

# StarGlory Holdings Company Limited 榮暉控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8213)

## THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 31 DECEMBER 2020

### CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized 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.

Given that the companies listed on GEM are generally small and mid-sized companies, 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 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.*

*This announcement, for which the directors (the “**Directors**”) of StarGlory Holdings Company 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 (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.*

## **FINANCIAL HIGHLIGHTS FOR THE NINE MONTHS ENDED 31 DECEMBER 2020**

Consolidated revenue of the Company and its subsidiaries (collectively the “**Group**”) was approximately HK\$137.2 million for the nine months ended 31 December 2020, representing a decrease of approximately 4.4% compared with approximately HK\$143.5 million recorded in the corresponding period last year.

Profit attributable to owners of the Company was approximately HK\$6.7 million for the nine months ended 31 December 2020 while loss attributable to owners of the Company of approximately HK\$8.1 million was recorded in the corresponding period last year.

## RESULTS

The board (the “**Board**”) of Directors of the Company hereby announces the unaudited condensed consolidated results of the Group for the nine months ended 31 December 2020, together with the comparative unaudited consolidated figures for the corresponding period last year:

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)

For the nine months ended 31 December 2020

	Note	For the nine months ended 31 December		For the three months ended 31 December	
		2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Revenue	2	137,167	143,548	48,969	51,981
Cost of sales		(54,245)	(52,999)	(20,113)	(19,173)
Gross profit		82,922	90,549	28,856	32,808
Other income		15,916	3,236	4,993	1,203
Gain on disposal of subsidiaries	3	1,893	–	–	–
Operating expenses		(87,503)	(97,049)	(29,511)	(32,125)
Operating profit/(loss)		13,228	(3,264)	4,338	1,886
Finance costs		(4,275)	(4,283)	(1,436)	(1,520)
Profit/(loss) before income tax		8,953	(7,547)	2,902	366
Income tax expense	4	(2,272)	(755)	(1,394)	(306)
<b>Profit/(loss) for the period</b>		<b>6,681</b>	<b>(8,302)</b>	<b>1,508</b>	<b>60</b>
<b>Profit/(loss) for the period attributable to:</b>					
Owners of the Company		6,672	(8,122)	1,432	49
Non-controlling interests		9	(180)	76	11
		<b>6,681</b>	<b>(8,302)</b>	<b>1,508</b>	<b>60</b>
<b>Profit/(loss) per share</b> (HK cents)	5				
– Basic		<b>0.160</b>	<b>(0.195)</b>	<b>0.034</b>	<b>0.001</b>
– Diluted		<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)***For the nine months ended 31 December 2020*

	<b>For the nine months ended 31 December</b>		<b>For the three months ended 31 December</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
<b>Profit/(loss) for the period</b>	<u><b>6,681</b></u>	<u>(8,302)</u>	<u><b>1,508</b></u>	<u>60</u>
Items that may be subsequently reclassified to profit or loss:				
Exchange (loss)/gain arising from translation of financial statements of foreign operations	<u>(1,377)</u>	<u>391</u>	<u>(1,251)</u>	<u>(824)</u>
<b>Total comprehensive income/(loss) for the period</b>	<u><b>5,304</b></u>	<u>(7,911)</u>	<u><b>257</b></u>	<u>(764)</u>
<b>Total comprehensive income/(loss) for the period attributable to:</b>				
Owners of the Company	<u><b>5,295</b></u>	<u>(7,716)</u>	<u><b>181</b></u>	<u>(780)</u>
Non-controlling interests	<u><b>9</b></u>	<u>(195)</u>	<u><b>76</b></u>	<u>16</u>
	<u><b>5,304</b></u>	<u>(7,911)</u>	<u><b>257</b></u>	<u>(764)</u>

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the nine months ended 31 December 2020

	Attributable to owners of the Company									
	Share capital HK\$'000	Accumulated losses HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Exchange reserve HK\$'000	Convertible bonds equity reserve HK\$'000	Other reserve HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1.4.2019 (audited)	41,662	(366,949)	258,889	3,801	(768)	1,390	(143)	(62,118)	(3,271)	(65,389)
<b>Comprehensive loss</b>										
Loss for the period	-	(8,122)	-	-	-	-	-	(8,122)	(180)	(8,302)
Other comprehensive income:										
Exchange gain/(loss) arising from translation of financial statements of foreign operations	-	-	-	-	406	-	-	406	(15)	391
Total comprehensive loss for the period	-	(8,122)	-	-	406	-	-	(7,716)	(195)	(7,911)
<b>At 31.12.2019 (unaudited)</b>	<b>41,662</b>	<b>(375,071)</b>	<b>258,889</b>	<b>3,801</b>	<b>(362)</b>	<b>1,390</b>	<b>(143)</b>	<b>(69,834)</b>	<b>(3,466)</b>	<b>(73,300)</b>
At 1.4.2020 (audited)	41,662	(392,996)	258,889	3,801	(448)	1,390	(143)	(87,845)	(330)	(88,175)
Release upon disposal of subsidiaries - Note 3	-	-	-	-	1,671	-	160	1,831	436	2,267
<b>Comprehensive income/(loss)</b>										
Profit for the period	-	6,672	-	-	-	-	-	6,672	9	6,681
Other comprehensive loss:										
Exchange loss arising from translation of financial statements of foreign operations	-	-	-	-	(1,377)	-	-	(1,377)	-	(1,377)
Total comprehensive income/(loss) for the period	-	6,672	-	-	(1,377)	-	-	5,295	9	5,304
<b>At 31.12.2020 (unaudited)</b>	<b>41,662</b>	<b>(386,324)</b>	<b>258,889</b>	<b>3,801</b>	<b>(154)</b>	<b>1,390</b>	<b>17</b>	<b>(80,719)</b>	<b>115</b>	<b>(80,604)</b>

## 1. BASIS OF PREPARATION

- (a) These unaudited condensed consolidated quarterly results have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”), Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance and are prepared under the historical cost convention and the applicable disclosure required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange.

These unaudited condensed consolidated quarterly results should be read in conjunction with the consolidated financial statements for the year ended 31 March 2020, which have been prepared in accordance with HKFRSs.

These unaudited condensed consolidated quarterly results have been prepared in accordance with the same accounting policies adopted in the 2020 annual financial statements, except for all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its annual period beginning on 1 April 2020. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s unaudited condensed consolidated quarterly results and amounts reported for the current period and prior periods.

### (b) Adoption of the going concern basis

When preparing the unaudited condensed consolidated quarterly results, the Group’s ability to continue as a going concern has been assessed. These unaudited condensed consolidated quarterly results have been prepared by the Directors on a going concern basis notwithstanding that the Group had net current liabilities and net liabilities of approximately HK\$93,029,000 and HK\$80,604,000 respectively as at 31 December 2020 as the Directors considered that:

- (1) Ms. Huang Li, being the sole beneficial owner and director of the ultimate holding company of the Company will provide continuing financial support to the Group; and
- (2) On 16 June 2020, the lender of the other loans signed a memorandum of loans with a subsidiary of the Company, pursuant to which the repayment date of the balance of approximately HK\$123,387,000 as at 16 June 2020 was extended from 22 June 2020 to 22 June 2021.

After taking into consideration of above factors and funds expected to be generated internally based on the Directors’ estimation on future cash flow of the Group, the Directors are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due in the foreseeable future and consider that it is appropriate for the unaudited condensed consolidated quarterly results to be prepared on a going concern basis since there are no material uncertainties related to events or conditions that may cast significant doubt upon the Group’s ability to continue as a going concern.

## 2. REVENUE

Revenue, represents invoiced value recognized in respect of provision of food and beverage services, net of discounts and value-added tax, during the period. An analysis of the revenue recorded for the period is set out below:

For the nine months ended 31 December	
2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000

Revenue from customers and recognized at a point in time		
– Provision of food and beverage services and others	<u>137,167</u>	<u>143,548</u>

## 3. GAIN ON DISPOSAL OF SUBSIDIARIES

During the nine months ended 31 December 2020, the Group disposed of the entire issued share capital and the shareholder's loan in Townsman Limited and its subsidiaries (collectively referred as to the “**Townsman Group**”) to Shirokuma & Co., which is an independent third party, at aggregate consideration of JPY45,000,000 (equivalent to approximately HK\$3.3 million).

The net liabilities of the Townsman Group being disposed of were as follows:

	(Unaudited) HK\$'000
Plant and equipment	1,289
Rights-of-use assets	5,295
Other intangible assets	927
Inventories	287
Debtors, deposits and prepayments	1,449
Income tax recoverable	206
Cash and bank balances	2,541
Creditors and accruals	(7,191)
Deferred tax liabilities	(186)
Lease liabilities	(5,480)
	<hr/>
Net liabilities disposed of	(863)
Release of exchange reserve	1,671
Release of other reserve	160
	<hr/>
	968
Non-controlling interests	436
Gain on disposal of subsidiaries	1,893
	<hr/>
Total consideration	<u>3,297</u>
	<hr/>
Net cash inflow arising on the disposal:	
Cash consideration received	3,297
Cash and bank balances disposed of	(2,541)
	<hr/>
	<u>756</u>

#### 4. INCOME TAX EXPENSE

Taxation in the profit or loss represents:

	For the nine months ended 31 December	
	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000
Current tax	1,133	860
Deferred tax	<u>1,139</u>	<u>(105)</u>
Income tax expense	<u><u>2,272</u></u>	<u><u>755</u></u>

- (i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (“BVI”), the Group is not subject to any income tax in the Cayman Islands and the BVI.
- (ii) The Company’s subsidiaries incorporated/established in Hong Kong and the People’s Republic of China (“PRC”) are subject to Hong Kong Profits Tax and PRC Enterprise Income Tax at the rates of 16.5% and 25% respectively (2019: Hong Kong – 16.5% and PRC – 25%).

#### 5. PROFIT/(LOSS) PER SHARE

The calculation of basic profit per share for all periods presented is based on profit attributable to owners of the Company of approximately HK\$6,672,000 (2019: loss of approximately HK\$8,122,000) and the weighted average number of ordinary shares of 4,166,175,000 (2019: 4,166,175,000 ordinary shares) in issue during all periods.

Diluted profit/(loss) per share has not been disclosed as no dilutive potential equity shares are in existence as at 31 December 2020 and 2019.



## INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend in respect of the nine months ended 31 December 2020 (2019: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

The Group's unaudited revenue for the nine months ended 31 December 2020 (the "**Reporting Period**") amounted to approximately HK\$137.2 million (2019: approximately HK\$143.5 million), representing a decrease of approximately 4.4% compared with the same period of the last financial year.

### Industry Overview

During the Reporting Period, global economy took a hammering as the novel coronavirus ("**COVID-19**") pandemic swept the world with more than 80 million confirmed cases worldwide. According to the statistics from The Organisation for Economic Co-operation and Development ("**OECD**") Economic Outlook, the global GDP recorded a fall of 4.2% in 2020. And many European countries remained under lockdown to control the spread of the COVID-19, resulting in a sluggish global economic recovery.

In domestic market, China was the only major economy in the world to register a positive GDP growth in 2020, reinforcing China's position on the world's stage as an economic superpower. Benefiting from the rebound of China's economy and stay-at-home economy, demand for takeaway services reached a historical high. China's food delivery industry generated a total transaction volume of RMB8.4 trillion in 2020, representing a remarkable 14.8% year-on-year growth. The total number of delivery orders hit 17.12 billion, which contributed a decent revenue in catering industry.

Considering the successive waves of COVID-19 infections in Hong Kong, the local government tightened restrictions during the Reporting Period, including limiting tables to two diners, banning dine-in services after 6 p.m. and allowing a maximum of only 50% of dine-in capacity in restaurants, which has struck a serious blow to local food and beverage industry. The restrictions forced people to stay at home and changed dining behavior, thereby boosting the demand on delivery and takeaway services in Hong Kong. According to Hong Kong Trade Development Council, sales generated from online channels increased from 15-25% pre-crisis to 50% or more since the COVID-19 outbreak. In addition, thanks to the pandemic relief and subsidies from the Chinese and Hong Kong governments, the catering industry experienced a gradual recovery.

According to World Health Organization, proportion of population in China aged 60 years and over will increase from 12.4% in 2010 to 28% in 2040. Aging society, urbanisation and income growth have fueled an immense demand in healthcare sector. Besides, after experiencing the COVID-19 pandemic, consumers in China began to pay more attention to personal and public health as they are now more inclined to spend on healthcare products and services. China's consumer price index showed that healthcare prices rose 1.3% year-on-year in December 2020 and 1.8% year-on-year in 2020 full year, which was one of the three sectors retaining a positive growth.

Although the Chinese government tightened regulations on e-cigarette products, the e-cigarette market in China grew substantially from approximately USD600 million in 2016 to USD1.5 billion in 2019, reflecting that the global economic downturn has not weighed on China's e-cigarette market. China has also become the largest potential market of e-cigarettes, having approximately 287 million adult combustible tobacco product users. According to China Insights Consultancy, from 2019 to 2023, China's e-cigarette market is anticipated to grow at a compound annual growth rate of 65.9%, reaching USD11.3 billion in 2023. Meanwhile, as global governments tightened regulations on e-cigarette, weaker and poor-performing players are expected to exit the market, thereby enhancing market development in long-term.

## **Business Review**

The Group is principally engaged in food and beverage business. No matter how hard the world fought against COVID-19 in 2020, this invisible enemy bounced back in the fourth quarter of 2020. Stringent social distancing measures implemented by the Hong Kong Government dragged down the market sentiment and activities of food and beverage industry. However, we do agree that the business market should concentrate on co-operation rather than competition in this critical period of time. Thank you for the encouragement, support and patience from our loyal customers and suppliers, and diligent staffs, with the aid from the government, the Group's food and beverage business achieved a sustainable result during the Reporting Period.

During the Reporting Period, the Group's food and beverage businesses are a collection of Japanese related concepts in Hong Kong and the mainland China, including the restaurants, café and cake shops under the Japanese brand of Italian Tomato, the Japanese tonkatsu under the brand of Ginza Bairin and the Japanese curry specialty stores under the brand of Shirokuma Curry.

Italian Tomato, our major brand of restaurants, café and cake shops, is still a big contributor to the Group's revenue. Through years of effort on product innovation, menu re-engineering and customer relationships, Italian Tomato has already been a well-recognized brand in Hong Kong. After years of establishment and presence in Hong Kong, lessons and experience have been accumulated while weaknesses and strengths have been identified. Other than the traditional products of Italian Tomato, the management also put emphasis on seasonal and festival products during the Reporting Period. The result is promising which gives encouragement and confidence to the management for enlarging the network of Italian Tomato, 3 more cake shops were opened in the fourth quarter of 2020. As at 31 December 2020, there are 6 cafés and 25 cake shops in Hong Kong.

Ginza Bairin, the Japanese tonkatsu, has 1 shop in Hong Kong as at 31 December 2020. Because a small but steady population of tonkatsu lover is addicted to Ginza Bairin's taste, Ginza Bairin's performance is not too bad, from the management's eyes, in the weak market sentiment during the Reporting Period, however the performance is certainly far from satisfactory from the investors' eyes.

Shirokuma Curry has been serving its unique taste of curry for a period of time, however, the outbreak of COVID-19 has brought certain disruptions to the food and beverages industry, and has changed people's dining habit to take away food and food delivery. This has brought big difficulties to Shirokuma Curry and resulted in the decline of business, as the food served by the restaurants of Shirokuma Curry tastes better when dining in. Besides the upcoming expiry of the initial term of the exclusive license of Shirokuma Curry in Asia (excluding Japan) granted to the Group, the management expects much effort and resources may be required for achieving a breakthrough and there is slim chance that Shirokuma Curry would be able to turn loss into profit in the short run. In response to the offer made by the licensor, the Group disposed of its Shirokuma Curry business to the licensor in September 2020 and recorded an unaudited gain of approximately HK\$1.9 million during the Reporting Period.

The Group strives to grasp the opportunities of the fast-expanding domestic healthcare market. In July 2020, the Company's indirect wholly-owned subsidiary, StarGlory Enterprise Management entered into an operational service agreement with Huayin (Shenzhen) Biotechnology Co., Ltd (“**Huayin Biotechnology**”) for providing management and sale services. In December 2020, Huayin Biotechnology officially launched new skincare products in relation to freckle removal and skin whitening. Given the increasing customer expectation and spending power of modern women in relation to beauty and skin maintenance, skincare products for freckle removal and skin whitening have huge market demand and growth potential. Meanwhile, leveraging the biotechnology expertise of Huayin Biotechnology, the Group strives to diversify its revenue stream and improve its competitiveness so as to create a new growth driver for business development. No such revenue was recognised during the Reporting Period.

With regard to the e-cigarette business, the Group will continue monitoring the market condition prudently and reviewing investments in the industry, and may make necessary adjustments to resource allocation as appropriate, after taking into account all factors, including market environment and industry prospects, among others.

### **Future Prospects**

Year 2020 concluded on a positive note with the successful development of COVID-19 vaccines. The OECD expects that global economy will begin to pick up and grow as much as 4.2% in 2021. In terms of pandemic control, Asian countries have outperformed their European and American counterparts, therefore, the market believes that Asian countries will dominate the economic recovery in the coming year. As China managed to escape the prolonged fallout from the pandemic and maintain momentum, the OECD expects China's economy to expand by 8% in 2021. Companies become conscious of the importance of expediting the development of e-commerce business in response to the changing consumers' behavior, whilst China's catering industry actively adapts to the new normal since consumers become increasingly reliant on online delivery platforms.

Under the social distancing restrictions, Hong Kong saw an inevitable shift to takeaway and food delivery. With the transformation of delivery and takeaway trend, the Group will continue to strategically enhance its takeaway business by working closely with leading third-party food delivery platforms and offering discounts. Meanwhile, the Group will realign its marketing campaigns to focus more on value and convenience, and improve its takeaway and Online-to-Offline business, with a view to broadening its revenue base in long-term. To safeguard food and environment hygiene in restaurants, the Group will strengthen staff training, emphasising new hygiene and service measures in order to gain consumers' confidence. The Group will also continue its negotiations with landlords for rental concessions in an effort to cut rental costs. In addition, considering that cake shops' operation has not been significantly affected by social distancing measures, whilst the business made a remarkable contribution to the Group's results during the Reporting Period and during the third quarter period from 1 October 2020 to 31 December 2020, the Group increased the number of cake shops from 22 to 25. Looking forward, the management is prudently optimistic to the future performance of cake shops business.

In view of the rapidly aging population and rising demand for healthcare products and services, the Group will constantly review its business strategies and keep a close partnership with Huayin Biotechnology, and strive to establish closer collaboration with beauty salons, hospitals and pharmacies. Looking ahead, the Group will continue to invest in research and development for more new skincare products, with a view to capturing the immense market demand and opportunities arising from the prevailing skincare trend.

With regard to e-cigarette business, the signing of “The Regional Comprehensive Economic Partnership” in November 2020 is expected to boost China’s e-cigarette exports. With the growth of China’s e-cigarette market and the rising export demand, the Group will grasp the opportunities in e-cigarette sector by working closely with the Company’s indirect wholly-owned subsidiary, Huizhou Daya Bay District Xinpengcheng Technology Development Co., Ltd.. The Group believes that its newly developed business will enhance the Group’s profit portfolio.

## **FINANCIAL REVIEW**

### **Consolidated results of operations**

For the nine months ended 31 December 2020, the Group recorded a revenue of approximately HK\$137.2 million (2019: approximately HK\$143.5 million), which decreased by approximately 4.4% compared with the corresponding period of last year resulted from the closure of certain under-performing restaurants shops when leases expired or disposal of under-performing brand through disposal of subsidiaries and affected by the social gathering restrictions in relation to our restaurants and café business as required by the government of Hong Kong as a result of COVID-19 epidemic.

Profit attributable to owners of the Company for the nine months ended 31 December 2020 was approximately HK\$6.7 million (2019: loss of approximately HK\$8.1 million). The turnaround from loss to profit was mainly because (i) there was a decrease in the number of under-performing restaurants as the Group has reviewed the performance of restaurants and consolidated under-performing restaurants to further enhance the structure and reduce unnecessary expenses since the financial year ended 31 March 2020; (ii) the Group received subsidies from the Anti-epidemic Fund from the government of the Hong Kong Special Administrative Region recorded as other income in the sum of approximately HK\$14.3 million for the Group’s business activities carried in Hong Kong during the Reporting Period; and (iii) the Group recognised an one-off unaudited gain of approximately HK\$1.9 million from the disposal of subsidiaries for the operation of Japanese curry restaurants under the trade name of Shirokuma Curry in late September 2020.

The gross profit margin of the Group for the nine months ended 31 December 2020 was approximately 60% (2019: approximately 63%). The slight decrease in ratio was mainly attributable to the increase in costs of food ingredients and offering discounts on takeaway meals in order to reduce the impact of COVID-19 outbreak on the revenue.

Total operating expenses for the nine months ended 31 December 2020 decreased by approximately 9.8% to approximately HK\$87.5 million (2019: approximately HK\$97.0 million). It was generally in line with the decrease in revenue and also resulted from the closure of certain under-performing restaurants which further enhanced the structure and reduced unnecessary expenses.

## **EVENTS AFTER THE REPORTING PERIOD**

### **COVID-19 epidemic**

The recent outbreak of COVID-19 poses threats to the local economy and the development of such epidemic remains to be highly uncertain, the extent of its impact on the economy of Hong Kong and the PRC is subject to many uncertainties. The outbreak of COVID-19 has impacted the Group’s business in Hong Kong and the PRC. The Group will closely monitor and actively react in response to the developments of COVID-19 to minimize its impacts on the Group’s restaurants operations.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the nine months ended 31 December 2020, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS, SHORT POSITIONS AND LONG POSITION IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 31 December 2020, so far as the Directors were aware, none of the Directors and the chief executives of the Company had any interest, short position or long position in any shares (the "Shares"), underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO")) (i) 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, short positions and long position which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS, SHORT POSITIONS AND LONG POSITION IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2020, according to the register kept by the Company pursuant to section 336 of the SFO, so far as the Directors were aware, the following persons (other than the Directors or chief executives of the Company) had, or were deemed or taken to have, an interest, a short position or a long position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO:

### Long positions in shares and underlying shares of the Company

Name of shareholders	Capacity in which interests are held	Number of shares held	Number of underlying shares held	Total number of Shares and underlying shares held	Approximate percentage of the Company's issued voting shares (Note 4) %
Oceanic Fortress Holdings Limited (Note 1)	Beneficial owner	2,375,096,529	–	2,375,096,529	57.01
Ms. Huang Li (Note 1)	Interest of corporation controlled by Ms. Huang Li	2,375,096,529	–	2,375,096,529	57.01
Mr. Tang Sing Ming Sherman (Note 2)	Beneficial owner	–	571,428,571	571,428,571	13.72
Ms. Ho Ming Yee (Note 3)	Interest of a substantial shareholder's spouse	–	571,428,571	571,428,571	13.72



*Notes:*

- (1) The ordinary Shares are held by Oceanic Fortress Holdings Limited, which is wholly-owned by Ms. Huang Li.
- (2) Mr. Tang Sing Ming Sherman holds the convertible bonds in respect of the outstanding principal amount of HK\$40,000,000, under which a total of 571,428,571 ordinary Shares of the Company would be issued upon full exercise of the conversion rights attaching thereto. Upon full conversion of the convertible bonds, Mr. Tang Sing Ming Sherman would hold 571,428,571 ordinary Shares, representing approximately 13.72% of the issued voting Shares of the Company as at 31 December 2020.
- (3) Ms. Ho Ming Yee is the spouse of Mr. Tang Sing Ming Sherman, and is therefore deemed to be interested in the same number of Shares held by Mr. Tang Sing Ming Sherman.
- (4) Based on 4,166,175,000 ordinary Shares of the Company in issue as at 31 December 2020.

Save as disclosed above, as at 31 December 2020, so far as the Directors were aware, the Directors were not aware of any other person (other than the Directors or chief executives of the Company) who had an interest or a short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

## **SHARE OPTIONS**

### **Share Option Schemes**

The Company has adopted share option schemes on 26 February 2003 and 20 July 2012 (collectively, the “**Share Option Schemes**”).

The purpose of the Share Option Schemes is to provide the participants with an opportunity to acquire equity interests in the Company, thus providing them with an incentive to continue contributing to the success of the Company.

Subject to the terms of the Share Option Schemes, the committee (the “**Committee**”) which was authorized and charged by the Board with the administration of the Share Option Schemes may, at any time, offer to grant to any employee, agent, consultant or representative of the Company or any of its subsidiaries, including any executive or non-executive Director of the Company or any subsidiary of the Company who, the Committee may determine in its absolute discretion, has made valuable contribution to the business of the Group based on his or her performance and/or years of service, or is regarded as valuable human resources of the Group based on his or her work experience, knowledge in the industry and other relevant factors, options to subscribe for such number of shares as the Committee may determine at the exercise price. The terms of the Share Option Schemes are in accordance with the provisions of Chapter 23 of GEM Listing Rules.

The maximum number of shares to be issued in respect of which options may be granted (together with shares in respect of which options are then outstanding under the Share Option Schemes or any other schemes of the Company) under the Share Option Schemes shall not exceed such number of shares as shall represent 30% of the issued share capital of the Company from time to time.

The maximum entitlement for any one participant (including exercised, cancelled and outstanding options) granted or to be granted in any twelve months period shall not exceed 1% of the total number of shares in issue, provided that options may be issued in excess of such limit if the new grant exceeding 1% of the total number of shares in issue shall have been approved by shareholders of the Company in a general meeting at which the proposed grantee and his associates shall have abstained from voting.

Options may be exercised in whole or in part in the manner provided in the Share Option Schemes by a grantee (or, as the case may be, by his or her legal personal representative) giving notice in writing to the Company after it has vested at any time during the period, which shall be not more than ten years from the date an option is offered (the “**Offer Date**”). No performance target is required to be reached by the participant before any option can be exercised.

A sum of HK\$1 is payable by the participant on acceptance of the option offer.

The exercise price for the shares (the “**Exercise Price**”) in relation to options to be granted under the Share Option Schemes shall be determined by the Committee and notified to a participant and shall be at least the higher of:

- (i) the closing price of the shares as stated in the daily quotation sheets of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on the Offer Date; and
- (ii) the average closing price of the shares as stated in the Stock Exchange’s daily quotation sheets for the five business days immediately preceding the Offer Date,

provided that the Exercise Price shall not be lower than the nominal value of the shares.

No share option was granted, exercised, lapsed or cancelled during the Reporting Period (2019: Nil) and as at 31 December 2020 (2019: Nil), there was no outstanding share option.

## **CHANGE OF DIRECTORS**

As disclosed in the Company’s announcement dated 10 December 2020, with effect from 11 December 2020, Mr. Deng Guozhen resigned as an independent non-executive Director and ceased to be the chairman of the remuneration committee (the “**Remuneration Committee**”) of the Company and a member of the audit committee (the “**Audit Committee**”) of the Company, and Mr. Yang Haiyu was appointed as an independent non-executive Director, the chairman of the Remuneration Committee and a member of the Audit Committee.

## **COMPETING INTERESTS**

As at 31 December 2020, none of the Directors, the controlling shareholders or their respective associates (as defined in the GEM Listing Rules) had any interests in any business which competed with or might compete with the business of the Group or had any other conflicts of interests with the Group.

## AUDIT COMMITTEE

The Company has established an Audit Committee with written terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules. The primary duties of the Audit Committee are to review the Company's draft annual, interim and quarterly financial reports and accounts and to provide advice and comments thereon to the Board. The Audit Committee is also responsible for reviewing and supervising the financial reporting process and internal control procedures of the Group. As at 31 December 2020, the Audit Committee comprises three independent non-executive Directors, namely Mr. Chan Yee Ping Michael, Mr. Yang Haiyu and Mr. Zeng Shiquan.

Up to the date of approval of the Group's unaudited results for the nine months ended 31 December 2020, the Audit Committee had held three meetings and had reviewed the draft quarterly report and accounts for the nine months ended 31 December 2020 prior to recommending such report and accounts to the Board for approval.

## DIRECTORS' SECURITIES TRANSACTIONS

Throughout the nine months ended 31 December 2020, the Company adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries of all Directors, the Company confirms that all of the Company's Directors complied with such required standard of dealings and its code of conduct regarding directors' securities transactions.

## CORPORATE GOVERNANCE

The Company is firmly committed to maintaining and ensuring a high level of corporate governance standards and will review and improve the corporate governance practices and standards constantly. The Company has complied with the code provisions set out in the Corporate Governance Code contained in Appendix 15 of the GEM Listing Rules throughout the nine months ended 31 December 2020.

By order of the Board  
**StarGlory Holdings Company Limited**  
**Huang Chao**  
*Chairman and executive Director*

Hong Kong, 8 February 2021

*As at the date of this announcement, the Company's executive Directors are Mr. Huang Chao and Mr. Wu Xiaowen; and the independent non-executive Directors are Mr. Chan Yee Ping Michael, Mr. Yang Haiyu and Mr. Zeng Shiquan.*

*This announcement will remain on the GEM website at [www.hkgem.com](http://www.hkgem.com) on the "Latest Listed Company Information" page for at least 7 days from the day of its posting and on the website of the Company at [www.stargloryhcl.com](http://www.stargloryhcl.com).*