

WEALTH GLORY HOLDINGS LIMITED

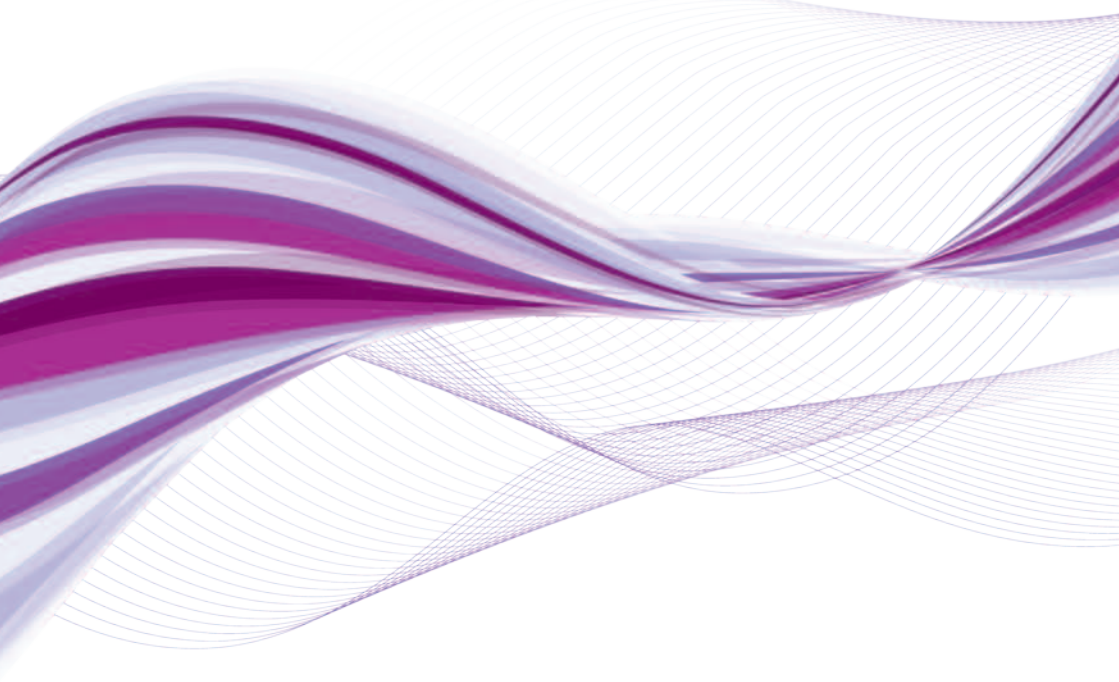
富 譽 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8269

2016

Third Quarterly Report



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

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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 2016 together with the unaudited comparative figures for the corresponding periods in 2015 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three and nine months ended 31 December 2016

	Notes	For the three months ended 31 December		For the nine months ended 31 December	
		2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000 (restated)	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000 (restated)
Revenue	3	15,001	29,951	46,083	56,073
Cost of sales		(14,143)	(27,707)	(41,595)	(51,372)
Gross profit		858	2,244	4,488	4,701
Other income	3	1,831	278	4,623	786
Net (loss) gain on financial assets at fair value through profit or loss	4	(9,188)	19,133	(17,586)	30,736
Share of profit of associates		93	1,418	639	2,651
Selling expenses		(50)	-	(212)	-
Administrative expense		(17,180)	(8,439)	(30,615)	(26,786)
Other expenses		(1,582)	(4,144)	(13,407)	(11,274)
Finance costs	5	(1,397)	(1,063)	(3,859)	(2,814)
(Loss) Profit before taxation	6(a)	(26,615)	9,427	(55,929)	(2,000)
Taxation credit (expense)	7	18	(3,351)	54	(5,265)
(Loss) Profit for the period from continuing operation		(26,597)	6,076	(55,875)	(7,265)
Discontinued operations	6(b)				
(Loss) Profit for the period from discontinued operation		-	(348)	494	(1,529)
Loss for the period		(26,597)	5,728	(55,381)	(8,794)
Other comprehensive (expense) income:					
Items that may be subsequently reclassified to profit or loss:					
- Exchange differences arising on translation of foreign operations		(2)	(107)	(66)	(34)
Total comprehensive (expense) income for the period		(26,599)	5,621	(55,447)	(8,828)

	For the three months ended 31 December		For the nine months ended 31 December	
Notes	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000 (restated)	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000 (restated)
(Loss) Profit for the period attributable to:				
Owners of the Company	(26,823)	5,783	(55,904)	(8,649)
Non-controlling interests	226	(55)	523	(145)
	<u>(26,597)</u>	<u>5,728</u>	<u>(55,381)</u>	<u>(8,794)</u>
Total comprehensive (expense) income for the period attributable to:				
Owners of the Company	(26,825)	5,676	(55,970)	(8,683)
Non-controlling interests	226	(55)	523	(145)
	<u>(26,599)</u>	<u>5,621</u>	<u>(55,447)</u>	<u>(8,828)</u>
	HK cents	HK cents	HK cents	HK cents
(Loss) Earnings per share from continuing and discontinued operations				
– Basic and diluted	(3.92)	1.24	(8.16)	(2.08)
	<u>(3.92)</u>	<u>1.24</u>	<u>(8.16)</u>	<u>(2.08)</u>
(Loss) Earnings per share from continuing operations				
– Basic and diluted	(3.92)	1.32	(8.24)	(1.71)
	<u>(3.92)</u>	<u>1.32</u>	<u>(8.24)</u>	<u>(1.71)</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2016

	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 2016 (Audited)	41,087	533,433	3,527	(4,246)	(790)	31,073	485	(382,083)	222,486	208	222,694
Exchange differences arising on translation of foreign operations	-	-	-	-	(66)	-	-	-	(66)	-	(66)
Loss for the period	-	-	-	-	-	-	-	(55,904)	(55,904)	523	(55,381)
Total comprehensive expense for the period	-	-	-	-	(66)	-	-	(55,904)	(55,970)	523	(55,447)
Transfer upon lapse of share options	-	-	-	-	-	(15,636)	-	15,636	-	-	-
Recognition of equity-settled share-based payment	-	-	-	-	-	4,632	-	-	4,632	-	4,632
Transfer upon lapse of warrants	-	-	(3,527)	-	-	-	-	3,527	-	-	-
Reclassification adjustments relating to disposal of subsidiaries	-	-	-	-	678	-	(485)	(193)	-	-	-
Changes in equity for period	-	-	(3,527)	-	612	(11,004)	(485)	(36,934)	(51,338)	523	(50,815)
At 31 December 2016 (Unaudited)	41,087	533,433	-	(4,246)	(178)	20,069	-	(419,017)	171,148	731	171,879
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
At 31 December 2015 (Unaudited)	27,391	455,502	3,527	(4,246)	(668)	31,073	485	(340,839)	172,225	(360)	171,865

NOTES TO THE UNAUDITED CONSOLIDATED RESULTS

For the nine months ended 31 December 2016

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 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 packaged food; and
- (vi) investment in securities.

During the period, the Group discontinued its operation in the manufacture and sale of packaged food. The relevant Shareholders engaged in such operation were thus disposed of, details of which are set out in note 6(b) to the unaudited condensed consolidated financial statement for the nine months ended 31 December 2016.

2. BASIS OF PRESENTATION AND PREPARATION

The unaudited consolidated results for the nine months ended 31 December 2016 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 2016, 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 2016, except for the adoption of the new and revised HKFRSs, which are effective for accounting periods beginning on or after 1 April 2016. 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	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Revenue				
Trading of natural resources and commodities	12,136	24,316	36,819	48,014
Sale of consumer products	1,338	4,155	4,623	4,155
Fee and interest income from money lending	1,527	1,480	4,641	3,904
	<u>15,001</u>	<u>29,951</u>	<u>46,083</u>	<u>56,073</u>
Other income				
Bank interest income	-	-	1	-
Imputed interest income from loans to investees	368	-	1,100	-
Dividend income	415	-	1,414	-
Reversal of impairment of deposits	780	-	1,560	-
Other interest income	242	278	492	786
Sundry income	26	-	56	-
	<u>1,831</u>	<u>278</u>	<u>4,623</u>	<u>786</u>
Discontinued operations				
Revenue				
Sale of packaged food	-	3,995	5,087	11,248
Other income				
Bank interest income	-	11	10	15
Sundry income	-	5	8	16
Gain on disposal of subsidiaries	-	-	511	-
	<u>-</u>	<u>16</u>	<u>529</u>	<u>31</u>

	For the three months ended 31 December		For the nine months ended 31 December	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Consolidated				
Revenue				
Trading of natural resources and commodities	12,136	24,316	36,819	48,014
Sale of consumer products	1,338	4,155	4,623	4,155
Fee and interest income from money lending	1,527	1,480	4,641	3,904
Sale of packaged food	–	3,995	5,087	11,248
	<u>15,001</u>	<u>33,946</u>	<u>51,170</u>	<u>67,321</u>
Other income				
Bank interest income	–	11	11	15
Imputed interest income from loans to investees	368	–	1,100	–
Dividend income	415	–	1,414	–
Gain on disposal of subsidiaries	–	–	511	–
Reversal of impairment of deposits	780	–	1,560	–
Other interest income	242	278	492	786
Sundry income	26	5	64	16
	<u>1,831</u>	<u>294</u>	<u>5,152</u>	<u>817</u>

4. NET (LOSS) 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	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Continuing operations				
Net realised (loss) gain on sale of financial assets measured at fair value through profit or loss	(1,752)	12,866	(9,497)	26,941
Net unrealised (loss) gain on financial assets measured at fair value through profit or loss	(7,436)	6,267	(8,089)	3,795
	<u>(9,188)</u>	<u>19,133</u>	<u>(17,586)</u>	<u>30,736</u>

During the nine months ended 31 December 2016, the Group's discontinued operations did not generate/incur an gain/loss on financial assets at fair value through profit or loss (2015: Nil).

5. FINANCE COSTS

	For the three months ended 31 December		For the nine months ended 31 December	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Continuing operations				
Interests on bank overdrafts and bank borrowings	7	37	53	37
Interests on other borrowings	629	606	1,896	1,809
Effective interests on promissory notes	-	-	-	38
Effective interests on bonds	761	420	1,910	930
	<u>1,397</u>	<u>1,063</u>	<u>3,859</u>	<u>2,814</u>

During the nine months ended 31 December 2016, the Group's discontinued operations did not incur any finance costs (2015: Nil).

6. (LOSS) PROFIT BEFORE TAXATION

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

	Continuing operations			
	For the three months ended 31 December		For the nine months ended 31 December	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Cost of inventories recognised as an expense	14,143	27,707	41,595	51,372
Depreciation	59	58	177	173
Impairment loss on inventory	3,500	–	3,500	–
Amortisation of intangible assets	689	500	2,146	1,500
Operating lease rentals in respect of:				
– land and buildings	792	714	2,480	2,307
– other facilities	–	280	–	1,120
Staff costs including directors' emoluments				
– Salaries, bonus and allowances	9,058	2,412	15,564	8,292
– Retirement benefit scheme contributions	44	53	144	129
Share-based payments	–	–	1,608	–
Share based payments to grantees other than employees and directors	–	–	3,024	–
	=====	=====	=====	=====

Discontinued operations

	For three months ended 31 December		For nine months ended 31 December	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Cost of inventories recognised as an expense	-	2,640	3,135	7,780
Depreciation	-	333	64	1,003
Operating lease rentals in respect of:				
– land and buildings	-	272	347	795
Staff costs including directors' emoluments				
– Salaries, bonus and allowances	-	589	655	1,681
– Retirement benefit scheme contributions	-	338	459	942
	—	—	—	—

Consolidated

	For three months ended 31 December		For nine months ended 31 December	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Cost of inventories recognised as an expense	14,143	30,347	44,730	59,152
Depreciation	59	391	241	1,176
Amortisation of intangible assets	689	500	2,146	1,500
Impairment loss on inventory	3,500	-	3,500	-
Operating lease rentals in respect of:				
– land and buildings	792	986	2,827	3,102
– other facilities	-	280	-	1,120
Staff costs including directors' emoluments				
– Salaries, bonus and allowances	9,058	3,001	16,219	9,973
– Retirement benefit scheme contributions	44	391	603	1,071
Share-based payments	-	-	1,608	-
Share-based payments to grantees other than employees and directors	-	-	3,024	-
	—	—	—	—

(b) Discontinued operations

On 24 March 2016, the Company entered into conditional sale and purchase agreement (the "Paraburdoo Agreement") with an independent third party (the "Purchaser") whereby the Company agreed to sell and the Purchaser agreed to purchase (i) the entire equity interests held by the Company in Paraburdoo Limited (together with its subsidiaries, collectively referred to as the "Paraburdoo Group"); and (ii) all obligations, liabilities and debts owing or incurred by Paraburdoo Group to the Company on or at any time prior to the completion of the Paraburdoo Agreement whether actual, contingent or deferred and irrespective of whether or not the same is due or payable on completion of the Paraburdoo Agreement at a cash consideration of HK\$2,000,000.

The Paraburdoo Group is principally engaged in manufacturing and sale of fresh and dried noodles which was one of the Group's operating segments. The disposal allows the Group to exit from subsidizing the nonperforming business of the Paraburdoo Group and create a good opportunity for the Group to restructure its strategic business position and focus its resources in pursuing development opportunities of other existing businesses of the Group.

On 25 July 2016, the transaction was completed and the Paraburdoo Group ceased to be subsidiaries of the Company.

The disposal of the Paraburdoo Group constitutes a discontinued operation and the financial information of the Paraburdoo Group is disclosed as follows:

	For the three months ended 31 December		For the nine months ended 31 December	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Revenue	-	3,995	5,087	11,248
Cost of sales	-	(2,640)	(3,135)	(7,780)
Gross profit	-	1,355	1,952	3,468
Other income	-	16	18	31
Selling expenses	-	(293)	(371)	(857)
Administrative expense	-	(1,426)	(1,616)	(4,171)
Loss before taxation	-	(348)	(17)	(1,529)
Taxation credit (expense)	-	-	-	-
Loss for the period	-	(348)	(17)	(1,529)
Gain on disposal of discontinued operations	-	-	511	-
Profit (loss) for the period from discontinued operations	-	(348)	494	(1,529)

7. TAXATION CREDIT (EXPENSE)

	For the three months ended 31 December		For the nine months ended 31 December	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Continuing operations				
Tax credit (charge) comprise of:				
Current	-	(2,317)	-	(4,639)
Deferred tax credit (charge)	18	(1,034)	54	(626)
	18	(3,351)	54	(5,265)

No provision for tax has been made for the Group's discontinued operations for the period ended 31 December 2016 (2015: Nil).

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 Hong Kong profits tax was provided for the period ended 31 December 2016 as the Group did not have assessable profit arising or derived from Hong Kong during that period. Hong Kong profits tax was calculated at 16.5% on the estimated assessable profits for the period ended 31 December 2016.

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% (2015: 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 approximately HK\$366,000 (2015: HK\$1,320,000) was included in "Share of profit of associates" in the unaudited consolidated results.

8. (LOSS) EARNINGS PER SHARE

Continuing and discontinued operations

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	Three months ended 31 December		Nine months ended 31 December	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000 (restated)	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000 (restated)
Loss				
Loss for the purpose of basic and diluted loss per share	(26,823)	5,783	(55,904)	(8,649)
Number	'000	'000	'000	'000
Weighted average number of shares for the purpose of basic and diluted loss per share	684,786	465,892	684,786	416,113

Continuing operations

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	Three months ended 31 December		Nine months ended 31 December	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000 (restated)	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000 (restated)
Loss				
Loss for the purpose of basic and diluted loss per share	(26,823)	6,131	(56,398)	(7,120)
Number	'000	'000	'000	'000
Weighted average number of shares for the purpose of basic and diluted loss per share	684,786	465,892	684,786	416,113

Discontinued operations

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	Three months ended 31 December		Nine months ended 31 December	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000 (restated)	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000 (restated)
Profit(Loss)				
Profit (Loss) for the purpose of basic and diluted loss per share	-	(348)	494	(1,529)
Number	'000	'000	'000	'000
Weighted average number of shares for the purpose of basic and diluted loss per share	684,786	465,892	684,786	416,113
Earnings (Loss) per shares (HK cents)				
- Basic and diluted	Nil	(0.07)	0.07	(0.37)

9. RELATED PARTY TRANSACTION

(a) During the period, the Group has entered into the following transactions between related parties:

	For the three months ended 31 December		For the six months ended 31 December	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Loan interest income from an associate	242	126	492	377
Finance costs paid/ payable to non-controlling shareholders of a subsidiary	629	605	1,896	1,808

(b) 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 approximately HK\$193,000 as at 31 December 2016 (31 December 2015: HK\$255,000).

10. APPROVAL OF UNAUDITED CONSOLIDATED RESULTS

The unaudited consolidated results of the Group for the nine months ended 31 December 2016 were approved by the Board on 13 February 2017.

11. DIVIDEND

The Directors do not recommend the payment of any dividend in respect of the nine months ended 31 December 2016 (2015: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

During the period under review, the Group disposed the Paraburdoo Group which was one of the Group's operating segments in the past engaged in the manufacture and sale of packaged food. The disposal constitutes a discontinued operation and thus certain comparative figures of the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the corresponding periods in 2015 were restated in order to reflect the results of the continuing operations. The management discussion and analysis will be based on the restated figures where appropriate.

For the nine months ended 31 December 2016, the Group's continuing operations recorded a revenue of HK\$46.1 million as compared to HK\$56.1 million in the same period in previous year representing an decrease of 18%. The decrease was mainly attributable to the decline in the trading of natural resources and commodities. The impact was mitigated by the money lending business which contributed HK\$4.6 million (2015: HK\$3.9 million) to the Group's revenue during the period under review. The Group's gross profit in relation to its continuing operations decreased from HK\$4.7 million in the period last year to HK\$4.5 million in the current period under review.

The Group recorded other income of HK\$4.6 million (2015: HK\$0.8 million). The increase was mainly attributable to the dividend income of HK\$1.4 million generated from held-for-trading investments, the imputed interest of HK\$1.1 million arising from loans to investees and a reversal of impairment of HK\$1.6 million in relation to deposit paid by the Group for the proposed acquisition of Southernpec Singapore Storage and Logistics Limited to the extent payments were received during the period under review.

On the other hand, another business segment of the Group, namely Securities Investment, has incurred a loss of HK\$17.6 million from change in fair value of held-for-trading investments during the period under review as compared to a gain of HK\$30.7 million in the corresponding period in previous year due to the relatively weak market condition in the period under review as compared to the corresponding period in previous year. The Group's investment in associates continued to generate positive return to the Group over the period. It recorded a share of profit of associates amounted to HK\$0.6 million (2015: HK\$2.7 million).

Administrative expenses and other expenses (the “Operating Expenses”) incurred for the nine months ended 31 December 2016 amounted to HK\$44 million (2015: HK\$38.1 million). By excluding the major non-cash items in relation to amortization of intangible assets and depreciation charges in both periods and the share-based payments and impairment loss on inventory incurred in the current period, Operating Expenses for this period under review would have amounted to HK\$37.1 million as compared to HK\$35.4 million in the same period in previous year on the same basis, representing an increase of 4.8% which was mainly due to the increase in salaries, bonus and allowances during the period under review.

The Group incurred finance costs for the nine months ended 31 December 2016 amounted to HK\$3.9 million (2015: HK\$2.8 million) which was mainly composed of interest payable on borrowings granted by the non-controlling shareholders of a subsidiary and the imputed interest on bonds issued by the Group. During the period under review, a corporate bond of principal value of HK\$11 million was issued by the Group which accounted for the increase in the overall finance costs.

The Group recorded a net loss of HK\$55.9 million for its continuing operations for the nine months ended 31 December 2016 (2015: HK\$7.3 million) mainly due to the absence of gain from investment in listed securities which was recorded in the same period in 2015. The Group recorded a net gain of HK\$0.5 million for its discontinued operations for the nine months ended 31 December 2016 (2015: loss of HK\$1.5 million) due to the gain arising on disposal of this Packaged Food business segment.

Business Review and Prospect

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

Natural Resources and Commodities

(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 2016 amounted to approximately HK\$162.2 million (2015: HK\$288.8 million). The Group was advised by the management of the Goldenbase Group that an aggregate of approximately 539,000 tonnes of coal was traded during the nine months ended 31 December 2016 (2015: 777,000 tonnes).

The Goldenbase Group recorded a net profit of HK\$1.9 million for the nine months ended 31 December 2016 as compared to a net profit of HK\$7.9 million as recorded in the corresponding period in 2015 due to the reduction in the average profit margin of trades conducted.

(b) 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\$36.8 million (2015: HK\$48.0 million). The trading volume remained steady during period under review.

Branding, Trendy Fashion Merchandise and Others Consumer Products

The Group's sale of consumer products and trendy fashion merchandises was carried out by its wholly-owned subsidiary, MD Inc. Limited ("MD" together with its subsidiaries, the "MD Group"). The MD Group has been actively participated in different marketing activities such as trade fairs and exhibitions in particular those organized in the major cities of the People's Republic of China (the "PRC") such as the 16th Shanghai International Children Baby Maternity Industry Expo held in July 2016 in Shanghai, the PRC. At the Expo, MD displayed a variety of merchandises which were designed and produced by MD using its cooperation brand, "Happiplayground". The merchandises also made use the application of the hot technology, augmented reality ("AR") by linking up these merchandises ("AR Merchandises") to the AR apps. The AR apps utilized the patented cartoon characters of "Happiplayground" adhered to/ printed on the AR Merchandises triggering the display of the corresponding characters image in the apps for creative photo shootings. Other mini-games/applications relating to such characters will also be developed and linked up with other merchandises to be produced by MD. The AR Merchandises are the first series making use of the AR technology on the products developed by MD and the response from potential buyers at the Shanghai trade fair was encouraging particularly on the application of AR apps. The Group believed that the use of augmented reality apps would add value to its merchandises and would facilitate the growth of MD's business. The MD Group recorded a turnover of HK\$3.6 million in the period under review.

Packaged Food

On 24 March 2016, the Group entered into a conditional sale and purchase agreement with an independent third party for the disposal of the packaged food business (the “Packaged Food Disposal”) at a consideration of HK\$2 million. The Directors consider the Packaged Food Disposal allows the Group to exit from subsidizing the non-performing business and create a good opportunity for the Group to restructure its strategic business position and focus its resources in pursuing development opportunities of other existing businesses of the Group. The Packaged Food Disposal was completed on 25 July 2016. The Group recorded a net gain of HK\$0.5 million for this business segment for the nine months ended 31 December 2016 (2015: loss of HK\$1.5 million) due to the gain arising on disposal of this business segment.

Money Lending

The Group’s money lending business has been growing steadily during the period under review. It recorded a revenue of HK\$4.6 million (2015: HK\$3.9 million), which comprised interest income generated. It recorded a net profit of HK\$1.3 million during the period under review as compared to a nominal loss as recorded in the same period in 2015. According to the management’s observation and taking into account the positive results of the money lending business, the Group believes that there is a constant demand in the market allowing a further growth of this business segment and is confident that it will continue to contribute positively to the Group’s overall results. Nonetheless, as the business is capital-driven in nature, the Group will constantly assess the level of resources to be allocated to this business segment with reference to the availability of capital. In the meantime, it will closely monitor the market conditions and operating environment in order to strike a balance between the returns and the associated business risks.

Securities Investment

During the nine months ended 31 December 2016, the Group’s securities investment segment continued to focus on listed securities in Hong Kong. It recorded a net loss in securities investments of HK\$17.6 million for the period under review (2015: net gain of HK\$30.7 million) which was composed of a realized loss of HK\$9.5 million (2015: gain of HK\$26.9 million) and unrealized loss of HK\$8.1 million (2015: gain of HK\$3.8 million). As at 31 December 2016, the Group held an investment portfolio with fair value of HK\$56.2 million (31 March 2016: HK\$83.3 million). The investment portfolio also generated a dividend income of approximately HK\$1.4 million (2015: Nil) during the period under review. The unsatisfactory results of this segment was mainly due to the relatively weak market condition in the period under review which can be reflected from the Hang Seng Index (the “HSI”). The HSI reached its highest point at over 28,000 in April 2015 whereas the highest point in current period was around 24,000 and lowest point below 20,000. In view of volatility of the local securities market, the Group will hold a diversified portfolio across different segment of the market with an effort to minimize the associated risk.

Pledge of Assets

As at 31 December 2016, no asset was pledged for the Group.

Material Acquisition and Disposals

During the nine months ended 31 December 2016, the Group acquired convertible securities issued by certain companies whose shares are listed on the Stock Exchange of Hong Kong Limited with an aggregate consideration of HK\$11,000,000. The Group acquired such convertible securities with a positive intention to hold to maturity.

Save as disclosed above and in the note 6(b) to the unaudited condensed consolidated results the Group did not have any other material acquisitions and disposals for the nine months ended 31 December 2016.

Outlook

Looking ahead, the Group will continue to develop its existing business either via organic growth or by acquisition of related businesses if appropriate. Meanwhile, the Board will also utilize its business connections to identify other investment opportunities in order to diversify its existing business for enhancing its shareholder's return.

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 2016 are set out below:

Name	Date of grant	Exercise period (Note)	Exercise price per share HK\$	Number of Share Options as at 31 December 2016
Directors:				
Ms. Lin Su	30 September 2016	30 September 2016 to 29 September 2018	0.0624	6,500,000
Mr. Tse Sing Yu	30 September 2016	30 September 2016 to 29 September 2018	0.0624	6,500,000
Mr. Law Chung Lam, Nelson	21 February 2014	21 February 2014 to 20 February 2019	0.253	342,333
				13,342,333
Other employees:				
	21 February 2014	21 February 2014 to 20 February 2019	0.253	7,873,667
				7,873,667
Other grantees:				
	17 February 2014	17 February 2014 to 16 February 2019	0.234	6,675,500
	21 February 2014	21 February 2014 to 20 February 2019	0.253	5,990,833
	30 September 2016	30 September 2016 to 29 September 2018	0.0624	24,140,000
				36,806,333
				58,022,333

Note: These share options are vested immediately upon the grant date.

The options granted to the Directors are registered under the name 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 2016.

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

As at 31 December 2016, 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:

Name of Director	Number of Shares held	Number of Share Options held	Approximate percentage	
			Total interests	of total issued shares
Ms. Lin Su	–	6,500,000	6,500,000	0.95%
Mr. Tse Sing Yu	–	6,500,000	6,500,000	0.95%
Mr. Law Chung Lam, Nelson	–	342,333	342,333	0.05%

Save as disclosed above, as at 31 December 2016, 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 2016 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 2016, 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 condensed 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 2016.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

During the nine months ended 31 December 2016 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 2016.

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 except the following:

According to Rule 5.05(1) of the GEM Listing Rules, a listed issuer is required to have at least three independent non-executive directors. Following the retirement of Mr. Leung Ka Tin as an independent non-executive Director with effect from the conclusion of the Company's annual general meeting held on 3 August 2016, the Board of Directors since then includes two independent non-executive Directors and the number of independent non-executive Directors hence falling below the number as required under Rule 5.05(1) of the GEM Listing Rules. The Company has to appoint an additional independent non-executive Director as soon as practicable and in any event within three months from 3 August 2016 pursuant to Rule 5.06 of the GEM Listing Rules. On 28 October 2016, the Company appointed Mr. Liu Yongsheng and Mr. Chan Ka Hung as independent non-executive Directors and hence was in compliant with Rule 5.05(1) of the GEM Listing Rules since then.

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.

At the date of this report, the Audit Committee comprises three independent non-executive Directors, namely, Mr. Tam Chak Chi (the Chairman of the Audit Committee), Mr. Liu Yongsheng and Mr. Chan Ka Hung. The unaudited consolidated results of the Group for the nine months ended 31 December 2016 have been reviewed by the Audit Committee.

By order of the Board
Wealth Glory Holdings Limited
Tse Sing Yu
Executive Director

Hong Kong, 13 February 2017

As at the date of this report, the Board comprises six Directors, including two executive Directors, namely, Ms. Lin Su and Mr. Tse Sing Yu; one non-executive Director namely, Mr. Law Chung Lam, Nelson and three independent non-executive Directors, namely, Mr. Tam Chak Chi, Mr. Liu Yongsheng and Mr. Chan Ka Hung.