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WEALTH GLORY HOLDINGS LIMITED

富譽控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8269)

BUSINESS UPDATE ON IRON ORE TRADING BUSINESS AND PROFIT WARNING

This announcement is made by Wealth Glory Holdings Limited (the “**Company**”, together with its subsidiaries as the “**Group**”) pursuant to Rule 17.10(2) of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and the Inside Information Provisions (as defined under the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

BUSINESS UPDATE ON IRON ORE TRADING BUSINESS

Reference is made to the circular of the Company dated 29 June 2013 (the “**Circular**”) in relation to, among others, the major transaction in respect of the acquisition of the entire equity interest in Digital Rainbow Holdings Limited and the announcements of the Company dated 29 November 2013 and 15 January 2014 (the “**Announcements**”) in relation to, updates on the trading schedules of the magnetite sand concentrate in connection with the iron ore trading business of the Group. Unless otherwise defined, capitalised terms used herein shall have the same meanings as defined in the Circular and the Announcements.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company would like to provide a further update to the shareholders (the “**Shareholders**”) of the Company on the latest business development of the iron ore trading business of the Group.

As disclosed in the interim report of the Company for the six months ended 30 September 2014, the Group has commenced the iron ore trading activity during the six months ended 30 September 2014, of which, a total of approximately 2,800 dry metric tonnes was traded, contributing approximately HK\$2.5 million revenue to this segment’s revenue. However, the prospect of iron ore trading is not optimistic in view of the persistent weak demand from the iron and steel sector in which the Group’s major customer operates. With a similar trend, the global market price of iron ore has been slipping from approximately US\$140 per tonne in early April 2013 to approximately

US\$70 per tonne in late December 2014 hitting near its five-year lows. The persistent weakened price affects the initiative of the Suppliers in supplying goods at a discount as required under the Supply Agreements (as supplemented by the Supplemental Supply Agreements) given that the cost of mining and production may outweigh the selling price after discount.

As a consequence, the quantity of iron ore traded has significantly fallen behind the scheduled quantity as stipulated in the revised supply schedules contained in the supplemental letter of intent and the three supplemental supply agreements (collectively, the “Supplemental Supply Agreements”) entered into by the Group on 15 January 2014. In the light of the uncontrollable market condition in relation to iron ore trading, the Group has been negotiating with both the suppliers and the customer separately in formulating a revised schedule which is more commercially practicable for execution in light of the current market condition. Subject to further negotiation between the Group and the suppliers, it was agreed in principle by the parties that the supply schedule under the Supplemental Supply Agreements be further extended for one year such that the aggregate of not less than 23.5 million DMT magnetite sand concentrate will be traded from 1 March 2013 to 31 December 2020 and that the price for each shipment of the magnetite sand concentrate to be supplied to the Group be adjusted such that it will be equal to 20% discount of the average daily “Platts or BEIJING IODES 62% Fe Ore CFR North China price (the index with the lower price shall be used)” per DMT during the month of the issue of the bill of lading after the completion of the loading and further minus US\$1.00 per DMT (as opposed to minus US\$3.00 per DMT under the original supply agreements) for all future trades. In addition, in order to protect the interests of the Company and to minimize the risk of non-fulfillment of the revised delivery schedule for the supply of magnetite sand concentrate, the Group is also in negotiation with one of the suppliers who has agreed in principle to procure its shareholder company to provide certain assets as security for its obligation under the new supply agreement to be entered into with the Group. The Group will closely monitor the business condition of the iron ore trading business and will update its shareholders as and when appropriate if any definitive agreement has been reached.

PROFIT WARNING

The Board also wishes to inform the Shareholders and potential investors that the unaudited financial results of the Group for the nine months ended 31 December 2014 (the “**2014 Third Quarterly Results**”) are expected to record a significantly higher loss as compared with the corresponding periods ended 31 December 2013, which is mainly attributable to (i) an increase in non-cash amortization of intangible assets amounted to approximately HK\$6.4 million; (ii) the non-cash share option expenses of approximately HK\$15.6 million; (iii) the increase in finance costs of approximately HK\$11.2 million incurred in relation to bonds and promissory notes; (iv) the non-cash estimated impairment loss of approximately HK\$59.8 million in intangible assets in respect of iron ore trading contracts and (v) the non-cash estimated impairment loss of approximately HK\$15.7 million in goodwill in respect of the iron ore trading business of the Group.

As the Company is still in the process of finalizing the 2014 Third Quarterly Results, the information contained in this announcement is only based on a preliminary assessment by the Board with reference to the information currently available and the latest consolidated management accounts of the Group, which is subject to finalization and has not been reviewed or audited by the Company's auditors. Shareholders and potential investors are advised to read the 2014 Third Quarterly Results announcement carefully, which is expected to be published on 13 February 2015.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 9 February 2015

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

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules 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 the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least seven days from the date of its publication and on the website of the Company at www.wealthglory.com.