

WEALTH GLORY HOLDINGS LIMITED

富譽控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8269

First Quarterly Report

2018



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

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

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

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This report, for which the directors (the “Directors”) of Wealth Glory Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange for the purpose of giving information with regard to the Company. 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 condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months ended 30 June 2018 together with the unaudited comparative figures for the corresponding period in 2017 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 30 June 2018

		For the three months ended 30 June	
	<i>Notes</i>	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
Revenue	3	23,593	27,826
Cost of sales		(22,655)	(25,769)
Gross profit		938	2,057
Other income	3	964	1,629
Net loss on financial assets at fair value through profit or loss	4	(810)	(1,644)
Share of profit of associates		–	168
Selling expenses		(62)	(37)
Administrative expense		(3,090)	(2,827)
Other expenses		(640)	(1,170)
Finance costs	5	(677)	(767)
Loss before taxation	6	(3,377)	(2,591)
Taxation credit	7	5	18
Loss for the period		(3,372)	(2,573)
Other comprehensive expense:			
Items that may be subsequently reclassified to profit or loss:			
– Exchange differences arising on translation of foreign operations		–	(2)
Total comprehensive expense for the period		(3,372)	(2,575)

		For the three months ended 30 June	
		2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
	<i>Notes</i>		
Loss for the period attributable to:			
Owners of the Company		(3,616)	(2,856)
Non-controlling interests		244	283
		<hr/> (3,372) <hr/>	<hr/> (2,573) <hr/>
Total comprehensive expense for the period attributable to:			
Owners of the Company		(3,616)	(2,858)
Non-controlling interests		244	283
		<hr/> (3,372) <hr/>	<hr/> (2,575) <hr/>
		HK cents	HK cents
Loss per share	<i>8</i>		
– Basic and diluted		<hr/> 0.44 <hr/>	<hr/> 0.42 <hr/>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 June 2018

	Attributable to owners of the Company						Non-controlling interests		Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000	Translation reserve HK\$'000	Share-based payment reserve HK\$'000	(Accumulated loss) HK\$'000	Total HK\$'000	HK\$'000	
At 1 April 2018 (Audited)	49,304	566,572	(4,246)	-	12,313	(494,097)	129,846	(2,233)	127,613
(Loss)/profit for the period	-	-	-	-	-	(3,616)	(3,616)	244	(3,372)
Total comprehensive (expense)/income for the period	-	-	-	-	-	(3,616)	(3,616)	244	(3,372)
Changes in equity for period	-	-	-	-	-	(3,616)	(3,616)	244	(3,372)
At 30 June 2018 (Unaudited)	49,304	566,572	(4,246)	-	12,313	(497,713)	126,230	(1,989)	124,241
At 1 April 2017 (Audited)	41,087	533,433	(4,246)	(284)	12,313	(436,992)	145,311	420	145,731
Exchange differences arising on translation of foreign operations	-	-	-	(2)	-	-	(2)	-	(2)
(Loss)/profit for the period	-	-	-	-	-	(2,856)	(2,856)	283	(2,573)
Total comprehensive (expense)/income for the period	-	-	-	(2)	-	(2,856)	(2,858)	283	(2,575)
Transfer upon lapse of share options	-	-	-	-	-	-	-	-	-
Changes in equity for period	-	-	-	(2)	-	(2,856)	(2,858)	283	(2,575)
At 30 June 2017 (Unaudited)	41,087	533,433	(4,246)	(286)	12,313	(439,848)	142,453	703	143,156

NOTES TO THE UNAUDITED CONSOLIDATED RESULTS

For the three months ended 30 June 2018

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) development and promotion of brands, design, manufacture and sale of trendy fashion merchandises and other consumer products; and
- (iv) investment in securities.

2. BASIS OF PRESENTATION AND PREPARATION

The unaudited consolidated results for the three months ended 30 June 2018 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 2018, which have been prepared in accordance with HKFRSs.

The HKICPA has issued a number of new and revised HKFRSs and interpretations that are first effective or available for early adoption for the current accounting period of the Group. The adoption of these new and revised HKFRSs has no material effect on the unaudited condensed consolidated financial statements.

3. REVENUE AND OTHER INCOME

	For the three months ended 30 June	
	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000 (restate)
Revenue		
Trading of natural resources and commodities	19,076	12,152
Sale of consumer products	3,722	14,239
Fee and interest income from money lending	795	1,435
	<u>23,593</u>	<u>27,826</u>
Other income		
Bank interest income	1	1
Imputed interest income from loans to investees	467	326
Reversal of impairment of deposits	-	780
Sundry income	496	522
	<u>964</u>	<u>1,629</u>

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

	For the three months ended 30 June	
	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
Net realised gain (loss) on sale of financial assets measured at fair value through profit or loss	-	5,243
Net unrealised (loss) gain on financial assets measured at fair value through profit or loss	(810)	(6,887)
	<u>(810)</u>	<u>(1,644)</u>

5. FINANCE COSTS

**For the three months ended
30 June**

	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
Interests on bank overdrafts and bank borrowings	–	2
Interests on other borrowings	539	–
Effective interests on bonds	138	765
	<hr/>	<hr/>
	677	767
	<hr/> <hr/>	<hr/> <hr/>

6. LOSS BEFORE TAXATION

The Group's loss before taxation is arrived at after charging the following:

**For the three months ended
30 June**

	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
Cost of inventories recognised as an expense	22,655	25,769
Depreciation	263	66
Amortisation of intangible assets	531	580
Operating lease rentals in respect of:		
– land and buildings	884	873
Staff costs including directors' emoluments		
– Salaries, bonus and allowances	758	728
– Retirement benefit scheme contributions	35	26
	<hr/>	<hr/>
	<hr/> <hr/>	<hr/> <hr/>

7. TAXATION CREDIT

Continuing operations

Tax credit comprise of:

Current

Deferred tax credit

For the three months ended
30 June

2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
–	–
5	18
5	18

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 30 June 2018 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 30 June 2018. No Hong Kong Profits Tax was provided for the period ended 30 June 2018 as the Group did not have assessable profit arising or derived from Hong Kong during the period.

8. LOSS PER SHARE

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

For the three months ended
30 June

Loss

Loss for the purpose of basic and diluted loss per share

2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
(3,616)	(2,856)
'000	'000
821,736	684,786

Number

Weighted average number of shares for the purpose of
basic and diluted loss per share

9. RELATED PARTY TRANSACTIONS

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\$96,000 as at 30 June 2018 (30 June 2017: HK\$162,000).

10. APPROVAL OF UNAUDITED CONSOLIDATED RESULTS

The unaudited consolidated results of the Group for the three months ended 30 June 2018 were approved by the Board on 14 August 2018.

11. DIVIDEND

The Directors do not recommend the payment of any dividend in respect of the three months ended 30 June 2018 (2017: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

During the three months ended 30 June 2018, the Group's consolidated revenue decreased from HK\$27.8 million in the same period in previous year to HK\$23.4 million in this period under review, representing a 15.8 % decrease. Such decrease was mainly due to the decrease in sales and average selling prices of trading of consumer products and trendy fashion merchandises. The Group recorded an overall gross profit of HK\$0.9 million as compared to HK\$2.1 million in the corresponding period last year, representing an decrease of 57.1 %.

The Group recorded other income of HK\$1 million (2017: HK\$1.6 million) which mainly comprised dividend income from held-for-trading investments, interest generated from loan to an associate as well as imputed interest arising from loans to investees.

During the period under review, the Group continued to be engaged in investment in listed securities in Hong Kong. A net loss of HK\$0.8 million from change in fair value of such financial assets was recorded in the period whereas a net loss of HK\$1.6 million from change in fair value of financial assets was recorded in the same period last year due to the volatility of the stock market.

Administrative expenses and other expenses (the "Operating Expenses") incurred for the three months ended 30 June 2018 amounted to HK\$3.7 million (2017: HK\$4.0 million). By excluding the major non-cash items in relation to amortization of intangible assets and depreciation charges in both periods, Operating Expenses for this period under review would have amounted to HK\$2.9 million as compared to HK\$3.4 million in the same period in previous year on the same basis, representing a reduction of 14.7% which was mainly due to the decrease in legal and professional fee undertaken during the period under review.

On the other hand, the Group incurred HK\$0.7 million in finance costs as compared to HK\$0.8 million in same period in previous year 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.

The Group recorded a net loss of HK\$3.4 million for the three months ended 30 June 2018 as compared to a net loss of HK\$2.6 million in the corresponding period in 2017. The decrease was mainly due to the decrease in average selling prices of consumers products.

BUSINESS REVIEW

Natural Resources and Commodities Business

(a) Coal Trading Business

The Group's coal trading business was operated by Goldenbase Limited (together with its subsidiaries, the "Goldenbase Group"). On 30 January 2018, the Group's equity interest in Goldenbase was confirmed to dilute from 33.3% to 0.7% as a result of capital injection by other shareholders to Goldenbase. Therefore, the investment in Goldenbase is classified as "available-for-sale investment".

(b) Other Natural Resources and Commodities Trading Business

During the period, the Group continued to be engaged in the trading of crude palm oil and recorded a turnover of HK\$19.1 million as compared to HK\$12.2 million in the same period last year. The trading performance continued to be sluggish although it will not cast significant impact to the Group's overall financial results.

Consumer Products and Trendy Fashion Business

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 17th Shanghai International Children Baby Maternity Industry Expo. At the Expo, MD displayed a variety of merchandises which were designed and produced by MD. 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 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 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\$3.7 million as compared to HK\$14.2 million in the period under review.

Money Lending Business

The Group's money lending business has been growing steadily during the period under review. It recorded a turnover of HK\$0.8 million (2017: HK\$1.4 million), which comprised the fee and interest income generated. The money lending business recorded a net loss of HK\$0.2 million (2017: net profit of HK\$1.3 million) during the period under review.

Investment in Listed Securities

During the three months ended 30 June 2018, the Group's investment continued to focus on listed securities in Hong Kong. The Group recorded a net loss in securities investments of HK\$0.8 million for the period under review (2017: net loss of HK\$1.6 million) which was composed of a realised gain of HK\$nil million (2017: gain of HK\$5.2 million) and unrealised loss of HK\$0.8 million (2017: loss of HK\$6.9 million). The local securities market remained volatile in the period under review. In view of this, the Group will hold a diversified portfolio across different segment of the market and reduce its portfolio at an appropriate timing.

MATERIAL TRANSACTIONS

During the three months ended 30 June 2018, the Group did not have any material transactions.

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 three months ended 30 June 2018 are set out below:

Name	Date of grant	Exercisable period	Exercise price Per share (HK\$)	Outstanding as at 1 April 2018	Number of options Outstanding		Exercised during the year	Outstanding as at 30 June 2018
					Granted during the year	Lapsed during the year		
Directors:								
Ms. Lin Su	30 September 2016	30 September 2016 to 29 September 2018	0.3744	6,500,000	-	-	-	6,500,000
Mr. Tse Sing Yu	30 September 2016	30 September 2016 to 29 September 2018	0.3744	6,500,000	-	-	-	6,500,000
Mr. Law Chung Lam, Nelson	15 April 2014	15 April 2014 to 20 February 2019	1.518	342,333	-	-	-	342,333
Employees	15 April 2014	15 April 2014 to 20 February 2019	1.518	1,711,667	-	-	-	1,711,667
Consultants	17 February 2014	17 February 2014 to 16 February 2019	1.404	6,675,500	-	-	-	6,675,500
	15 April 2014	15 April 2014 to 20 February 2019	1.518	4,279,167	-	-	-	4,279,167
	30 September 2016	30 September 2016 to 29 September 2018	0.3744	24,140,000	-	-	-	24,140,000
				<u>50,148,667</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,148,667</u>
Exercisable at the end of the year				<u>50,148,667</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,148,667</u>

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 three months ended 30 June 2018.

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

As at 30 June 2018, 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 Option held	Approximate percentage	
			Total interests	of total Issued shares
Mr. Tse Sing Yu	–	6,500,000	6,500,000	0.79%
Ms. Lin Su	–	6,500,000	6,500,000	0.79%
Mr. Law Chung Lam, Nelson	–	342,333	342,333	0.04%

Save as disclosed above, as at 30 June 2018, 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 three months ended 30 June 2018 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Directors or their respective associates, or were any such rights exercised by them; or was the Company or any of its subsidiaries, or its holding company, or any of its fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 30 June 2018, shareholders of the Company (not being Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO, or otherwise notified to the Company are set out below:

	Capacity	Number of ordinary shares held	Approximate percentage of issued share capital
Shan Zumao	Beneficial owner	41,120,000	5.00%

Save as disclosed above, as 30 June 2018, no other persons had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO, or otherwise notified to the Company.

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 three months ended 30 June 2018.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

During the three months ended 30 June 2018 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 three months ended 30 June 2018.

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.

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. Tam Chak Chi (the Chairman of the Audit Committee), Mr. Chan Ka Hung and Mr. Liu Yongsheng. The unaudited consolidated results of the Group for the three months ended 30 June 2018 have been reviewed by the Audit Committee.

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

Hong Kong, 14 August 2018

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.