

WEALTH GLORY HOLDINGS LIMITED

富 譽 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8269

2020 Interim Report



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

The board of directors (the “Board”) of Wealth Glory Holdings Limited (the “Company”) is pleased to present the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the three and six months ended 30 September 2020 together with the unaudited comparative figures for the corresponding periods in 2019 as follows:

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

For the three and six months ended 30 September 2020

		For the three months ended 30 September		For the six months ended 30 September	
	Notes	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Continuing operations					
Revenue	3	16,926	16,416	35,094	43,706
Cost of sales		(15,384)	(14,846)	(32,174)	(39,658)
Gross profit		1,542	1,570	2,920	4,048
Other income	3	593	678	1,135	1,472
Other gains and losses, net	4	(519)	(389)	(582)	(1,618)
Selling expenses		(171)	(264)	(325)	(594)
Administrative expense		(2,263)	(3,376)	(6,784)	(5,655)
Other expenses		(110)	423	(218)	(217)
Finance costs	6	(218)	(226)	(438)	(410)
Profit (loss) before taxation		(1,146)	(1,584)	(4,292)	(2,974)
Taxation credit (expense)	7	18	18	36	36
Profit (loss) for the period from continuing operations		(1,128)	(1,566)	(4,256)	(2,938)

	For the three months ended 30 September		For the six months ended 30 September	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
<i>Notes</i>				
Other comprehensive (expense) income:				
Items that may be subsequently reclassified to profit or loss:				
– Exchange differences arising on translation of foreign operations	–	–	–	–
Total comprehensive income (expense) for the period	(1,128)	(1,566)	(4,256)	(2,938)
Profit (loss) for the period attributable to:				
Owners of the Company	(1,126)	(1,564)	(4,252)	(2,934)
Non-controlling interests	(2)	(2)	(4)	(4)
	(1,128)	(1,566)	(4,256)	(2,938)
Total comprehensive income (expense) for the period attributable to:				
Owners of the Company	(1,126)	(1,564)	(4,252)	(2,934)
Non-controlling interests	(2)	(2)	(4)	(4)
	(1,128)	(1,566)	(4,256)	(2,938)
	<i>HK cents</i>	<i>HK cents (restated)</i>	<i>HK cents</i>	<i>HK cents (restated)</i>
Loss per share				
– Basic and diluted	(0.5)	(0.8)	(2.1)	(1.4)

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2020

	<i>Notes</i>	As at 30 September 2020 (Unaudited) HK\$'000	As at 31 March 2020 (Audited) HK\$'000
Non-current assets			
Property, plant and equipment	10	5,429	6,278
Goodwill		29,394	29,394
Right-of-use assets		1,525	2,097
Intangible assets	11	759	977
Deposits and other receivables		718	438
Financial assets designated at fair value through other comprehensive income		1,657	2,742
		39,482	41,926
Current assets			
Inventories	12	688	768
Financial assets at fair value through profit or loss	13	1,752	2,668
Trade receivables	14	42,611	33,663
Prepayments, deposits and other receivables		16,647	17,324
Loans receivables		28,324	27,284
Loans to investee		2,815	5,750
Cash and cash equivalents		1,278	462
		94,115	87,919

	<i>Notes</i>	As at 30 September 2020 (Unaudited) HK\$'000	As at 31 March 2020 (Audited) HK\$'000
Current liabilities			
Bonds	16	9,532	–
Trade payables	15	8,602	–
Accruals and other payables		20,318	21,388
Lease liabilities		827	1,489
Other borrowings	17	3,047	2,955
Tax payable		175	175
		42,501	26,007
Net current assets			
		51,614	61,912
Total assets less current liabilities			
		91,096	103,838
Non-current liabilities			
Bonds	16	–	9,214
Lease liabilities		691	690
Deferred tax liabilities		72	107
		763	10,011
NET ASSETS			
		90,333	93,827
Capital and reserves			
Share capital	18	4,930	49,304
Reserves		85,399	44,523
Equity attributable to owners of the Company		90,329	93,827
Non-controlling interests		4	–
TOTAL EQUITY			
		90,333	93,827

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2020

	Attributable to owners of the Company						Non-controlling interests	Total
	Share capital	Share premium	Merger reserve	Share-based payment reserve	FVTOCI reserve	(Accumulated loss)		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2020 (Audited)	49,304	566,572	(4,246)	2,967	(1,766)	(519,004)	93,827	93,827
Loss for the period	-	-	-	-	-	(4,252)	(4,252)	(4,256)
Fair value change of FVTOCI	-	-	-	-	(1,087)	-	(1,087)	(1,087)
Total comprehensive expense for the period	-	-	-	-	(1,087)	(4,252)	(5,339)	(5,343)
Share based payment expenses	-	-	-	1,849	-	-	1,849	1,849
Capital reduction	(44,374)	44,374	-	-	-	-	-	-
At 30 September 2020 (Unaudited)	4,930	610,946	(4,246)	4,816	(2,853)	(523,256)	90,337	90,333

	Attributable to owners of the Company								
	Share capital <i>HKS'000</i>	Share premium <i>HKS'000</i>	Merger reserve <i>HKS'000</i>	Share-based payment reserve <i>HKS'000</i>	FVTOCI reserve <i>HKS'000</i>	(Accumulated loss) <i>HKS'000</i>	Total <i>HKS'000</i>	Non-controlling interests <i>HKS'000</i>	Total <i>HKS'000</i>
At 1 April 2019 (Audited)	49,304	566,572	(4,246)	2,967	(653)	(499,149)	114,795	11	114,806
Loss for the period	-	-	-	-	-	(2,934)	(2,934)	(4)	(2,938)
Fair value change of FVTOCI	-	-	-	-	(377)	-	(377)	-	(377)
Total comprehensive expense for the period	-	-	-	-	(377)	(2,934)	(3,311)	(4)	(3,315)
Changes in equity for period	-	-	-	-	(377)	(2,934)	(3,311)	(4)	(3,315)
At 30 September 2019 (Unaudited)	49,304	566,572	(4,246)	2,967	(1,030)	(502,083)	111,484	7	111,491

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2020

	Six months ended 30 September	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Net cash flows used in operating activities	1,477	834
Net cash flows used in investing activities	–	(3,157)
Net cash flows generated from financing activities	(661)	–
	<hr/>	<hr/>
(Decrease) Increase in cash and cash equivalents	816	(2,323)
Effect of the change in exchange rate	–	–
Cash and cash equivalents at the beginning of the period	462	13,756
	<hr/>	<hr/>
Cash and cash equivalents at the end of the period	1,278	11,433
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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 12/F, The Pemberton, No 22-26 Bonham Street, 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 six months ended 30 September 2020 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 2020, 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 September		For the six months ended 30 September	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Revenue				
Trading of natural resources and commodities	9,330	5,324	19,965	18,979
Sale of consumer products	7,069	10,582	14,089	23,713
Fee and interest income from money lending	527	510	1,040	1,014
	<u>16,926</u>	<u>16,416</u>	<u>35,094</u>	<u>43,706</u>
Other income				
Bank interest income	-	-	1	1
Imputed interest income from loans to investees	448	528	808	1,055
Dividend income	-	-	-	-
Sundry income	145	150	326	416
	<u>593</u>	<u>678</u>	<u>1,135</u>	<u>1,472</u>

4. OTHER GAIN AND LOSSES, NET

	For the three months ended 30 September		For the six months ended 30 September	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Change in fair value of financial assets at fair value through profit or loss	(544)	(401)	234	2,108
Net foreign exchange gain/(loss)	(15)	12	(15)	77
Realised gain/(loss) on disposal of financial assets at fair value through profit or loss	40	-	(801)	(3,803)
	<u>(519)</u>	<u>(389)</u>	<u>(582)</u>	<u>(1,618)</u>

5. SEGMENT INFORMATION

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

The management considers the business from a product/service perspective. During the six months ended 30 September 2020, the Group's reportable and operating segments are as follows:

- the natural resources and commodities business segment engages in the trading of natural resources and commodities including but not limited to coal and crude palm oil etc. ("Natural Resources and Commodities");
- the trading of fashion items and camera bags ("Trading of Consumer Products");
- the money lending business ("Money Lending");
- the investment in securities ("Securities Investment").

The following is an analysis of the Group's revenue and results for the six months ended 30 September 2020 by operating and reportable segment:

	Trading of Natural Resources and Commodities		Trading of Consumer Products		Money Lending		Securities Investment		Consolidated	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Segment Revenue										
External	19,965	18,979	14,089	23,713	1,040	1,014	-	-	35,094	43,706
Segment Results										
	1,151	979	(492)	209	1,034	1,002	(567)	(1,695)	1,126	495
Reconciliation:										
Imputed interest income from loans to investees									808	1,055
Interest income									1	1
Amortisation of intangible assets									218	218
Corporate and other unallocated expenses									(6,127)	(4,424)
Corporate finance costs									(318)	(319)
Taxation credit (expense)									36	36
Profit/(loss) for the period									(4,256)	(2,938)

6. FINANCE COSTS

	For the three months ended 30 September		For the six months ended 30 September	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Interests on lease liability	12	23	28	49
Interests on other borrowings	46	42	92	42
Effective interests on bonds	160	161	318	319
	<u>218</u>	<u>226</u>	<u>438</u>	<u>410</u>

7. TAXATION CREDIT/(EXPENSE)

	For the three months ended 30 September		For the six months ended 30 September	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Tax credit (charge) comprise of:				
Current	–	–	–	–
Deferred tax credit (charge)	18	18	36	36
	<u>18</u>	<u>18</u>	<u>36</u>	<u>36</u>

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

No provision for Hong Kong Profits Tax has been made for the period ended 30 September 2020 as the Group did not generate any assessable profits arising in Hong Kong. Hong Kong Profits Tax was calculated at 16.5% on the estimated assessable profits for the period ended 30 September 2020.

8. PROFIT (LOSS) FOR THE PERIOD

(a) Profit (loss) for the period has been arrived at after charging:

	For three months ended 30 September		For six months ended 30 September	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Cost of inventories recognised as an expense	15,384	14,846	32,174	39,658
Depreciation of property, plant and equipment	958	533	1,229	901
Depreciation of right of use assets	426	343	769	686
Amortisation of intangible assets	109	109	218	218
Staff costs including directors' emoluments				
– Salaries, bonus and allowances	580	790	1,161	1,597
– Retirement benefit scheme contributions	27	32	54	59
– Share-based payments	1,849	–	1,849	–
	<u>1,849</u>	<u>–</u>	<u>1,849</u>	<u>–</u>

9. 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:

	Three months ended 30 September		Six months ended 30 September	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Loss				
Loss for the purpose of basic and diluted loss per share	(1,126)	(1,564)	(4,252)	(2,934)
Number	'000	'000	'000	'000
Weighted average number of shares for the purpose of basic and diluted loss per share	205,434	205,434	205,434	205,434

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2020, the Group acquired property, plant and equipment of approximately HK\$nil million (2019: nil).

11. INTANGIBLE ASSETS

During the six months ended 30 September 2020, the Group did not acquire any intangible assets in significant amount (2019: nil).

12. INVENTORIES

	As at 30 September 2020 (Unaudited) HK\$'000	As at 31 March 2020 (Audited) HK\$'000
Finished goods	688	768
	688	768

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 September 2020 (Unaudited) HK\$'000	As at 31 March 2020 (Audited) HK\$'000
Listed securities, at fair value:		
Equity securities listed in Hong Kong (<i>Note</i>)	1,752	2,668

Note: The fair values of the listed securities were determined based on the quoted market closing prices at 30 September 2020 available on the Hong Kong Stock Exchange.

14. TRADE RECEIVABLES

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

	As at 30 September 2020 (Unaudited) HK\$'000	As at 31 March 2020 (Audited) HK\$'000
0-90 days	10,725	7,000
91-180 days	4,933	25,168
181-365 days	25,943	485
Over 365 days	1,010	1,010
	<hr/>	<hr/>
	42,611	33,663
	<hr/> <hr/>	<hr/> <hr/>

15. TRADE PAYABLES

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

	As at 30 September 2020 (Unaudited) HK\$'000	As at 31 March 2020 (Audited) HK\$'000
0-90 days	4,998	-
91-180 days	3,604	-
Over 180 days	-	-
	<hr/>	<hr/>
	8,602	-
	<hr/> <hr/>	<hr/> <hr/>

The credit period ranged from 90 days to 120 days.

16. BONDS

	Amount HK\$'000
As at 31 March 2020 (Audited)	9,214
Effective interest expense	318
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As at 30 September 2020 (Unaudited)	9,532
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	As at 30 September 2020 (Unaudited) HK\$'000	As at 31 March 2020 (Audited) HK\$'000
Analysed into:		
Current	9,532	–
Non-current	–	9,214
	9,532	9,214

17. OTHER BORROWINGS

	As at 30 September 2020 (Unaudited) HK\$'000	As at 31 March 2020 (Audited) HK\$'000
Borrowings from outsiders	3,047	2,955
	3,047	2,955

18. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.24 each at 1 April 2020 and 31 March 2020	416,667	100,000
Capital Reduction	3,750,000	–
Ordinary shares of HK\$0.024 each at 30 September 2020	4,166,667	100,000
Issued and fully paid:		
Ordinary shares of HK\$0.24 each at 1 April 2020 and 31 March 2020	205,434	49,304
Capital Reduction	–	(44,374)
Ordinary shares of HK\$0.024 each at 30 September 2020	205,434	4,930

Note:

Pursuant to a special resolution passed by the shareholders of the Company at the general meeting held on 31 January 2020 and an order given by the Grand Court of the Cayman Islands, each share with a par value of HK\$0.24 in the share capital of the Company was reduced from HK\$0.24 each to HK\$0.024 each by cancelling the paid-up capital of the Company to the extent of HK\$0.216 on each share with effect from 8 May 2020.

19. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The management of the Group estimates the fair value of certain of its financial assets and financial liabilities measured at amortised cost using the discounted cash flows analysis. The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated statement of financial position approximate their fair values. Some of the Group's financial assets are measured at fair value at the end of each reporting period. Listed securities are measured at fair value and are categorized into the Level 1 fair value hierarchy.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engaged third party qualified valuers to perform the fair value estimation.

20. RELATED PARTY TRANSACTIONS

	As at 30 September 2020 (Unaudited) HK\$'000	As at 31 March 2020 (Audited) HK\$'000
Amount due to director	6,550	6,550

21. EVENT AFTER THE REPORTING PERIOD

An extraordinary general meeting was held on 22 October 2020 (the "EGM") in which the resolutions regarding the proposed rights issue on the basis of five rights shares for every two shares (the "Rights Issue") was passed by the shareholders of the Company. Details please refer to the company announcement dated 24 August 2020, 29 September 2020, 22 October 2020 and 5 November 2020.

22. APPROVAL OF UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 September 2020 were approved by the Board on 13 November 2020.

23. DIVIDEND

The Directors do not recommend the payment of any dividend in respect of the six months ended 30 September 2020 (2019: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

For the six months ended 30 September 2020, the Group recorded a revenue of HK\$35.1 million as compared to HK\$43.7 million in the same period in previous year representing a decrease of 19.7%. Such decrease was mainly attributable to the outbreak of Coronavirus Disease 2019 (“COVID-19”) epidemic in January 2020 in the PRC and the contagion of COVID-19 has spread worldwide. The Group also recorded a cost of sales of HK\$32.2 million as compared to HK\$39.7 million in the same period of previous year. The decrease in cost of sales reflected the decrease in revenue for the period. The Group recorded an overall gross profit of HK\$2.9 million as compared to HK\$4.0 million in the corresponding period last year, representing an decrease of 27.5%. The increase was mainly due to the decrease in revenue resulting from the COVID-19.

The Group recorded other income of HK\$1.1 million (2019: HK\$1.5 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.

Other gains and losses recorded during the year was a net loss of HK\$0.6 million as compared to net loss of HK\$1.6 million in the same period of previous year. The decrease was mainly attributable to the change in fair value on financial assets at fair value through profit or loss of approximately gain of HK\$0.2 million (2019: gain of HK\$2.1 million). Realised loss on disposal of financial assets at fair value through profit or loss of approximately HK\$0.8 million (2019: loss of HK\$3.8 million).

During the period under review, the Group continued to be engaged in investment in listed securities in Hong Kong. A net loss of HK\$0.6 million from change in fair value of such financial assets was recorded in the period whereas a net loss of HK\$1.7 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 six months ended 30 September 2020 amounted to HK\$7.0 million (2019: HK\$5.9 million). By excluding the major non-cash items in relation to amortization of intangible assets, share-based payment 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\$4.1 million in the same period in previous year on the same basis, representing a reduction of 29.3% which was mainly due to the decrease in other expenses during the period under review.

On the other hand, the Group incurred HK\$0.4 million in finance costs as compared to HK\$0.4 million in same period in previous year which was mainly composed of the imputed interest on bonds issued by the Group, interests on lease liability and other borrowings.

The Group recorded a net loss of HK\$4.3 million for the six months ended 30 September 2020 as compared to a net loss of HK\$2.9 million in the corresponding period in 2019.

Business Review

Coal Trading Business and Other Natural Resources and Commodities Trading Business

The Group's coal trading business was confirmed to dilute from 33.3% to 0.7% as a result of capital injection by other shareholders to Goldenbase. The Group continued and targeted to switch more resources to the sales of consumer products and trendy fashion merchandises segment which has a great potential on its business performance. Nevertheless, the COVID-19 has affected the business of the Group. During the period, the Group continued to be engaged in the trading of crude palm oil and recorded a turnover of HK\$20.0 million as compared to HK\$19.0 million in the same period last year. The Group will continue monitoring the business environment and conditions in carrying out the related trades.

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 experienced in a turning point although the financial figures had not reflected the true picture of MD which was mainly due to the outbreak of COVID-19 which results in a poor performance in 2020. The MD recorded a turnover of HK\$14.1 million (2019: HK\$23.7 million) for the period ended 30 September 2020. In 2020, MD continued to switch its resources to the sales of trendy fashion merchandises and other consumer products of favorable brands and own branded products. MD's technical and research and development skills was recognised by the customers which built up the confidence on the differentiated own branded products by adding technical function on the existing products. Responses from potential buyers was encouraged particularly on the functionality products with different technical functions. Besides, MD had approached and cross designed with several favorable brands, even Nintendo, a sizable and favorable brand, had approved our new peripheral product for its new gaming console. In order to increase the brand appearance, the MD will develop and register new intellectual properties and 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 Shanghai International Children Baby Maternity Industry Expo. At the Expo, MD displayed a variety of merchandises which were designed and produced by MD. MD had also develop different somatosensory games and made use of this hot technology to promote the brand name in the coming years and linked up with other merchandises to be produced by MD. MD started to increase the sale channels, provide a flexible credit terms to customers and add a new profit sharing sales model to attract the dealers and maximise the profit. The Group intended to expand this business. The Group believed that the technical functions affiliate with well marketing strategies together with the funding supporting by way of rights issue would add value to its merchandises and would facilitate an explosive growth of MD's business.

Money Lending Business

The Group's money lending business has been growing steadily during the period under review. It recorded a turnover of HK\$1.0 million (2019: HK\$1.0 million), which comprised the fee and interest income generated. 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.

Investment in Listed Securities

During the six months ended 30 September 2020, the Group's investment continued to focus on listed securities in Hong Kong. The Group recorded a net loss in securities investments of HK\$0.6 million for the period under review (2019: net loss of HK\$1.7 million) which was composed of a realised loss of HK\$0.8 million (2019: loss of HK\$3.8 million) and unrealised gain of HK\$0.2 million (2019: gain of HK\$2.1 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.

Financial Position

Net assets of the Group as at 30 September 2020 was HK\$90.3 million compared to HK\$93.8 million as at 31 March 2020 representing an decrease of 3.7%.

Liquidity, financial resources and capital structure

During the six months ended 30 September 2020, the Group mainly financed its operations with its own working capital supplemented by certain corporate borrowings including corporate bond and short-term borrowings. As at 30 September 2020, the Group had cash and cash equivalents of HK\$1.3 million (31 March 2020: HK\$0.5 million).

As at 30 September 2020, the Group has issued share capital of HK\$4.9 million (31 March 2020: HK\$49.3 million) divided into 205,434,000 shares of HK\$0.024 each. The Group's total indebtedness amounted to approximately HK\$12.5 million (31 March 2020: HK\$12.2 million) out of which corporate bonds amounted to HK\$9.5 million (31 March 2020: HK\$9.2 million), other borrowings of HK\$3.0 million (31 March 2020: HK\$3.0 million).

The Group's gearing ratio at the reporting date was 12.2% (31 March 2020: 11.5%). The increase in gearing ratio was due to the interest incurred on bonds and other borrowings. The Group defines gearing ratio as ratio of net debt over equity plus net debt in which net debt represents total of bonds, other borrowing, bank borrowings and overdraft. The current ratio (ratio of current assets to current liabilities) of the Group as at 30 September 2020 was approximately 2.2 (31 March 2020: 3.4), the decrease in current ratio was led by the repayment of corporate bonds is reclassified as current liabilities.

Update on Refund of Deposit

On 1 August 2014, the Company, as purchaser, entered into a memorandum of understanding (“MOU”) with Southernpec Storage and Logistics Holding Limited (the “Vendor”), as vendor, for the proposed acquisition of Southernpec Singapore Storage and Logistics Limited. Pursuant to a supplemental memorandum of understanding, the Company paid a refundable deposit of HK\$10 million (the “Deposit”). The MOU lapsed on 31 July 2015 and the Deposit shall be returned by the Vendor to the Company in full within three business days. However, the Vendor was failed to return the Deposit within the said period and the parties were unable to reach a consensus on the repayment schedule. Following a series of negotiations and actions (including legal proceedings against the Vendor for the recovery of the Deposit) taken against the Vendor on the delay in repayment of the Deposit, the Company has reached a settlement agreement (the “Settlement Agreement”) with the Vendor. Pursuant to the Settlement Agreement, in consideration of the Company’s forbearance to sue and to proceed with the legal proceedings and to withdraw/discontinue such legal proceedings against the Vendor, the Vendor irrevocably covenants with the Company that the Vendor shall pay to the Company a sum of HK\$5,000,000 (the “Settlement Sum”) by instalments over a period of 18 months from the date of the Settlement Agreement as the full and final settlement of the Deposit (the “Settlement”). In view of the failure of receiving the Settlement Sum in accordance to the payment schedule, an amount of HK\$9.5 million (being the difference of the Deposit and the amount paid by the Vendor to the Company up to the date of this report) was impaired and charged to the profit and loss. Until the period under review, the Company did not received any amount and hence no amount was reversed from the impaired amount and credited as other income. The Company will continue to monitor the payments from the Vendor and update its shareholders where appropriate.

Material Acquisitions and Disposals

The Group did not have any other material acquisitions and disposals for the six months ended 30 September 2020.

Significant Investments

As at 30 September 2020, the Group's financial assets at fair value through profit or loss amounted to HK\$1.8 million which were equity investments listed in Hong Kong. Details of the significant investments are as follows:

Company Name	Fair value change in the period <i>HK\$'000</i>	Fair value at 30 September 2020 <i>HK\$'000</i>	Approximate percentage of financial assets at fair value through profit or loss	Approximate percentage to the Group's total asset as at 30 September 2020
Hong Wei (Asia) Holdings Co. Limited	(239)	563	32.1	0.4
EJE (Hong Kong) Holdings Limited	(340)	550	31.4	0.4
Fire Rock Holdings Limited	(18)	371	21.2	0.3
Other securities with individual fair value less than 5% of the aggregate financial assets at fair value through profit or loss as at 30 September 2020	831	268	15.3	0.2
Total	<u>234</u>	<u>1,752</u>	<u>100.0</u>	<u>1.3</u>

Financial Management and Policy and Foreign Currency Risk

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

Treasury Policies and Credit Risk Management

The Group adopts a conservative approach towards its treasury policies. The Group strives to reduce exposure to credit risk by performing ongoing credit evaluations of the financial conditions of its customers. For those loans secured by properties and other collaterals, the Group has procedures for the identification and evaluation of the legal ownership and accurate valuation of properties or other collaterals. The loan amount to be granted to a particular client is subject to judgement made by the top management of the Group's money lending business after taking into consideration of different factors including market conditions, type of property and financial background of borrowers etc. For the valuation of the properties, the Group will make reference to either a third party valuer or the internet valuation services provided by banks in Hong Kong. The Group holds collateral against certain loan receivables in the form of mortgages over property or other assets.

The Group considers that the credit risk arising from the loan receivables is significantly mitigated by the properties and other assets held as collateral with reference to the estimated market value of the property or the relevant assets at the grant date and the on-going evaluation of the financial condition of the borrowers where appropriate. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

Contingent Liabilities and Pledge of Assets

The Group had no significant charges on its assets nor any significant contingent liabilities at 30 September 2020 (31 March 2020: Nil).

Material Transactions

Save as disclosed in other sections of this unaudited condensed consolidated interim financial statements, the Group had no other material transactions for the six months ended 30 September 2020.

Subsequent Event

Save as disclosed in note 21, there is no other material subsequent event undertaken by the Company or by the Group after 30 September 2020 and up to the date of this interim report.

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 six months ended 30 September 2020 are set out below:

Name	Date of grant	Exercisable period	Exercise price per share (HK\$) <i>(Note a & b)</i>	Number of options Outstanding				Outstanding as at 30 September 2020
				Outstanding as at 1 April 2019	Granted during the year	Lapsed during the year	Exercised during the year	
Directors:								
Ms. Lin Su	13 March 2019	13 March 2019 to 12 March 2021	0.36	2,000,000	-	-	-	2,000,000
	22 April 2020	22 April 2020 to 21 April 2021	0.24	-	2,054,340	-	-	2,054,340
Mr. Tse Sing Yu	13 March 2019	13 March 2019 to 12 March 2021	0.36	2,000,000	-	-	-	2,000,000
	22 April 2020	22 April 2020 to 21 April 2021	0.24	-	2,054,340	-	-	2,054,340
Employees	13 March 2019	13 March 2019 to 12 March 2021	0.36	7,496,975	-	-	-	7,496,975
	22 April 2020	22 April 2020 to 21 April 2021	0.24	-	16,434,720	-	-	16,434,720
Consultants	13 March 2019	13 March 2019 to 12 March 2021	0.36	5,622,675	-	-	-	5,622,675
				<u>17,119,650</u>	<u>20,543,400</u>	<u>-</u>	<u>-</u>	<u>37,663,050</u>
Exercisable at the end of the year				<u>17,119,650</u>				<u>37,663,050</u>

Notes:

1. These share options are vested immediately upon the grant date.
2. Ms. Lin Su and Mr. Tse Sing Yu were appointed as executive Directors on 30 September 2016.

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

Save as disclosed above, there were no other options granted, exercised, cancelled or lapsed during the six months ended 30 September 2020.

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

As at 30 September 2020, 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	Total interests	Approximate percentage of total issued shares
Mr. Tse Sing Yu	–	4,054,340	4,054,340	1.97%
Ms. Lin Su	–	4,054,340	4,054,340	1.97%

Save as disclosed above, as at 30 September 2020, none of the Directors and chief executive of the Company had any other interests or short positions in any shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were deemed or taken to have under such provisions of the SFO), or which were required to be and are recorded in the register required to be kept by the Company under Section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosures on the share options granted to the Directors in the section headed "Directors' and Chief Executive's Interests in Shares and Share Options" above, at no time during the six months ended 30 September 2020 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Directors or their respective associates, or were any such rights exercised by them; or was the Company or any of its subsidiaries, or its holding company, or any of its fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 30 September 2020, 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	10,280,000	5.00%

Save as disclosed above, as 30 September 2020, 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 20 to the unaudited condensed consolidated interim financial statements, the Directors are not aware of any connected transactions of the Group that shall be disclosed in this report.

CAPITAL REDUCTION

Pursuant to a special resolution passed by the shareholders of the Company at the general meeting held on 31 January 2020 and an order given by the Grand Court of the Cayman Islands, each share with a par value of HK\$0.24 in the share capital of the Company was reduced from HK\$0.24 each to HK\$0.024 each by cancelling the paid-up capital of the Company to the extent of HK\$0.216 on each share with effect from 8 May 2020.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2020.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

During the six months ended 30 September 2020 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 six months ended 30 September 2020.

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:

Under code provision A.1.3 of the CG Code, notice of at least 14 days should be given of a regular board meeting to all Directors to give all Directors an opportunity to attend. During the year, certain Board meetings were convened with less than 14 days' notice to facilitate the Directors' timely reaction and expeditious decision making process in respect of investment opportunity and internal affairs of the Group. All Board meetings, nevertheless, were duly convened and held in the way prescribed by the Articles of Association of the Company. The Board will use reasonable endeavour to meet the requirement of code provision A.1.3 of the CG Code in future. Adequate and appropriate information are circulated normally three days in advance of Board meetings to the Directors.

The Board will continue to monitor and review the corporate governance principle and practices to ensure compliance.

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 condensed consolidated interim financial statements of the Group for the six months ended 30 September 2020 have been reviewed by the Audit Committee.

By order of the Board

Wealth Glory Holdings Limited

Tse Sing Yu

Executive Director

Hong Kong, 13 November 2020

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