution, marketing and service of sports car "Gumpert Apollo" in four cities in the PRC (the "Distribution Rights"). Under the aforesaid distribution agreement, the Group was obliged to pay a one-off license fee of HK$20,000,000 to the Supplier. The license fee was determined after arm's length negotiations between the Group and the Supplier after taking into account, among others, the preliminary valuation of the Distribution Rights performed by Roma Appraisals Limited ("Roma Appraisals"), an independent professional valuer. Based on the valuation (the "Valuation") performed by Roma Appraisals, the estimated value of the Distribution Rights amounted to approximately HK$33,200,000. The income approach was adopted by Roma Appraisals in the Valuation on the Distribution Rights. The license fee of HK$20,000,000 was recorded as intangible assets.

The balance of the intangible assets at 30 September 2014 represents the estimated profit margin to be derived from customer agreement and suppliers' agreements on trading of iron ore at a carrying amount of HK$102,645,000 (31 March 2014: HK$112,417,000).

11. INVENTORIES

	As at 30 September 2014 (Unaudited)	As at 31 March 2014 (Audited)
	HK$'000	*HK$'000*
Raw materials	**692**	723
Work in progress	**13**	65
Finished goods	**157**	57
	862	845

12. TRADE RECEIVABLES

An aging analysis of the trade receivables that are not considered to be impaired as at the end of the reporting period, based on the date of recognition of sales, net of allowances, is as follows:

	As at 30 September 2014 (Unaudited) *HK$'000*	As at 31 March 2014 (Audited) *HK$'000*
Packaged food business		
0-90 days	**1,981**	1,965
91-180 days	**35**	5
	2,016	1,970
Trading of natural resources business		
0-30 days	**–**	8,459
	2,016	10,429

The credit period ranged from 30 to 120 days.

13. LOAN TO AN ASSOCIATE

The loan to an associate is unsecured, bearing interest at 6% per annum originally and repayable on or before 27 September 2013. Upon maturity, the Group and the associate mutually agreed to extend the repayment date to 27 September 2014 and subsequently further extend to 27 September 2016, the interest rate has also been revised to 10% per annum with effect from 28 September 2013. The amount was presented as non-current assets and included in interests in an associate.

14. TRADE PAYABLES

The following is an ageing analysis of trade payable presented based on the invoice date at the end of the reporting period:

	As at 30 September 2014 (Unaudited) *HK$'000*	As at 31 March 2014 (Audited) *HK$'000*
0 – 90 days	**1,383**	9,741
91-180 days	**–**	58
	1,383	9,799

The credit period ranged from 90 days to 120 days.

15. PROMISSORY NOTES

During the six months ended 30 September 2014, the Company issued unsecured promissory notes to an independent third party with an aggregate principal amount of HK$3,080,000 for general working capital of the Group. The promissory notes issued during the period bear interest at 10% per annum and were repayable within one year.

The balance of the amount of promissory notes at 30 September 2014 represents the promissory note with carrying amortised cost of HK$19,955,000 (31 March 2014: HK$18,794,000) which was issued by the Company on 6 September 2013 as part of the consideration for the acquisition of the entire equity interest of Digital Rainbow. This promissory note carries no interest and is repayable on 6 March 2015. It was initially recognized at fair value of HK$16,627,000 with effective interest rate of 24.225%.

16. BONDS

During the six months ended 30 September 2014, the Company issued an additional unsecured bond to an independent third party with principal amount of HK$3,000,000. This bond bears interest at 10% per annum and will be matured within one year. The proceeds of this bond are used for general working capital of the Group.

On 6 September 2013, the Company issued bonds with principal amount of HK$80,000,000 to an independent third party. According to the terms of the bonds, the maturity date is two years from the issue date. The bonds are secured by an aggregate of 392,000,000 shares of the Company and guaranteed by Eminent Along Limited ("Eminent Along") and Ease Chance International Limited ("Ease Chance"), the wholly-owned subsidiaries of the Company.

Apart from the aforesaid bonds, the Company also has other unsecured bonds outstanding since 1 April 2014 with aggregate principal amount of HK$31,000,000. The effective interest rates of these bonds range from 5% to 6.594%. The original maturity dates of these bonds range from 2 years to 5 years.

During the six months ended 30 September 2014, the whole amount of the bonds issued on 6 September 2013 of HK$80,000,000 was redeemed by the Company in accordance with the terms of the bond instrument. In addition, another unsecured bond of principal amount of HK$11,000,000 was also redeemed by the Company. Although the bonds were due in 2015 and 2016 respectively, the Board is of the view that the redemption of the bonds will not have any adverse effect on the Group's financial position nor pose any significant impact on the operations of the Group. Besides, the Group would not incur further finance costs in relation to the accrued interests of the bonds subsequent to the redemption of the bonds. Thus, the Board is of the view that the redemption of the bonds was in the interests of the Company and the Shareholders as a whole. Following the redemptions of the bonds, the fixed charge over the 392,000,000 shares of the Company and the guarantees given by Eminent Along and Ease Chance respectively were released.

17. SHARE CAPITAL

	Number of shares	**Amount**
	'000	*HK$'000*
Ordinary shares of HK$0.01 each		
Authorised:		
At 31 March 2014 and 1 April 2014 (Audited)	2,000,000	20,000
Increase in authorized share capital *(note a)*	2,000,000	20,000
As at 30 September 2014 (Unaudited)	**4,000,000**	**40,000**
Issued and fully paid:		
At 31 March 2014 and 1 April 2014 (Audited)	1,349,144	13,491
Issue of shares on placements *(note b)*	554,000	5,540
Issue of shares upon exercises of share options *(note c)*	7,000	70
As at 30 September 2014 (Unaudited)	**1,910,144**	**19,101**

Notes:

(a) Pursuant to an ordinary resolution of the Company's shareholders passed on 3 September 2014, the Company's authorized share capital was increased from HK$20,000,000 to HK$40,000,000 by the creation of an additional 2,000,000,000 ordinary Shares. The ordinary Shares rank pari passu with the then existing Shares of the Company in all respects.

(b) Pursuant to two placing agreements dated 22 August 2014 and 18 September 2014 respectively and entered into between the Company and a placing agent, 237,000,000 Shares were allotted and issued at a price of HK$0.27 per Share to not less than six independent investors on 3 September 2014 for a total net proceeds of HK$61,922,000 (net of transaction costs of HK$2,068,000) and 317,000,000 Shares were allotted and issued at a price of HK$0.297 per Share to not less than six independent investors on 29 September 2014 for a total net proceeds of HK$90,309,000 (net of transaction costs of HK$3,840,000). The net proceeds from the placements has been applied for general working capital of the Company and settlement of certain liabilities of the Company.

(c) The subscription rights attaching to 7,000,000 share options were exercised during the six months ended 30 September 2014 at a subscription price of HK$0.26 per Share, resulting in the issue of 7,000,000 Shares for a total cash consideration of HK$1,820,000. At the time when the share options were exercised, the fair values of these share options in an aggregate amount of HK$870,000 previously recognised in the share option reserve were transferred to the share premium account.

18. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) The Group estimates the fair value of its financial assets and financial liabilities measured at amortised cost using the discounted cash flows analysis. The carrying amounts of financial assets and financial liabilities recorded at amortised cost in the unaudited condensed consolidated statement of financial position approximate their fair values. In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available for items that are initially recognised at fair value, the Group engaged third party qualified valuers to perform the fair value estimation. During the six months ended 30 September 2014, fair value of bonds and promissory notes and intangible assets acquired are valued by third party qualified valuers.

(b) The fair value of some financial assets and liabilities approximate their carrying amounts. They are trade receivables, prepayments, deposits and other receivables; loan to an associate and bank and cash balances, and trade payables, accruals and other payables.

19. RELATED PARTY TRANSACTIONS

(a) Pursuant to an agreement entered into between Rockhound Assets Management Limited ("Rockhound") and the Company, Rockhound will provide technical support to the Group on technical issues regarding minerals engineering and minerals exploration at a monthly fee of HK$30,000 for a period of one year subject to renewal. The fee was charged in accordance with the terms negotiated between relevant parties and was determined with reference to amounts charged by third parties. The amount of fees paid in the six months ended 30 September 2014 was HK$180,000 (2013: Nil). Mr. Lau Wan Pui, Joseph is a non-executive director of the Company and a beneficial owner and a director of Rockhound. The transaction was a continuing connected transaction (as defined in the GEM Listing Rules) which was exempted from reporting, announcement and independent shareholders' approval requirements under the GEM Listing Rules.

(b) During the period, the Company also entered into a technical advisory contract with Rockhound pursuant to which Rockhound will provide technical work in relation to certain identified projects for the Group at an estimated fee of approximately HK$500,000 (2013: Nil). The fee was charged in accordance with the terms negotiated between relevant parties and was determined with reference to amounts charged by third parties. Mr. Lau Wan Pui, Joseph is a non-executive director of the Company and a beneficial owner and a director of Rockhound. The transaction was a connected transaction (as defined in the GEM Listing Rules) which was exempted from reporting, announcement and independent shareholders' approval requirements under the GEM Listing Rules.

20. APPROVAL OF UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 September 2014 were approved by the Board on 14 November 2014.

21. DIVIDEND

The Directors do not recommend the payment of any dividend in respect of the six months ended 30 September 2014 (2013: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

During the six months ended 30 September 2014, the Group's consolidated revenue increased from HK$20.0 million in the same period in prior year to HK$244.7 million this year, representing an uplift of over 11 times. The growth was driven by the Group's engagement in the trading of natural resources and commodities which contributed HK$237.1 million of the revenue in this half-year whereas only HK$13.0 million of such kind of revenue was recorded in the same period in prior year. However, the strong growth in trading of such new products was yet to bring along a remarkable contribution to the Group's overall gross profit but an increase of HK$0.2 million or 7.1% growth from the same period in 2013.

Administrative expenses and other expenses (the "Operating Expenses") incurred for the first half-year amounted to HK$35.2 million (2013: HK$18.0 million). Excluding the major non-cash items in relation to amortization of intangible assets and share-based payments of HK$9.8 million and HK$3.4 million respectively in this half-year, the Operating Expenses would have amounted to HK$22.0 million as compared to HK$18.0 million in the same period in prior year. The increase was primarily due to the increase in general professional fee including audit fees and valuation fees and legal fees for various proposed projects including fund raising projects. Following the Group's business diversification strategy, expenses incurred in relation to the exploration of different business opportunities also accounted for certain increase in the Operating Expenses.

Finance costs incurred in the six months ended 30 September 2014 amounted to HK$16.7 million (2013: HK$1.8 million) which was mainly composed of effective interests on the bonds and promissory notes, including but not limited to, the bonds in the principal amount of HK$80,000,000 and promissory notes in the principal amount of HK$23,000,000 both issued on 6 September 2013 respectively, for the purpose of financing business acquisition as well as working capital needs. The early redemption of a substantial portion of such bonds in September 2014 also accelerated the recognition of the related finance costs on such bonds which were originally stated at amortized costs.

Loss for the six months ended 30 September 2014 amounted to HK$48.3 million (2013: HK$18.0 million). With the exclusion of non-cash amortization of other intangible assets and the reversal of deferred tax, the Group would have recorded a loss for the period of approximately HK$36.7 million.

Business Review and Prospect

The Group's business is organized in two segments namely (i) Packaged Food Segment; and (ii) Natural Resources and Commodities Segment.

Packaged Food Segment

The Packaged Food segment recorded a revenue of HK$7.5 million in the six months ended 30 September 2014 as compared to the revenue of HK$7.0 million in the same period last year. This segment enjoyed a stable demand from customer group based in the PRC to which the segment has redirected from the overseas-based customers group since last year. Despite of this fact, a segment loss of HK$1.2 million (2013: HK$3.1 million) was recorded for this period. In light of the financial results of this segment, the Group will constantly review the segment's performance when deciding the utilization of the Group's resources.

Natural Resources and Commodities Segment

During the six months ended 30 September 2014, the Group continued to engage in the trading of coal and crude palm oil. It also started its iron ore trading activity in the period. The segment generated a revenue of approximately HK$237.1 million (2013: HK$13.0 million) and recorded an operating loss of approximately HK$1.0 million (2013: HK$0.1 million).

(a) Coal Trading Business

The Group's coal trading business was operated by an associate, Goldenbase Limited (together with its subsidiaries, the "Goldenbase Group"). As set out in the Company's 2014 annual report and the Company's announcement dated 7 October 2014, the Goldenbase Group has set up a wholly-foreign owned enterprise (the "WFOE") in Qinghai Province, the PRC in carrying out coal trading business in the PRC. As the WFOE is regarded as "mentoring period ordinary VAT payer" under the tax practice during the reporting period, certain restriction was imposed by the local tax bureau of the State Administration of Taxation on the number and amount of VAT invoices authorized to be issued by the WFOE. As such, during the six months ended 30 September 2014, the revenue generated from trading of coal products carried out by the WFOE amounted to approximately HK$2.9 million (2013: Nil). The Group was advised by the management of the Goldenbase Group that an aggregate of approximately 7,900 tonnes of coal was traded in the period.

The Goldenbase Group achieved a turnover of HK$166.1 million (2013: HK$25.4 million) and recorded an operating loss of HK$0.5 million (2013: loss of HK$0.6 million) for six months ended 30 September 2014.

(b) Iron Ore Trading Business

The Group started the iron ore trading activity during the six months ended 30 September 2014, of which, a total of approximately 2,800 dry metric tonnes was traded, contributing approximately HK$2.5 million revenue to this segment's revenue. However, the prospect of iron ore trading is not optimistic in view of the persistent weak demand from the iron and steel sector in which the Group's major customer operates. With a similar trend, the global market price of iron ore has been slipping from approximately US$140 per tonne in early April 2013 to approximately US$75 in early November 2014 hitting near its five-year lows. The persistent weakened price affects the initiative of suppliers in supplying goods at a discount as required under the supply agreements given that the cost of mining and production may outweigh the selling price after discount. The Group has been closely monitoring the business condition of this business stream and appropriate measures will be taken where necessary, including but not limited to the obtaining of certain assets from the suppliers as security for their obligations under the respective supply agreements. The suppliers have agreed in principle to provide such further security but no definitive agreement has been entered into as at the date of this report. The Group will update its shareholders as and when appropriate if such agreement has been reached.

(c) Other Natural Resources and Commodities Trading Business

The Group's trading in crude palm oil was carried out under certain master trading agreements with both its suppliers and customers. The original master agreements expired in late July 2014. In view of the thin profit margin derived from these trades, the Group has been negotiating with these suppliers and customers in order to achieve better trading terms for the renewal of the master agreements. The negotiations have been on-going and no new agreement has been entered into as at the date of this report. The trading of crude palm oil was on-going after the expiration of such master trading agreements in the form of trade-by-trade basis instead of under the master trading agreements which led to a reduction of trading volume of 88% for the quarter ended 30 September 2014 as compared to the figure for the quarter ended 30 June 2014. Nevertheless, the reduction in trading volume did not have a significant impact to the Group's overall profit or loss for the reporting period.

(d) Other Businesses

Money Lending

On 22 May 2014, a subsidiary of the Company, Angle Fund Company Limited, was granted a money lenders license to carry on business as a money lender in Hong Kong. The subsidiary has since then started to solicit customers for commencing operation in the third quarter of the Company's financial year.

Vehicle Distribution

On 23 September 2014, Bright Billion Holdings Limited, a wholly-owned subsidiary of the Group (the "Distributor"), entered into a distribution agreement with an independent third party. The Distributor was appointed as the authorised distributor and vested with a ten-year rights of distribution, marketing and service of sports car "Gumpert Apollo" in four cities in the PRC. The vehicles distribution business is still in the preparatory stage and no immediate revenue is expected to be generated shortly. However, the Group believes that the entering into of the distribution agreement would diversify the Group's business portfolio and allow the Group to enter into the supercar market in the PRC and broaden the Group's source of income. Having considered the prospects of the supercar market in the PRC, and the aforesaid branded vehicles in particular, the Board is confident that the operation of the vehicle distributorship business will contribute positively to the Group.

Financial Position

Net assets of the Group as at 30 September 2014 was HK$178.4 million compared to HK$69.1 million as at 31 March 2014, representing a near 1.6 times leap. The increase was mainly attributable to the successful placements of an aggregate of 554,000,000 of new ordinary shares for cash during the six months ended 30 September 2014 contributing to an increase in net assets of the Group by HK$152.2 million. On the other hand, the results in the current reporting period wipe out the net assets value by HK$48.1 million.

Liquidity, financial resources and capital structure

During the six months ended 30 September 2014, the Group mainly financed its operations with its own working capital supplemented by both equity funding and debt raising where needed. Apart from net proceeds from the share placements of HK$152.2 million as mentioned in the previous paragraph for general working capital need and repayment of certain liabilities of the Group, during the reporting period, the Group issued corporate bond and promissory notes with an aggregate principal value of approximately HK$6.1 million (six months ended 30 September 2013: HK$113 million) to independent third parties. These corporate bond and promissory notes are unsecured, bearing interest at 10% per annum and are issued for general working capital purposes. The Group has utilized a total of approximately HK$100.9 million from the aggregate net proceeds of the share placements for redemption of the certain bonds and other related payments. While the cash reserve is reduced, the Group enjoys the benefit of avoiding further cash outlays for coupon interest payments as a result of early redemption of the bonds.

At the reporting date, the Group had cash and bank balances of HK$39.7 million (31 March 2013: HK$18.9 million), representing a 1.1 times increase in cash reserve from last financial year end.

The Group's gearing ratio at the reporting date was 2% (31 March 2014: 60%) showing a huge improvement from last financial year end. The Group defines gearing ratio as ratio of net debt over equity plus net debt in which net debt represents total of promissory notes and bonds less cash and bank balances. The current ratio (ratio of current assets to current liabilities) of the Group as at 30 September 2014 was approximately 1.3 (31 March 2014: 1.6), the reduction in current ratio was mainly led by the short term nature of debts raised during the period and the inclusion of an outstanding consideration of HK$15.1 million for the acquisition of vehicle distribution rights.

Financial Management Policy and Foreign Currency Risk

The Group's finance division manages the financial risks of the Group. One of the key objectives of the Group's treasury policy is to manage its exposure to fluctuations in foreign currency exchange rates. The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the respective Group entities. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group has assessed its foreign exchange rate risk exposure and has not entered into any foreign exchange hedging arrangement during the reporting period and as at reporting date. In any event, the Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

Material Transactions

(a) On 1 April 2014, the Group entered into an acquisition agreement with the relevant vendors pursuant to which the Group conditionally agreed to acquire and the vendors conditionally agreed to dispose of the 100% equity interest in the Guangzhou Shouchuang Investment Limited, at an aggregate consideration of RMB5,000,000 (equivalent to approximately HK$6,250,000). Pursuant to an arranger agreement dated 1 April 2014 (as supplemented by a supplemental arranger agreement dated 23 April 2014) entered into between the Group and an independent third party, as arranger, an arranger fee of HK$9,600,000 to be satisfied by way of issue of 32,000,000 new shares of the Company will be payable to the arranger upon completion of the acquisition in consideration for the arranger in facilitating the acquisition. The acquisition was terminated on 29 August 2014 after arm's length negotiation among the Group and the relevant vendors in view of the changes in the market environment of the coal related industry. The arranger agreement was lapsed and ceased to have effect on 31 August 2014.

(b) On 30 April 2014, the Company entered into a memorandum of understanding for the establishment of the joint venture in Hong Kong which will be principally engaged in project investments. The memorandum of understanding does not constitute legally binding commitment in respect of the possible establishment of the joint venture. The establishment of the Joint Venture is subject to the execution and completion of a formal agreement. As at the date of this report, the negotiation is still on-going.

(c) On 9 May 2014, the Company entered into a non-legally binding memorandum of understanding with two vendors in relation to the possible acquisition of the entire equity interests in a company established in the PRC with limited liability. The group comprises such PRC company and its subsidiaries was principally engaged in coal mines development and investment, coal mining, sale of construction materials, electrical and mechanical equipment and metallic materials etc, and owns and/or will own a series of coal mining rights in respect of certain coal mines in Guizhou Province, the PRC covering an aggregate area of approximately 19,000,000 square meters. Based on the information provided by the vendors, the original valid periods of the licenses for the coal mining rights ranged from approximately 3 years to 10 years with an aggregate planned production scale of approximately 2,400,000 tonnes per annum. In view of the persistent sluggish market condition of the coal industry, the negotiation has come to a halt and no major progress has been achieved during the period.

(d) On 1 August 2014, the Company entered into a memorandum of understanding ("MOU") (as supplemented by the supplemental memorandum of understanding dated 9 October 2014) with an independent third party (the "Vendor"), in relation to the possible acquisition (the "Acquisition") of a 100% equity interest in Southernpec Singapore Storage and Logistics Limited ("Southernpec Singapore") which together with its subsidiaries own a total of eight vessels and are principally engaged in mid-stream storage and logistics operation of petrochemical products in the PRC, Hong Kong, Singapore and the Southeast Asia region. Subject to further negotiation between the Company and the Vendor, the consideration payable for the entire issued share capital of the Southernpec Singapore (the "Consideration") is intended to be within the range of US$200 million and US$250 million and the Consideration shall be payable by the Company by way of allotment and issuance of new shares at the price of HK$0.2198 per share or the issue of convertible bonds carrying rights to convert into new shares at the initial conversion price of HK$0.2198 per share, or a combination of any of the above or any other kind of consideration to the Vendor.

Pursuant to the supplemental memorandum of understanding, the Vendor agreed that it will not and will procure that Southernpec Singapore and its directors, officers, employees, representatives and agents will not, directly or indirectly, for a period of six (6) months from the date of MOU or to such later date as the Vendor and the Company may agree, (i) solicit, initiate or encourage enquiries or offers from; or (ii) initiate or continue negotiations or discussions with or furnish any information to; or (iii) enter into any agreement or statement of intent or understanding with, any person or entity other than the Company with respect to the sale or other disposition of the equity interest in or the sale, subscription, or allotment of any part thereof or any other shares of Southernpec Singapore. In the meantime, the Company agreed that it will not and will procure that its subsidiaries, directors, officers, employees, representatives and agents will not, directly or indirectly, for a period of six (6) months from the date of the MOU or to such later date as the Vendor and the Company may agree, (i) solicit, initiate or encourage enquiries or offers from; or (ii) initiate or continue negotiations or discussions with or furnish any information to; or (iii) enter into any agreement or statement of intent or understanding with, any person or entity other than the Vendor with respect to the purchase or other acquisition of the equity interest in or the purchase or subscription of any part thereof or any other shares in any entities or companies whose operation involve mid-stream petrochemical business, including but not limited to logistics, storage, sales and distribution of petrochemical products, and professional services in relation to oilfield.

On the same day, the Company also entered into an arranger agreement with another independent third party, pursuant to which the Company shall pay an arranger fee in the amount of HK$10.0 million to the arranger in facilitating the Company in liaising different parities in the Acquisition. The arranger fee shall be payable within 10 business days after completion of the Acquisition which shall be settled by the Company by way of allotment and issue of convertible bonds/new shares bearing the same terms as those of the convertible bonds/new shares to be issued to settle the consideration for the Acquisition. Pursuant to the aforesaid supplemental memorandum of understanding, the Group is required to pay a sum of HK$10 million as a refundable deposit to the Vendor. Details of the Acquisition were disclosed in the announcements of the Company dated 1 August 2014 and 9 October 2014 respectively.

(e) On 22 August 2014, the Company entered into a placing agreement (the "First Placing Agreement") with Kingsway Financial Services Group Limited (the "Placing Agent") pursuant to which the Placing Agent agreed to place (the "First Placing"), on a best effort basis, up to an aggregate of 237,000,000 new shares at the placing price of HK$0.27 per share on behalf of the Company to not less than six placees who and whose ultimate beneficial owners are independent third parties. The closing price per share as quoted on the Stock Exchange on the date of the First Placing Agreement was HK$0.30. It was intended that the net proceeds from the First Placing of approximately HK$64.0 million would be used for the general working capital of the Company and settlement of certain liabilities of the Company. Completion of the First Placing took place on 3 September 2014.

(f) On 18 September 2014, the Company entered into a placing agreement (the "Second Placing Agreement") with the Placing Agent pursuant to which the Placing Agent agreed to place (the "Second Placing"), on a best effort basis, up to an aggregate of 317,000,000 new shares at the placing price of HK$0.297 per share on behalf of the Company to not less than six placees who and whose ultimate beneficial owners are independent third parties. The closing price per share as quoted on the Stock Exchange on the date of the Second Placing Agreement was HK$0.33. It was intended that the net proceeds from the Second Placing of approximately HK$90.3 million would be used for the general working capital of the Company and settlement of certain liabilities of the Company. Completion of the Second Placing took place on 29 September 2014.

The Company has utilized a total of approximately HK$100.9 million from the aggregate net proceeds of the First Placing and the Second Placing for redemption of certain bonds and other related payments. Details are set out in the Company's announcement dated 30 September 2014.

(g) On 23 September 2014, a wholly-owned subsidiary of the Company (the "Distributor") entered into a distribution agreement (as supplemented by the supplemental distribution agreement dated 17 October 2014) with an independent third party (the "Supplier") whereby the Distributor was appointed as an authorized distributor and vested with the rights of distribution, marketing and service of sports car "Gumpert Apollo" in four cities in the PRC. Under the aforesaid distribution agreement, the Distributor was obliged to pay a one-off license fee of HK$20 million to the Supplier. As at the date of this report, the Distributor has paid a portion of the licence fee of HK$14,900,000 (of which HK$4,900,000 was settled by the deposit paid by the Distributor to the Supplier under a memorandum of understanding signed previously). The outstanding balance of the license fee which amounted to HK$5,100,000 shall be settled within two months from the date of the supplemental distribution agreement.

OUTLOOK

While the Group continues to develop its existing businesses, it has also sought suitable investment opportunities from time to time to diversify its existing business portfolio and to broaden the Group's source of income.

The Group has been in the resources sector since 2012. The proposed acquisition of Southernpec Singapore, if proceeds, would allow the Group to move upstream in the resources sector, from investment and trading of natural resources products to storage and logistics operation of petrochemical products. Such proposed acquisition would also enable the Group to strengthen its asset base and further enhance its financial position so that future external financing for its trading business may be obtained at more favourable terms. The Group also considers the relationship built, as a consequence of the proposed acquisition, between the Group and the Vendor's affiliated company, namely Southernpec Corporation which has extensive experience in the resources sector, may help to diversify the Group's customers and suppliers base and the diversity of products to be traded through referrals from Southernpec Corporation. The Group believes that such proposed acquisition will enable the Group to consolidate its presence in the Southeast Asia region and further explore these market for its trading business.

Meanwhile, as set out in the Company's announcement dated 9 October 2014, Sun Delight Enterprises Limited, a wholly-owned subsidiary of Warburg Pincus (Bermuda) Private Equity IX, L.P., a renowned world-class private equity fund is one of the shareholders of the vendor of the above proposed acquisition. Thus, such proposed acquisition, if materialises, may result in the Company becoming a direct or indirect investment of such private equity fund. The Directors consider that such transaction will enable the Company to gain the management expertise and to build up international business network with such a renowned private equity firm and be beneficial to the development of the Group and its shareholders as a whole.

SHARE OPTION SCHEME

Pursuant to the share option scheme adopted by the Company on 26 September 2010 (the "Share Option Scheme"), certain Directors and participants were granted share options to subscribe for the Company's shares, details of movements of share options during the six months ended 30 September 2014 are set out below:

Name	Date of grant	Exercise period *(note d)*	Exercise price per share HK$	Balance as at 1 April 2014	Number of Options: Granted during the period	Exercised during the period	Change in directorate/ capacity	Balance as at 30 September 2014
Directors:								
Mr. Wong Ka Wah, Albert	21 February 2014 *(note a)*	21 February 2014 to 20 February 2019	0.260	15,000,000 *(note a)*	-	-	-	15,000,000
Mr. Hong Sze Lung	21 February 2014 *(note a)*	21 February 2014 to 20 February 2019	0.260	15,000,000 *(note a)*	-	-	-	15,000,000
Mr. Lau Wan Pui, Joseph	21 February 2014 *(note b)*	21 February 2014 to 20 February 2019	0.260	5,000,000 *(note b)*	-	-	-	5,000,000
Mr. Law Chung Lam, Nelson	21 February 2014 *(note b)*	21 February 2014 to 20 February 2019	0.260	5,000,000 *(note b)*	-	-	-	5,000,000
Mr. Kwong Yuk Lap	21 February 2014 *(note b)*	21 February 2014 to 20 February 2019	0.260	2,000,000 *(note b)*	-	-	-	2,000,000
Mr. Chow Chi Fai	21 February 2014 *(note b)*	21 February 2014 to 20 February 2019	0.260	1,000,000 *(note b)*	-	-	-	1,000,000
Mr. Tam Chak Chi	21 February 2014 *(note b)*	21 February 2014 to 20 February 2019	0.260	1,000,000 *(note b)*	-	(1,000,000)	-	-
Mr. May Tai Keung, Nicholas *(note c)*	21 February 2014 *(note b)*	21 February 2014 to 20 February 2019	0.260	1,000,000 *(note b)*	-	-	-	1,000,000
				45,000,000	-	(1,000,000)	-	44,000,000
Other employees:								
In aggregate	11 July 2011	11 July 2011 to 10 July 2016	0.355	10,000,000	-	-	(4,000,000)	6,000,000
In aggregate	21 February 2014 *(note b)*	21 February 2014 to 20 February 2019	0.260	17,000,000 *(note b)*	-	(5,000,000)		12,000,000
				27,000,000	-	(5,000,000)	(4,000,000)	18,000,000
Other grantees:								
In aggregate	11 July 2011	11 July 2011 to 10 July 2016	0.355	10,000,000	-	-	4,000,000	14,000,000
In aggregate	17 February 2014	17 February 2014 to 16 February 2019	0.240	39,000,000	-	-	-	39,000,000
In aggregate	21 February 2014 *(note b)*	21 February 2014 to 20 February 2019	0.260	36,000,000 *(note b)*	-	(1,000,000)	-	35,000,000
In aggregate	14 July 2014	14 July 2014 to 13 July 2016	0.270	-	36,900,000	-	-	36,900,000
				85,000,000	36,900,000	(1,000,000)	4,000,000	124,900,000
				157,000,000	36,900,000	(7,000,000)	-	186,900,000

Notes:

(a) As at 1 April 2014, these share options were conditionally granted to two executive directors of the Company. Such grants were subject to (i) the approval of the independent shareholders at the extraordinary general meeting to be held on 15 April 2014 (the "EGM"); and (ii) the approval of the proposed refreshment of the existing scheme mandate limit under the Share Option Scheme (the "Proposed Refreshment") by the shareholders at the EGM. The proposed grants were approved by shareholders at the EGM on 15 April 2014.

(b) As at 1 April 2014, these share options were conditionally granted to other directors; employees of the Company and other grantees. Such grants are subject to the approval of the Proposed Refreshment by the shareholders at the EGM. The proposed grants were approved by shareholders at the EGM on 15 April 2014.

(c) Mr. May Tai Keung, Nicholas ("Mr. May") resigned as independent non-executive Director of the Company on 31 July 2014. Pursuant to the provisions under the Share Option Scheme, Mr. May may exercise the options vested on him within three months from 31 July 2014. The options were excised during the period.

(d) These share options are vested immediately upon the grant date.

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

Save as disclosed above, there were no other options granted, exercised, cancelled or lapsed during the six months ended 30 September 2014.

Subsequent to the date of the reporting period, the Company granted 158,168,000 share options to certain grantees to subscribe for a total of 158,168,000 ordinary shares of the HK$0.01 each of the Company at an exercise price of HK$0.37 per share, among which, 2,000,000 and 1,000,000 share options were granted to Mr. Kwong Yuk Lap, a non-executive director of the Company, and Mr. Leung Ka Tin, an independent non-executive director of the Company, respectively. The share options granted have a validity period from 13 October 2014 to 12 October 2016 (both dates inclusive). The share options are vested immediately upon the grant date.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES AND SHARE OPTIONS

As at 30 September 2014, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) ("SFO") which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive of the Company were deemed or taken to have under such provisions of the SFO), or which were 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 or underlying shares

Name of Directors	Capacity of interests	Number of shares held	Number of share options held	Total interests	Approximate percentage of interest in issued shares
Mr. Wong Ka Wah, Albert	Beneficial owner	–	15,000,000	15,000,000	0.79%
Mr. Hong Sze Lung	Beneficial owner	8,992,000	15,000,000	23,992,000	1.26%
Mr. Lau Wan Pui, Joseph	Beneficial owner	–	5,000,000	5,000,000	0.26%
Mr. Law Chung Lam, Nelson	Beneficial owner	–	5,000,000	5,000,000	0.26%
Mr. Kwong Yuk Lap	Beneficial owner	–	2,000,000	2,000,000	0.10%
Mr. Chow Chi Fai	Beneficial owner	–	1,000,000	1,000,000	0.05%
Mr. Tam Chak Chi	Beneficial owner	1,000,000	–	1,000,000	0.05%

Save as disclosed above, as at 30 September 2014, 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) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were deemed or taken to have under such provisions of the SFO), or which were required to be and are 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.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosures on the share options granted to the Directors in the section headed "Directors' and Chief Executive's Interests in Shares and Share Options" above, at no time during the six months ended 30 September 2014 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Directors or their respective associates, or were any such rights exercised by them; or was the Company or any of its subsidiaries, or its holding company, or any of its fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 30 September 2014, so far as was known to the Directors, the interests and short positions of the persons (other than the interests and short positions of the Directors or chief executive of the Company as disclosed above) in the shares and/or underlying shares of the Company (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO, or as otherwise notified to the Company are set out below:

Aggregate long positions in shares or underlying shares

Name of shareholder	Capacity of interests	Number of shares in interest	Approximate percentage of interest in shares
Mega World Resources Limited ("Mega World") *(note 1)*	Person having a security interest in shares	392,000,000	20.52%
Conrich Investment Limited ("Conrich") *(note 2)*	Beneficial owner	306,880,000	16.07%
Ms. Lee Yau Lin, Jenny ("Ms. Lee") *(note 3)*	Interest in controlled corporation/Beneficial owner	310,880,000	16.28%
Mr. Leung Kai Tong, Tommy ("Mr. Leung") *(note 4)*	Spouse	310,880,000	16.28%
Adamas Asset Management (HK) Limited ("Adamas") *(note 5)*	Investment manager	130,000,000	6.81%
Capital VC Limited ("Capital VC") *(note 6)*	Interest of corporation controlled by the substantial shareholder	100,000,000	5.24%
Ethnocentric Investment Limited ("Ethnocentric") *(note 6)*	Interest of corporation controlled by the substantial shareholder	100,000,000	5.24%
CNI Capital Limited ("CNI") *(note 6)*	Beneficial owner	100,000,000	5.24%

Notes:

1. Mega World, a limited company incorporated in the British Virgin Islands, and is a special purpose vehicle wholly-owned by Greater China Credit Fund LP, a discretionary fund, the investment advisor of which is Adamas and the manager of which is Adamas Global Alternative Investment Management Inc. These shares in interests are aggregate number of shares over which fixed charges have been executed by the shareholders of these shares and have been granted in favour of Mega World pursuant to a placing agreement dated 3 May 2013 entered into between the Company and a placing agent in relation to the placing of bonds of HK$80 million. Mega World is the sole bondholder of the bonds of HK$80 million issued by the Company which was redeemed by the Company during the period. Subsequent to the reporting period, the fixed charges over these shares were released.

2. 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, a former Director of the Company. These shares in interests are duplicated in the interests held by Ms. Lee and Mr. Leung.

3. Ms. Lee is the beneficial owner of 100% of the issued share capital of 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.

4. Mr. Leung 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.

5. Adamas is the investment advisor of Mega World.

6. CNI is a wholly-owned subsidiary of Ethnocentric which is in turn a wholly-owned subsidiary of Capital VC, a company whose shares are listed on the Stock Exchange (stock code: 2324). These shares in interests are duplicated in the interests held by Ethnocentric and Capital VC.

CONNECTED TRANSACTIONS

Save as disclosed in note 19 to the unaudited condensed consolidated interim financial statements, the Directors are not aware of any connected transactions of the Group that shall be disclosed in this report.

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 six months ended 30 September 2014.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

During the six months ended 30 September 2014 and up to the date of this report, the Directors are not aware of any business or interest of the Directors, the controlling shareholders of the Company and their respective associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict 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 2014.

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 changes in details of the Directors' information subsequent to the date of the annual report of the Company for the year ended 31 March 2014 are set out below:

Biographical details

Name	Details of Changes
Mr. Leung Ka Tin	appointed as an independent non-executive Director and a member of audit committee of the Company with effect from 23 July 2014
Mr. May Tai Keung, Nicholas	resigned as independent non-executive Director and member of the audit committee of the Company with effect from 31 July 2014

Directors' emoluments

Mr. Leung Ka Tin was appointed for a term of three years commencing from 23 July 2014 subject to termination of not less than two months' notice in writing served by either party. Remuneration of Mr. Leung Ka Tin was HK$240,000 per annum which was determined by the Board with reference to his duties and responsibilities with the Company.

AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee") with written terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules. The principal duties of the Audit Committee are to review and supervise the financial reporting process and internal control procedures of the Group and to provide advice and comments thereon to the Board.

The Audit Committee currently comprises three independent non-executive Directors, namely, Mr. Chow Chi Fai (the Chairman of the Audit Committee), Mr. Leung Ka Tin and Mr. Tam Chak Chi. The unaudited consolidated results of the Group for the six months ended 30 September 2014 have been reviewed by the Audit Committee.

By order of the Board
Wealth Glory Holdings Limited
Wong Ka Wah, Albert
Chairman and Executive Director

Hong Kong, 14 November 2014

As at the date of this report, the Board comprises eight Directors, including two executive Directors, namely Mr. Wong Ka Wah, Albert and Mr. Hong Sze Lung; three non-executive Directors namely, Mr. Lau Wan Pui, Joseph, Mr. Law Chung Lam, Nelson and Mr. Kwong Yuk Lap and three independent non-executive Directors, namely Mr. Leung Ka Tin, Mr. Tam Chak Chi and Mr. Chow Chi Fai.