

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

WEALTH GLORY HOLDINGS LIMITED

富譽控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8269)

2020 FIRST QUARTERLY RESULTS ANNOUNCEMENT

The board (the “**Board**”) of directors (the “**Directors**”) of Wealth Glory Holdings Limited (the “**Company**”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries for the three months ended 30 June 2020. This announcement, containing the full text of the 2020 First Quarterly Report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) in relation to information to accompany preliminary announcement of quarterly results.

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

Hong Kong, 14 August 2020

As at the date of this announcement, 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.

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 GEM website at www.hkgem.com on the “Latest Company Announcements” page for seven days from the date of its publication and on the website of the Company at www.wealthglory.com.

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 and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

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 2020 together with the unaudited comparative figures for the corresponding period in 2019 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 30 June 2020

		For the three months ended 30 June	
	Notes	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Revenue	3	18,168	27,290
Cost of sales		(16,790)	(24,812)
Gross profit		1,378	2,478
Other income	3	542	859
Net loss on financial assets at fair value through profit or loss	4	(63)	(1,294)
Selling expenses		(154)	(330)
Administrative expense		(4,521)	(2,279)
Other expenses		(108)	(640)
Finance costs	5	(220)	(184)
Loss before taxation	6	(3,146)	(1,390)
Taxation credit	7	18	18
Loss for the period		(3,128)	(1,372)
Other comprehensive expense:			
Items that may be subsequently reclassified to profit or loss:			
– Exchange differences arising on translation of foreign operations		–	–
Total comprehensive expense for the period		(3,128)	(1,372)

		For the three months ended 30 June	
	Notes	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Loss for the period attributable to:			
Owners of the Company		(3,126)	(1,370)
Non-controlling interests		(2)	(2)
		<u>(3,128)</u>	<u>(1,372)</u>
Total comprehensive expense for the period attributable to:			
Owners of the Company		(3,126)	(1,370)
Non-controlling interests		(2)	(2)
		<u>(3,128)</u>	<u>(1,372)</u>
		HK cents	HK cents (restated)
Loss per share	8		
– Basic and diluted		<u>0.15</u>	<u>0.07</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 June 2020

	Attributable to owners of the Company								
	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000	Share-based payment reserve HK\$'000	(Accumulated loss) HK\$'000	FVOCI reserve HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 April 2020 (Audited)	49,304	566,572	(4,246)	2,967	(519,004)	(1,766)	93,827	-	93,827
(Loss)/profit for the period	-	-	-	-	(3,126)	-	(3,126)	(2)	(3,128)
Fair value change of FVTOCI	-	-	-	-	-	(832)	(832)	-	(832)
Total comprehensive (expense)/income for the period	-	-	-	-	(3,126)	(832)	(3,958)	(2)	(3,960)
Recognition of equity-settled share based payments	-	-	-	1,849	-	-	1,849	-	1,849
Changes in equity for period	-	-	-	1,849	(3,126)	(832)	(2,109)	(2)	(2,111)
At 30 June 2020 (Unaudited)	49,304	566,572	(4,246)	4,816	(522,130)	(2,598)	91,718	(2)	91,716
At 1 April 2019 (Audited)	49,304	566,572	(4,246)	2,967	(499,149)	(653)	114,795	11	114,806
(Loss)/profit for the period	-	-	-	-	(1,370)	-	(1,370)	(2)	(1,372)
Fair value change of FVTOCI	-	-	-	-	-	(149)	(149)	-	(149)
Total comprehensive (expense)/income for the period	-	-	-	-	(1,370)	(149)	(1,519)	(2)	(1,521)
Changes in equity for period	-	-	-	-	(1,370)	(149)	(1,519)	(2)	(1,521)
At 30 June 2019 (Unaudited)	49,304	566,572	(4,246)	2,967	500,519	(802)	113,276	9	113,285

NOTES TO THE UNAUDITED CONSOLIDATED RESULTS

For the three months ended 30 June 2020

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 Strand, 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 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 June

	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Revenue		
Trading of natural resources and commodities	10,635	13,655
Sale of consumer products	7,020	13,131
Fee and interest income from money lending	513	504
	<u>18,168</u>	<u>27,290</u>
Other income		
Bank interest income	–	1
Imputed interest income from loans to investees	360	527
Sundry income	182	331
	<u>542</u>	<u>859</u>

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

For the three months ended
30 June

	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Net realised loss on sale of financial assets measured at fair value through profit or loss	841	3,803
Net unrealised (gain)/loss on financial assets measured at fair value through profit or loss	(778)	(2,509)
	<u>63</u>	<u>1,294</u>

5. FINANCE COSTS

	For the three months ended 30 June	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Interests on lease liability	16	26
Interests on other borrowings	46	–
Effective interests on bonds	158	158
	220	184

6. LOSS BEFORE TAXATION

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

	For the three months ended 30 June	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Cost of inventories recognised as an expense	16,790	24,812
Depreciation of property and equipment	271	25
Depreciation of right of use assets	343	343
Amortisation of intangible assets	109	531
Staff costs including directors' emoluments		
– Salaries, bonus and allowances	581	807
– Retirement benefit scheme contributions	27	27
– Share-based payments	1,849	–

7. TAXATION CREDIT

For the three months ended
30 June

Continuing operations

Tax credit comprise of:

Current

Deferred tax credit

2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
–	–
18	18
18	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 2020 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 2020. No Hong Kong Profits Tax was provided for the period ended 30 June 2020 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	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Loss		
Loss for the purpose of basic and diluted loss per share	(3,126)	(1,370)
	'000	'000 (Restated)
Number		
Weighted average number of shares for the purpose of basic and diluted loss per share	205,434	205,434

Note: The weighted average number of ordinary shares in issue during the year ended 30 June 2019 has been adjusted for share consolidation on 9 October 2019.

9. APPROVAL OF UNAUDITED CONSOLIDATED RESULTS

The unaudited consolidated results of the Group for the three months ended 30 June 2020 were approved by the Board on 14 August 2020.

10. DIVIDEND

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

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

During the three months ended 30 June 2020, the Group's consolidated revenue decreased from HK\$27.3 million in the same period in previous year to HK\$18.2 million in this period under review, representing a 33.3% decrease. Such decrease was mainly due 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 recorded an overall gross profit of HK\$1.4 million as compared to HK\$2.5 million in the corresponding period last year, representing a decrease of 44% which was mainly due to the decrease in revenue generate during the period.

The Group recorded other income of HK\$0.5 million (2019: HK\$0.9 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\$0.06 million from change in fair value of such financial assets was recorded in the period whereas a net loss of HK\$1.3 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 2020 amounted to HK\$4.6 million (2019: HK\$2.9 million). The increase was mainly due to the recognition of share-based payment of approximately HK\$1.8 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\$3.9 million as compared to HK\$2 million in the same period in previous year on the same basis, representing an increase of 34.5%.

On the other hand, the Group incurred HK\$0.2 million in finance costs as compared to HK\$0.2 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\$3.1 million for the three months ended 30 June 2020 as compared to a net loss of HK\$1.4 million in the corresponding period in 2019. The increase was mainly due to the recognition of share-based payment and the effect of COVID-19.

BUSINESS REVIEW

Natural Resources and Commodities Business

Coal Trading Business and Other Natural Resources and Commodities Trading Business

The Group's equity interest in the coal trading business was confirmed to dilute from 33.3% to 0.7% as a result of capital injection by other shareholders to Goldenbase in 2018. The Group planned 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 this business. During the period ended 30 June 2020, the Group continued engaging in the trading of other natural resources and commodities and recorded a turnover of HK\$10.6 million (2019: HK\$ 13.7 million). 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 and also affected by the outbreak of COVID-19 which resulted in poor performance in 2020. The MD recorded a turnover of HK\$10.6 million (2019: HK\$13.1 million) for the period ended 30 June 2020. In 2018, MD had timely switched its resources to other profitable segment including but not limited 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 and FILA, sizable and favorable brands. In order to increase the brand appearance, the MD will continue to 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 20th 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 and has been trying to seek for the funding support including but not limited to debt financing or fund raising. The Group believed that the technical functions affiliate with well marketing strategies 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\$0.5 million (2019: HK\$0.5 million), which comprised the fee and interest income generated.

Investment in Listed Securities

During the three months ended 30 June 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\$0.06 million for the period under review (2019: net loss of HK\$1.3 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\$0.8 million (2019: gain of HK\$2.5 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 2020, 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 2020 are set out below:

Name	Date of grant	Exercisable period	Exercise price per share (HK\$)	Number of options Outstanding		Outstanding as at 30 June 2020
				Outstanding as at 1 April 2020	Granted 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 2022	0.185	–	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 2022	0.185	–	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 2022	0.185	–	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>37,663,050</u>
Exercisable at the end of the year				<u>17,119,650</u>		<u>37,663,050</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 2020.

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

As at 30 June 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 Option held	Approximate percentage of total Issued shares	
			Total interests	
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 June 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 three months ended 30 June 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 June 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:

		Number of ordinary shares held	Approximate percentage of issued share capital
	Capacity		
Shan Zumao	Beneficial owner	10,280,000	5.00%

Save as disclosed above, as 30 June 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

As at 30 June 2020, 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 2020.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

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

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 2020 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 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.