



**WEALTH GLORY HOLDINGS LIMITED**

**富譽控股有限公司**

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8269

**2015**

Third Quarterly Report

## 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 (the “Directors”) of Wealth Glory Holdings Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (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 this report misleading.*

The board of directors (the “Board”) of Wealth Glory Holdings Limited (the “Company”) is pleased to present the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three and nine months ended 31 December 2015 together with the unaudited comparative figures for the corresponding periods in 2014 as follows:

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

For the three and nine months ended 31 December 2015

	Notes	For the three months ended 31 December		For the nine months ended 31 December	
		2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
<b>Revenue</b>	3	<b>33,946</b>	27,521	<b>67,321</b>	272,193
Cost of sales		<b>(30,347)</b>	(25,872)	<b>(59,152)</b>	(268,134)
<b>Gross profit</b>		<b>3,599</b>	1,649	<b>8,169</b>	4,059
Other income	3	<b>294</b>	160	<b>817</b>	477
Net gain on financial assets at fair value through profit or loss	4	<b>19,133</b>	-	<b>30,736</b>	-
Share of profit of associates		<b>1,418</b>	238	<b>2,651</b>	87
Selling expenses		<b>(293)</b>	(277)	<b>(857)</b>	(804)
Administrative expense		<b>(9,862)</b>	(8,858)	<b>(30,954)</b>	(21,992)
Other expenses		<b>(4,147)</b>	(21,249)	<b>(11,277)</b>	(43,337)
Impairment of goodwill		-	(15,657)	-	(15,657)
Impairment of intangible assets		-	(59,759)	-	(59,759)
Finance costs	5	<b>(1,063)</b>	(2,896)	<b>(2,814)</b>	(19,587)
<b>Profit (Loss) before taxation</b>	6	<b>9,079</b>	(106,649)	<b>(3,529)</b>	(156,513)
Taxation credit (expense)	7	<b>(3,351)</b>	10,667	<b>(5,265)</b>	12,279
<b>Profit (Loss) for the period</b>		<b>5,728</b>	(95,982)	<b>(8,794)</b>	(144,234)
<b>Other comprehensive income (expense):</b>					
Items that may be subsequently reclassified to profit or loss:					
- Exchange differences arising on translation of foreign operations		<b>(107)</b>	-	<b>(34)</b>	-
<b>Total comprehensive income (expense) for the period</b>		<b>5,621</b>	(95,982)	<b>(8,828)</b>	(144,234)

		For the three months ended 31 December		For the nine months ended 31 December	
		2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
<b>Profit (Loss) for the period attributable to:</b>	Owners of the Company	5,783	(95,622)	(8,649)	(143,806)
	Non-controlling interests	(55)	(360)	(145)	(428)
		<u>5,728</u>	<u>(95,982)</u>	<u>(8,794)</u>	<u>(144,234)</u>
<b>Total comprehensive income (expense) for the period attributable to:</b>					
	Owners of the Company	5,676	(95,622)	(8,683)	(143,806)
	Non-controlling interests	(55)	(360)	(145)	(428)
		<u>5,621</u>	<u>(95,982)</u>	<u>(8,828)</u>	<u>(144,234)</u>
<b>Earnings (Loss) per share</b>		HK cents	HK cents	HK cents	HK cents
	- Basic	<u>0.21</u>	<u>(4.82)</u>	<u>(0.35)</u>	<u>(9.06)</u>
	- Diluted	<u>0.21</u>	<u>(4.82)</u>	<u>(0.35)</u>	<u>(9.06)</u>

Notes

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## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2015

### Attributable to owners of the Company

	Share capital HK\$'000	Share premium HK\$'000	Warrants reserve HK\$'000	Merger reserve HK\$'000	Translation reserve HK\$'000	Share-based payment reserve HK\$'000	Legal reserve HK\$'000	Accumulated loss HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 April 2015 (Audited)	21,371	381,564	3,527	(4,246)	(634)	31,073	485	(332,190)	100,950	(188)	100,762
Exchange differences arising on translation of foreign operations	-	-	-	-	(34)	-	-	-	(34)	-	(34)
Loss for the period	-	-	-	-	-	-	-	(8,649)	(8,649)	(145)	(8,794)
Total comprehensive expense for the period	-	-	-	-	(34)	-	-	(8,649)	(8,683)	(145)	(8,828)
Issue of shares upon placing	5,420	69,260	-	-	-	-	-	-	74,680	-	74,680
Issue of shares upon acquisition of a subsidiary	600	6,360	-	-	-	-	-	-	6,960	-	6,960
Transaction costs attributable to issue of shares	-	(1,682)	-	-	-	-	-	-	(1,682)	-	(1,682)
Change in shareholdings of non-controlling interests	-	-	-	-	-	-	-	-	-	(27)	(27)
Changes in equity for period	6,020	73,938	-	-	(34)	-	-	(8,649)	71,275	(172)	71,103
<b>At 31 December 2015 (Unaudited)</b>	<b>27,391</b>	<b>455,502</b>	<b>3,527</b>	<b>(4,246)</b>	<b>(668)</b>	<b>31,073</b>	<b>485</b>	<b>(340,839)</b>	<b>172,225</b>	<b>(360)</b>	<b>171,865</b>
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	-	-	-	-	-	-	-	(143,806)	(143,806)	(428)	(144,234)
Issue of shares upon placing	7,740	216,399	-	-	-	-	-	-	224,139	-	224,139
Transaction costs attributable to issue of shares	-	(8,625)	-	-	-	-	-	-	(8,625)	-	(8,625)
Issue of shares upon exercises of share options	140	5,277	-	-	-	(1,778)	-	-	3,639	-	3,639
Recognition of equity-settled share-based payments	-	-	-	-	-	15,636	-	-	15,636	-	15,636
Transfer upon lapse of options	-	-	-	-	-	(98)	-	98	-	-	-
Change in shareholdings of non-controlling interests	-	-	-	-	-	-	-	-	-	150	150
Changes in equity for the period	7,880	213,051	-	-	-	13,760	-	(143,708)	90,983	(278)	90,705
<b>At 31 December 2014 (Unaudited)</b>	<b>21,371</b>	<b>381,565</b>	<b>6,039</b>	<b>(4,246)</b>	<b>(556)</b>	<b>31,073</b>	<b>485</b>	<b>(275,905)</b>	<b>159,826</b>	<b>(58)</b>	<b>159,768</b>

# NOTES TO THE UNAUDITED CONSOLIDATED RESULTS

For the nine months ended 31 December 2015

## 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) money lending and secured financing business;
- (iii) investment in coal trading business;
- (iv) development and promotion of brands, design, manufacture and sale of trendy fashion merchandises and other consumer products;
- (v) manufacture and sale of fresh and dried noodles; and
- (vi) investment in securities.

## 2. BASIS OF PRESENTATION AND PREPARATION

The unaudited consolidated results for the nine months ended 31 December 2015 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 consolidated results should be read in conjunction with the annual financial statements for the year ended 31 March 2015, which have been prepared in accordance with HKFRSs.

The accounting policies and methods of computation used in the preparation of the unaudited consolidated results are consistent with those used in the audited financial statements included in the annual report of the Company for the year ended 31 March 2015, except for the adoption of the new and revised HKFRSs, which are effective for accounting periods beginning on or after 1 April 2015. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and the amounts reported for the current and prior periods.

The Group has not applied the new and revised HKFRSs, which have been issued but are not yet effective. The Group is in the process of making an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

### 3. REVENUE AND OTHER INCOME

	For the three months ended 31 December		For the nine months ended 31 December	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
<b>Revenue</b>				
Trading of natural resources and commodities	24,316	23,465	48,014	260,614
Sale of packaged food	3,995	3,661	11,248	11,184
Sale of consumer products	4,155	-	4,155	-
Fee and interest income from money lending	1,480	395	3,904	395
	<u>33,946</u>	<u>27,521</u>	<u>67,321</u>	<u>272,193</u>
<b>Other income</b>				
Other interest income	289	159	801	459
Sundry income	5	1	16	18
	<u>294</u>	<u>160</u>	<u>817</u>	<u>477</u>

### 4. NET GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	For the three months ended 31 December		For the nine months ended 31 December	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Net realised gain on sale of financial assets measured at fair value through profit or loss	12,866	-	26,941	-
Net unrealised gain on financial assets measured at fair value through profit or loss	6,267	-	3,795	-
	<u>19,133</u>	<u>-</u>	<u>30,736</u>	<u>-</u>

## 5. FINANCE COSTS

	For the three months ended 31 December		For the nine months ended 31 December	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Interests on bank borrowings wholly repayable more than one year but less than two years	37	-	37	-
Interests on other borrowings wholly repayable more than one year but less than two years	606	461	1,809	461
Effective interests on promissory notes	-	2,123	38	4,350
Effective interests on bonds	420	312	930	14,776
	<u>1,063</u>	<u>2,896</u>	<u>2,814</u>	<u>19,587</u>

## 6. PROFIT (LOSS) BEFORE TAXATION

	For the three months ended 31 December		For the nine months ended 31 December	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
The Group's profit (loss) before taxation is arrived at after charging the following:				
Cost of inventories recognised as an expense	30,347	25,872	59,152	268,134
Depreciation	391	339	1,176	1,131
Amortisation of intangible assets	500	5,387	1,500	15,159
Operating lease rentals in respect of:				
- land and buildings	986	988	3,102	2,608
- other facilities	700	140	1,120	140
Staff costs including directors' emolumnets				
- Salaries, bonus and allowances	7,413	3,648	9,973	8,283
- Retirement benefit scheme contributions	641	41	1,071	662
Share-based payments	-	620	-	620
Share based payments to grantees other than employees and directors	-	11,583	-	15,016
Impairment of goodwill	-	15,657	-	15,657
Impairment of intangible assets	-	59,759	-	59,759
	<u>30,347</u>	<u>25,872</u>	<u>59,152</u>	<u>268,134</u>



## 7. TAXATION CREDIT (EXPENSE)

	For the three months ended 31 December		For the nine months ended 31 December	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Current	2,317	-	4,639	-
Deferred tax charge (credit)	1,034	(10,667)	626	(12,279)
	<b>3,351</b>	<b>(10,667)</b>	<b>5,265</b>	<b>(12,279)</b>

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 EIT was provided for the period ended 31 December 2015 as the Group did not generate any assessable profit arising from the PRC.

Hong Kong profits tax was calculated at 16.5% on the estimated assessable profits for the period ended 31 December 2015. No Hong Kong profits tax was provided for the period ended 31 December 2014 as the Group did not have assessable profit arising or derived from Hong Kong during that period.

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% (2014: 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"), a 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. No provision for profits tax in Macau has been made for both periods as the Group did not generate any assessable profits arising in Macau.

The share of income tax expense attributable to the associates for the period amounting to HK\$1,320,000 (2014: Nil) was included in "Share of profit/(loss) of associates" in the unaudited consolidated results.

## **8. EARNINGS (LOSS) PER SHARE**

The calculations of basic earnings (loss) per share for the three and nine months ended 31 December 2015 were based on the unaudited consolidated profit of HK\$5,783,000 and loss of HK\$8,649,000 attributable to owners of the Company for the three and nine months ended 31 December 2015 respectively (three and nine months ended 31 December 2014: loss of HK\$95,622,000 and HK\$143,806,000 respectively) and the weighted average number of 2,731,970,087 and 2,440,067,636 shares respectively in issue (weighted average number of shares in issue for the three and nine months ended 31 December 2014: 1,983,241,826 and 1,587,849,455 shares respectively).

The computations of diluted earnings per share for the three months ended 31 December 2015 do not assume the exercise of the Company's share options and warrants as the exercise prices of the outstanding share options and warrants were higher than the market price of the Shares during such period. The computations of diluted loss per share for the nine months ended 31 December 2015 and the three and nine months ended 31 December 2014 do not assume the exercise of the Company's share options and warrants as they would reduce loss per share.

## **9. RELATED PARTY TRANSACTION**

The Group has provided financial assistance amounted to HK\$320,000 at date of inception of the financial assistance to Mr. Law Chung Lam, Nelson, a non-executive director of the Company and directors of certain subsidiaries of the Group. 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.

The financial assistance was repayable by instalment. The outstanding balance of the financial assistance amounted to HK\$193,000 as at 31 December 2015 (31 December 2014: HK\$315,000).

## **10. APPROVAL OF UNAUDITED CONSOLIDATED RESULTS**

The unaudited consolidated results of the Group for the nine months ended 31 December 2015 were approved by the Board on 12 February 2016.

## **11. DIVIDEND**

The Directors do not recommend the payment of any dividend in respect of the nine months ended 31 December 2015 (2014: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Review

During the nine months ended 31 December 2015, the Group's consolidated revenue dropped by 75.3% to HK\$67.3 million from HK\$272.2 million for the same period in previous year. The drop was due to the decline in the trading of natural resources and commodities. The impact was mitigated by the positive growth in revenue from fee and interest income derived from the Group's money lending business in the period and the post-acquisition revenue contribution from the new subsidiary, MD Inc. Limited, acquired during the period, which is engaged in the sale of consumer products and trendy fashion merchandise. The Group achieved an overall gross profit of HK\$8.2 million during the nine months ended 31 December 2015 (2014: HK\$4.1 million) representing a 100% growth over the corresponding period in previous year.

During the period under review, the Group commenced its securities investment operation mainly by investing in listed securities in Hong Kong. The operation contributed positively to the Group's results with a net gain of HK\$30.7 million (2014: Nil) in the period, out of which net realized gain amounted to HK\$26.9 million (2014: Nil). The Group's investment in associates also generate positive return to it over the period. The share of profit of associates by the Group in the current period amounted to HK\$2.7 million as compared to a trivial amount in the same period in 2014.

Administrative expenses and other expenses (the "Operating Expenses") incurred for the nine months ended 31 December 2015 amounted to HK\$42.2 million (2014: HK\$65.3 million). By excluding the major non-cash items in relation to amortization of intangible assets and share-based payments in both periods, Operating Expenses for this period under review would have amounted to HK\$40.7 million as compared to HK\$34.5 million in the same period in previous year on the same basis. The increase was primarily due to the increase in corporate marketing fee for road shows and corporate image building.

The Group incurred finance costs for the nine months ended 31 December 2015 amounted to HK\$2.8 million (2014: HK\$19.6 million) which was mainly composed of interest payable on borrowings granted by the non-controlling shareholders of a subsidiary. With the redemptions and repayments of the Group's majority portion of bonds and promissory notes since September 2014, a substantial saving in finance cost was recorded since then.

During the nine months ended 31 December 2015, the Group recorded a net loss amounted to HK\$8.8 million as compared to a net loss of HK\$144.2 million for the corresponding period in 2014 representing a 94% decrease. The improvement in results was attributable to our new securities investment operation in current period and there was an one-off impairment of goodwill and intangible assets in the corresponding period in 2014 which were non-recurring in nature.

## **Business Review and Prospect**

The Group's business is organized in five segments namely (i) Natural Resources and Commodities; (ii) Packaged Food; (iii) Branding, Trendy Fashion Merchandise and Other Consumers Products; (iv) Money Lending; and (v) Securities Investment.

### ***Natural Resources and Commodities***

During the nine months ended 31 December 2015, the aggregate revenue generated from the trading of natural resources and commodities amounted to approximately HK\$48.0 million (2014: HK\$260.6 million) with a segment loss of approximately HK\$2.6 million (2014: HK\$1.8 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"). The Goldenbase Group has set up a new wholly-foreign owned enterprise (the "WFOE") in Qinghai Province, the PRC in carrying out coal trading business in the PRC since August 2014. The revenue generated from trading of coal products carried out by the WFOE for the nine months ended 31 December 2015 amounted to approximately HK\$288.8 million (2014: HK\$35.7 million). The Group was advised by the management of the Goldenbase Group that an aggregate of approximately 777,000 tonnes of coal was traded during the nine months ended 31 December 2015 (2014: 84,000 tonnes).

The Goldenbase Group recorded a net profit of HK\$7.9 million for the nine months ended 31 December 2015 as compared to a net profit of HK\$0.3 million as recorded in the corresponding period in 2014 indicating a significant improvement in its trading performance.

#### **(b) Iron Ore Trading Business**

As a consequence of the persistent weak global market condition in relation to the iron ore business, the Group's iron ore trading business was severely affected. In light of this, the Group disposed the iron ore trading business in October 2015 so that it can better allocate its resources to the Group's other business segments and/or other investment opportunities with better prospect. Details of the disposal of this business were set out in the Company's announcements dated 23 September 2015 and 12 October 2015 respectively.

(c) Other Natural Resources and Commodities Trading Business

During the period under review, the Group continued engaging in the trading of crude palm oil via its wholly-owned subsidiary, Grand Charm Commodities Limited (“Grand Charm”) and recorded a turnover of HK\$48.0 million (2014: HK\$258.2 million). In the past, Grand Charm has signed master trading agreements with both suppliers and customers, however, the returns from such trades are not commensurate with the resources devoted. Grand Charm has been seeking for better terms after such master trading agreements were expired in July 2014. However, given the sluggish market condition, it will be difficult though not impossible to enter into any renewed master trading agreements with better terms. As such, a substantial decline in trading volume in the period under review was recorded and it is not expected to rebound in the near future.

***Branding, Trendy Fashion Merchandise and Other Consumers Products***

During the period under review, the Group acquired the entire equity interests in MD Inc. Limited (“MD”), which is now a wholly-owned subsidiary of the Group. MD has been engaged in OEM/ODM business. It also specializes in sales and distribution of trendy fashion and apparels in Hong Kong and Asia markets. MD has been cooperating with a number of celebrity brands from Taiwan which focus on trendy fashion items among the young generations. It has recently entered into a cooperation agreement with Subcrew International Limited for the development and promotion of the brand “Subcrew” including the design, manufacture and sale of trendy fashion merchandises under the brand name “Subcrew” in accordance with the terms and conditions thereof. “Subcrew” is a renowned trendy fashion brand specialized in design and sale of trendy apparels and accessories with its main presence in Asia with over 50 sale outlets located in the People’s Republic of China (including Hong Kong, Macau Special Administrative Region of the PRC and Taiwan) (the “PRC”), Japan and other countries in the South East Asia. MD also has good connection with celebrities in Taiwan and Hong Kong, it can provide synergy between the celebrities and the brands whereby both can obtain wider exposure in media and different sales channels to increase recognition of the brand and the celebrities. Subsequent to the completion of the acquisition and with the backing of the Group, it kicked off a number of marketing and promotion campaigns in certain cities in the PRC and Taiwan in relation to its products crossing-over with the names of certain Taiwan celebrities.

MD has contributed an amount of HK\$4.2 million (2014: Nil) to the Group's revenue during the period under review. Although MD is yet to contribute positively to the results of the Group due to the increased expenditure of marketing and promotion in the post-acquisition period, the Group is confident that the effect of such marketing and promotion campaigns will serve as the driving force in MD's future contribution.

### ***Packaged Food***

The revenue generated from this segment remained steady for the nine months ended 31 December 2015 in which amounted to HK\$11.2 million (2014: HK\$11.2 million). A segment loss of HK\$1.5 million (2014: HK\$1.7 million) was recorded in the period under review. In view of the sluggish growth, if any, and the operating results of this business segment, the Group is in the course of reviewing the condition of operating such segment in the future.

### ***Money Lending***

The Group's money lending business is primarily carried out by a subsidiary, Angel Fund Company Limited, which commenced its business in October 2014 and mainly engaged in provision of mortgage financing to various customers. As at 31 December 2015, the Group has loan portfolio of approximately HK\$29.9 million (2014: HK\$9.3 million). During the period under review, it generated a revenue of HK\$3.9 million (2014: HK\$0.4 million), representing the fee and interest income generated from lending of money, and recorded a nominal positive contribution to the Group in the period of HK\$0.2 million (2014: loss of HK\$1.0 million).

### ***Securities Investment***

During the nine months ended 31 December 2015, the Group commenced new business operation by engaging in investment in listed securities. The Group takes into consideration of, among others, the expertise possessed by the management of the Company in the field of capital market investments. It is of the view that the securities investment operation can utilize such expertise to diversify the income stream of the Group and may generate additional investment returns on the idle funds of the Group from time to time and enhance the value of the shares of the Company. The Group recorded a net gain in this segment of HK\$30.7 million (2014: Nil) which composed a realized gain on the sale of securities of HK\$26.9 million (2014: Nil) and unrealized gain of securities at fair value through profit or loss of HK\$3.8 million (2014: Nil). The Group will continue in identifying quality investments with the expertise possessed by the management of the Company and capture any opportunities emerged from the stock market.

## **Other Businesses**

### (a) Vehicle Distribution

At the date of this report, the Group's vehicles distribution business is yet to commence pending for the vehicle-maker to launch the new model of sports car. The timeline for launching such new model is moving behind schedule and accordingly, contribution from this business will be delayed.

### (b) E-Commerce Business

On 23 June 2015, the Group entered into a conditional sale and purchase agreement (as supplemented by the supplemental agreements dated 30 November 2015 and 31 December 2015 respectively) to acquire 51% of the equity interest in a company which through its subsidiaries owns and operates the online distribution platform, namely Letao ("Letao Acquisition").

Letao is a well-established nationwide e-commerce platform for footwear. It underwent transformation and acquisition recently, and will carry out marketing with its new position. Letao plans to upgrade its upstream and downstream industrial chains by adopting the online to offline (O2O) business model as its core business, and will insist on development of online sale platform for footwear, combining production and sales into one whole, enhancing technological innovation and product innovation as well as maintaining and enhancing its lasting competitiveness. Meanwhile, Letao intends to provide footwear franchisers with one-stop services, which include interactive price quote information enquiry service, online ordering, movable specialty stores and logistic support. The aggregate consideration for the 51% equity interest is HK\$204 million which will be satisfied by the Company by way of issuance of convertible notes in an aggregate principal amount of HK\$204 million (subject to adjustments if the accumulated sales amount recorded on the online distribution platform of Letao is less than the amount as guaranteed by the vendors). The Company has the right to exercise a mandatory conversion according to the terms of the convertible notes on the maturity date. The conversion price of the convertible notes is HK\$0.25 per new Share. The Letao Acquisition, if realized, represents a milestone of the Group in entering into the e-Commerce sector with high growth potentials. Details of Letao Acquisition were set out in the Company's announcements dated 23 June 2015 and 31 December 2015 respectively.

Apart from the Letao Acquisition, the Group is also in preliminary negotiation in relation to certain investment projects which involve online distribution platforms and/or e-commerce business which may also strengthen the sales channel of MD in its sales and distribution of trendy fashion and apparels in Hong Kong, the PRC and certain other Asia markets. At the date of this report, no concrete terms have been agreed nor have any definitive agreements been reached in relation to such investment projects. The Company will update its shareholders and, where appropriate, publish announcements in accordance with the GEM Listing Rules should such investment projects be realized.

### **Pledge of Assets**

As at 31 December 2015, borrowings granted by the non-controlling shareholders of a subsidiary of the Company are secured by loans receivable of HK\$17.9 million.

### **Material Transactions**

- (a) On 13 April 2015, the Company entered into a placing agreement (the "April Placing Agreement") with CNI Securities Group Limited ("CNI Securities") pursuant to which CNI Securities agreed to place (the "April Placing"), on a best effort basis, up to an aggregate of 162,000,000 new shares at the placing price of HK\$0.21 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 April Placing Agreement was HK\$0.24. It was intended that the net proceeds from the April Placing of approximately HK\$33.3 million would be used for the general working capital of the Company and settlement of certain liabilities of the Company. Completion of the April Placing took place on 24 April 2015.

The Company has utilized the net proceeds from the April Placing for payment of (i) redemption of promissory notes of aggregate principal amount and interest thereon of HK\$3.3 million, (ii) the legal and professional fees of the possible acquisition of Southernpec of an aggregate amount of HK\$0.6 million, (iii) loan to a related company of HK\$5 million, (iv) working capital for general expenses, trading activities and other business activities of HK\$12.7 million, (v) finance cost of HK\$0.5 million on outstanding bond and (vi) HK\$11.2 million cash deposited to the Company's investment accounts with its brokerage firms for securities investments from time to time.



(b) On 22 May 2015, the Company proposes to raise not less than approximately HK\$201.2 million and not more than approximately HK\$242.0 million, before expenses by way of open offer (the "May Open Offer"). It was intended that the net proceeds from the May Open Offer of approximately HK\$192.9 million would be used for (i) the development of existing and future business of the Group; (ii) settlement of certain liabilities of the Company; and (iii) general working capital of the Company. On the same date, the Company entered into an underwriting agreement (the "May Underwriting Agreement") with Enhanced Securities Limited ("ESL") pursuant to which ESL has conditionally agreed to underwrite the offer shares not subscribed by the qualifying shareholders. As a consequence of the volatility in the local securities market in early July 2015, the May Underwriting Agreement was terminated on 17 July 2015.

On the same date, the Company entered into a new underwriting agreement (the "July Underwriting Agreement") with Orient Securities Limited as underwriter in respect of a new open offer (the "July Open Offer") of not less than 1,149,572,000 offer shares and not more than 1,383,106,000 offer shares at the subscription price of HK\$0.12 per offer share on the basis of one offer share for every two existing shares held on 11 August 2015. As a consequence of the volatility in the global securities market, the July Underwriting Agreement was terminated on 2 September 2015.

(c) On 23 June 2015, the Company entered into a conditional sale and purchase agreement (the "Purchase Agreement" as supplemented by the supplemental agreements dated 30 November 2015 and 31 December 2015 respectively) with Mr. Lu Xianglong, Mr. Zhu Huaipai, Mr. Wu Ruibiao and Mr. Cheung Siu Yu as vendors in relation to the proposed acquisition (the "Perfect Worth Acquisition") of 51% of the equity interest in Perfect Worth Investment Limited (the "Target Company") which through its subsidiaries owns and operates the online distribution platform, namely Letao, at an aggregate consideration of HK\$204,000,000, which shall be satisfied by the Company by way of issuance of convertible notes in an aggregate principal amount of HK\$204 million (subject to adjustments if the accumulated sales amount recorded on the online distribution platform of Letao is less than the amount as guaranteed by the vendors). The Company has the right to exercise a mandatory conversion according to the terms of the convertible notes on the maturity date. The conversion price of the convertible notes is HK\$0.25 per new Share. Pursuant to the terms and conditions of the Purchase Agreement, the Target Company shall issue and the Company shall subscribe for various tranches of convertible notes at various time intervals after the completion of the Perfect Worth Acquisition with an aggregate principal amount of HK\$100 million (the "CN Subscription"). For details of the proposed Perfect Worth Acquisition and the CN Subscription, please refer to the announcements of the Company dated 23 June 2015, 23 October 2015 and 31 December 2015 respectively.

- (d) On 1 August 2014, the Company and Southernpec Storage and Logistics Holdings Limited as vendor (the "Vendor") entered into a memorandum of understanding (the "MOU") (as supplemented on 9 October 2014, 30 January 2015 and 30 April 2015) in relation to the possible acquisition (the "Acquisition") of the entire equity interest in Southernpec Singapore Storage and Logistics Limited. The Company has been granted an exclusivity period by the Vendor for the negotiation of the Acquisition from the date of the MOU to 31 July 2015. Up to 31 July 2015, the Company and the Vendor were unable to reach an agreement or execute any formal legal documents for the Acquisition and accordingly the MOU has expired and lapsed.
- (e) On 1 August 2014, the Company entered into an arranger agreement (the "Arranger Agreement") with Capital Pilot Limited as arranger (the "Arranger") in relation to the provision of certain services by the Arranger to the Company in connection with the Acquisition. Following the lapse of the MOU and after arm's length negotiations, the Company and the Arranger have agreed to terminate the Arranger Agreement with effect from 31 July 2015.
- (f) On 9 September 2015, the Company entered into a placing agreement (the "September Placing Agreement") with Supreme China Securities Group Limited ("Supreme China") pursuant to which Supreme China agreed to place (the "September Placing"), on a best effort basis, up to an aggregate of 380,000,000 new shares at the placing price of HK\$0.107 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 September Placing Agreement was HK\$0.117. It was intended that the net proceeds from the September Placing of approximately HK\$39.7 million would be used for the general working capital of the Company and settlement of certain liabilities of the Company. Completion of the September Placing took place on 24 September 2015.

The Company has utilized the net proceeds from the September Placing for payment of (i) legal and professional fee of HK\$2 million for previous proposed open offer and investment projects including Southerpec, Letao and MD; (ii) cash consideration of HK\$3 million for the acquisition of MD; (iii) money lent of HK\$7 million; (iv) working capital for general expenses, trading activities and other business activities of HK\$10 million; (v) HK\$10 million cash deposited to the Company's investment accounts with its brokerage firms for securities investments from time to time; and (vi) the remaining balance is to be used as general working capital.

- (g) On 23 September 2015, the Group entered into a conditional sale and purchase agreement with the vendors (“MD Vendors”) to acquire (the “MD Acquisition”) the entire issued share capital of MD Inc. Limited (“MD”) at a total consideration of HK\$47,000,000 (the “MD Acquisition Consideration”). MD is expertized in cut and sew storage cases for electronic accessories and electronic components’ design, development, production and distribution. It also specializes in sales and distribution of trendy fashion and apparels in Hong Kong and Asia markets. MD has also entered into brand cooperation agreements with a number of celebrity brands from Taiwan which focus on trendy fashion items among the young generations. It is responsible for design, manufacture, produce, distribute and market the fashion items of these brands. On the same date, the Group also entered into another conditional sale and purchase agreement with a company wholly-owned by MD Vendors to sale (the “DR Disposal”) the entire issued share capital of Digital Rainbow Holdings Limited, an indirect wholly-owned subsidiary of the Company at a consideration of HK\$32,000,000 (the “DR Disposal Consideration”). The MD Acquisition Consideration payable by the Group will be deemed to have been satisfied by the set-off of the DR Disposal Consideration receivable by the Group. Balance of MD Acquisition Consideration amounted to HK\$15,000,000 shall be satisfied by the payment of cash in an aggregate amount of HK\$3,000,000 and the issue of 60,000,000 Shares of the Company at an issue price of HK\$0.20 each. The MD Acquisition and the DR Disposal were completed concurrently on 12 October 2015.
- (h) On 9 November 2015, the Company entered into an underwriting agreement (the “November Underwriting Agreement”) with Koala Securities Limited and Supreme China Securities Limited as underwriters (collectively referred to as the “November Underwriters”) in respect of an open offer (the “November Open Offer”) of not less than 1,369,572,000 offer shares and not more than 1,603,106,000 offer shares at the subscription price of HK\$0.07 per offer share on the basis of one offer share for every two existing shares held on 2 December 2015. The net proceeds from the November Open Offer after deducting the estimated expenses amounted to approximately HK\$91.5 million which is intended to be used for financing the possible CN Subscription and/or investment opportunities as may be identified from time to time. The November Open Offer was successfully completed subsequent to the reporting date. Dealings in the Offer Shares, in the fully paid form, have been commenced on the Stock Exchange at 9:00 a.m. on 14 January 2016.

## Outlook

The persistent poor market condition in the natural resources and commodities sector in the past few year has severely affected the Group's business. In response to such challenging business environment, the Group has been actively seeking suitable investment opportunities for diversifying its business. The completion of the MD Acquisition was among the identified investment projects which has realized. Coupled with the on-going proposed Letao Acquisition and other similar online distribution platforms under negotiation, the Group considers that there are potential synergy effects which may be created between the acquired business and the distribution platforms. The Group expects the online business is one of the main targeted sectors the Group may pursue. Following completion of the November Open Offer, the Group may deploy the new capital raised for financing the operation of both the acquired and acquiring businesses in order to enhance its shareholders' value. Meanwhile, the Group will continue to utilize the temporary idle funds in investing in listed securities as short term investments with the view to create additional returns to its shareholders.

## 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 share options outstanding and exercisable during the nine months ended 31 December 2015 are set out below:

Name	Capacity	Date of grant	Exercise period (note)	Number of Share Options as at 1 April 2015 and 31 December 2015		
				Exercise price per share HK\$		
<b>Directors:</b>						
Mr. Wong Ka Wah, Albert	Director	21 February 2014	21 February 2014 to 20 February 2019	0.26	15,000,000	
Mr. Hong Sze Lung	Director	21 February 2014	21 February 2014 to 20 February 2019	0.26	15,000,000	
Mr. Kwong Yuk Lap	Director	21 February 2014	21 February 2014 to 20 February 2019	0.26	2,000,000	
		13 October 2014	13 October 2014 to 12 October 2016	0.37	2,000,000	
Mr. Lau Wan Pui, Joseph	Director	21 February 2014	21 February 2014 to 20 February 2019	0.26	3,000,000	

Name	Capacity	Date of grant	Exercise period (note)	Exercise price per share HK\$	Number of Share Options as at 1 April 2015 and 31 December 2015
Mr. Law Chung Lam, Nelson	Director	21 February 2014	21 February 2014 to 20 February 2019	0.26	2,000,000
Mr. Chow Chi Fai	Director	21 February 2014	21 February 2014 to 20 February 2019	0.26	1,000,000
Mr. Leung Ka Tin	Director	13 October 2014	13 October 2014 to 12 October 2016	0.37	1,000,000
					41,000,000
<b>Other employees:</b>					
		11 July 2011	11 July 2011 to 10 July 2016	0.355	6,000,000
		21 February 2014	21 February 2014 to 20 February 2019	0.26	10,000,000
		13 October 2014	13 October 2014 to 12 October 2016	0.37	5,000,000
					21,000,000

Name	Capacity	Date of grant	Exercise period (note)	Exercise price per share HK\$	Number of Share Options as at 1 April 2015 and 31 December 2015
<b>Other grantees:</b>					
		11 July 2011	11 July 2011 to 10 July 2016	0.355	14,000,000
		17 February 2014	17 February 2014 to 16 February 2019	0.24	39,000,000
		21 February 2014	21 February 2014 to 20 February 2019	0.26	35,000,000
		14 July 2014	14 July 2014 to 13 July 2016	0.27	36,900,000
		13 October 2014	13 October 2014 to 12 October 2016	0.37	150,168,000
					<hr/>
					275,068,000
					<hr/>
					337,068,000
					<hr/> <hr/>

Note: 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 nine months ended 31 December 2015.

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

As at 31 December 2015, 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:

<b>Name of Director</b>	<b>Number of Shares held</b>	<b>Number of Share Options held</b>	<b>Total interests</b>	<b>Approximate percentage of interest in Shares</b>
Mr. Wong Ka Wah, Albert	–	15,000,000	15,000,000	0.55%
Mr. Hong Sze Lung	–	15,000,000	15,000,000	0.55%
Mr. Kwong Yuk Lap	–	4,000,000	4,000,000	0.15%
Mr. Lau Wan Pui, Joseph	–	3,000,000	3,000,000	0.11%
Mr. Law Chung Lam, Nelson	–	2,000,000	2,000,000	0.07%
Mr. Chow Chi Fai	–	1,000,000	1,000,000	0.04%
Mr. Leung Ka Tin	–	1,000,000	1,000,000	0.04%

Save as disclosed above, as at 31 December 2015, 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 nine months ended 31 December 2015 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 31 December 2015, 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:



<b>Name of Shareholder</b>	<b>Capacity of interests</b>	<b>Number of Shares in interest</b>	<b>Approximate percentage of interest in Shares</b>
Conrich Investment Limited ( <i>Note 1</i> )	Beneficial owner	175,208,000	6.40%
Ms. Lee Yau Lin, Jenny ( <i>Note 2</i> )	Interest in controlled corporation/Beneficial owner	179,208,000	6.54%
Mr. Wu Ruibiao ( <i>Note 3</i> )	Beneficial owner	328,000,000	6.66%

*Notes:*

1. Conrich Investment Limited 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 Yau Lin, Jenny, a former Director of the Company. These interests in shares are duplicated in the interests held by Ms. Lee Yau Lin, Jenny.
2. Ms. Lee Yau Lin, Jenny is the beneficial owner of 100% of the issued share capital of Conrich Investment Limited. Ms. Lee Yau Lin, Jenny is deemed to be interested in, and duplicated the interests of, the 175,208,000 shares held by Conrich Investment Limited 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 Yau Lin, Jenny on 11 July 2011.
3. Mr. Wu Ruibiao ("Mr. Wu") is one of the vendors under the sale and purchase agreement dated 23 June 2015 entered into by the Company in respect of the proposed acquisition of 51% equity interest in Perfect Worth Investment Limited (the "Acquisition"), details of which are disclosed in the announcement of the Company dated 23 June 2015. The 328,000,000 Shares represents the consideration Shares to be allotted and issued to Mr. Wu (or its nominees) upon completion of the Acquisition ("Acquisition Completion"), and the percentage of which represents the approximate percentage of interest of the issued share capital of the Company as enlarged by completion of the Open Offer and the issue of all the consideration Shares immediately upon the Acquisition Completion.

Save as disclosed herein, as at 31 December 2015, the Company had not been notified of any other person (other than the Directors or chief executive of the Company) who had a discloseable interest or short position in the Shares as recorded in the register required to be kept under section 336 of the SFO.

## **CONNECTED TRANSACTIONS**

Save as disclosed in note 9 to the unaudited consolidated results, 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 nine months ended 31 December 2015.

## **DIRECTORS' INTERESTS IN A COMPETING BUSINESS**

During the nine months ended 31 December 2015 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 close 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 nine months ended 31 December 2015.

## **CORPORATE GOVERNANCE CODE**

The Company has complied with the code provisions as set out in the Corporate Governance Code contained in Appendix 15 of the GEM Listing Rules throughout the period under review, save for the disclosure below:

In respect of the code provision A.6.7 of the CG Code, independent non-executive Directors and other non-executive Directors should attend the general meetings of the Company. Two of the independent non-executive Directors were unable to attend the annual general meeting of the Company held on 7 August 2015 due to other business engagements.

## 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 nine months ended 31 December 2015 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, 12 February 2016

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