

*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.*

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

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 8213)

### **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021**

#### **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.**

*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 SIX MONTHS ENDED 30 SEPTEMBER 2021**

Consolidated revenue of the Company and its subsidiaries (collectively the “**Group**”) was approximately HK\$83.7 million for the six months ended 30 September 2021, representing a decrease of approximately 5.1% compared with approximately HK\$88.2 million recorded in the corresponding period last year.

Loss attributable to owners of the Company was approximately HK\$8.4 million for the six months ended 30 September 2021 as compared to profit attributable to owners of the Company of approximately HK\$5.2 million in the corresponding period last year.

## INTERIM RESULTS

The board of Directors (the “**Board**”) of the Company hereby announces the unaudited condensed consolidated interim results of the Group for the six months ended 30 September 2021, together with the comparative unaudited consolidated figures for the corresponding period last year:

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

For the six months ended 30 September 2021

	Note	For the six months ended 30 September		For the three months ended 30 September	
		2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Revenue	2	83,677	88,198	42,421	46,844
Cost of sales		<u>(36,504)</u>	<u>(34,132)</u>	<u>(18,554)</u>	<u>(18,162)</u>
Gross profit		47,173	54,066	23,867	28,682
Other income		1,031	10,923	409	6,589
Gain on disposal of subsidiaries	3	–	1,893	–	1,893
Gain on modification of convertible bonds		1,390	–	1,390	–
Operating expenses		<u>(55,385)</u>	<u>(57,992)</u>	<u>(27,315)</u>	<u>(30,408)</u>
Operating (loss)/profit		(5,791)	8,890	(1,649)	6,756
Finance costs	4(a)	<u>(2,800)</u>	<u>(2,839)</u>	<u>(1,388)</u>	<u>(1,406)</u>
(Loss)/profit before income tax	4	(8,591)	6,051	(3,037)	5,350
Income tax credit/(expense)	5	<u>239</u>	<u>(878)</u>	<u>(127)</u>	<u>(771)</u>
<b>(Loss)/profit for the period</b>		<b><u>(8,352)</u></b>	<b><u>5,173</u></b>	<b><u>(3,164)</u></b>	<b><u>4,579</u></b>
<b>(Loss)/profit for the period attributable to:</b>					
Owners of the Company		(8,359)	5,240	(3,169)	4,628
Non-controlling interests		<u>7</u>	<u>(67)</u>	<u>5</u>	<u>(49)</u>
		<b><u>(8,352)</u></b>	<b><u>5,173</u></b>	<b><u>(3,164)</u></b>	<b><u>4,579</u></b>
<b>(Loss)/profit per share (HK cents)</b>	6				
– Basic		<b><u>(0.20)</u></b>	<b><u>0.13</u></b>	<b><u>(0.08)</u></b>	<b><u>0.11</u></b>
– Diluted		<b><u>N/A</u></b>	<b><u>N/A</u></b>	<b><u>N/A</u></b>	<b><u>N/A</u></b>

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)***For the six months ended 30 September 2021*

	<b>For the six months ended 30 September</b>		<b>For the three months ended 30 September</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</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>
(Loss)/profit for the period	<u><b>(8,352)</b></u>	<u>5,173</u>	<u><b>(3,164)</b></u>	<u>4,579</u>
Other comprehensive loss:				
Items that may be subsequently reclassified to profit or loss:				
Exchange loss arising from translation of financial statements of foreign operations	<u><b>(917)</b></u>	<u>(126)</u>	<u><b>(146)</b></u>	<u>(303)</u>
<b>Total comprehensive (loss)/income for the period</b>	<u><b>(9,269)</b></u>	<u>5,047</u>	<u><b>(3,310)</b></u>	<u>4,276</u>
<b>Total comprehensive (loss)/income for the period attributable to:</b>				
Owners of the Company	<u><b>(9,276)</b></u>	<u>5,114</u>	<u><b>(3,315)</b></u>	<u>4,324</u>
Non-controlling interests	<u><b>7</b></u>	<u>(67)</u>	<u><b>5</b></u>	<u>(48)</u>
	<u><b>(9,269)</b></u>	<u>5,047</u>	<u><b>(3,310)</b></u>	<u>4,276</u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION***As at 30 September 2021*

		As at 30 September 2021 (Unaudited) <i>HK\$'000</i>	As at 31 March 2021 (Audited) <i>HK\$'000</i>
	<i>Note</i>		
<b>NON-CURRENT ASSETS</b>			
Plant and equipment		4,818	5,258
Goodwill on consolidation		–	–
Other intangible assets		9,181	7,228
Right-of-use assets		13,398	20,120
Deposits paid for plant and equipment		–	21
Deferred tax assets		278	–
		<u>27,675</u>	<u>32,627</u>
<b>CURRENT ASSETS</b>			
Inventories		5,143	5,712
Debtors, deposits and prepayments	7	18,307	19,130
Cash and cash equivalents		54,135	72,369
		<u>77,585</u>	<u>97,211</u>
<b>DEDUCT:–</b>			
<b>CURRENT LIABILITIES</b>			
Creditors and accruals	8	139,571	144,615
Contract liabilities		865	807
Lease liabilities		18,260	16,826
Convertible bonds		–	39,771
Income tax payable		418	410
		<u>159,114</u>	<u>202,429</u>
<b>NET CURRENT LIABILITIES</b>		<u>(81,529)</u>	<u>(105,218)</u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)***As at 30 September 2021*

		As at 30 September 2021 (Unaudited) <i>HK\$'000</i>	As at 31 March 2021 (Audited) <i>HK\$'000</i>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(53,854)</u>	<u>(72,591)</u>
<b>NON-CURRENT LIABILITIES</b>			
Creditors and accruals	8	–	519
Lease liabilities		2,287	10,725
Deferred tax liabilities		–	753
Convertible bonds		<u>38,337</u>	<u>–</u>
		<u>40,624</u>	<u>11,997</u>
<b>NET LIABILITIES</b>		<u>(94,478)</u>	<u>(84,588)</u>
<b>REPRESENTING:–</b>			
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>			
Share capital		41,662	41,662
Reserves		<u>(135,180)</u>	<u>(126,250)</u>
		<u>(93,518)</u>	<u>(84,588)</u>
<b>NON-CONTROLLING INTERESTS</b>		<u>(960)</u>	<u>–</u>
<b>TOTAL EQUITY</b>		<u>(94,478)</u>	<u>(84,588)</u>

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 September 2021

	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 1.4.2020 (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/(loss) for the period	-	5,240	-	-	-	-	-	5,240	(67)	5,173
Other comprehensive loss:										
Exchange loss arising from translation of financial statements of foreign operations	-	-	-	-	(126)	-	-	(126)	-	(126)
Total comprehensive income/(loss) for the period	-	5,240	-	-	(126)	-	-	5,114	(67)	5,047
<b>At 30.9.2020 (unaudited)</b>	<b>41,662</b>	<b>(387,756)</b>	<b>258,889</b>	<b>3,801</b>	<b>1,097</b>	<b>1,390</b>	<b>17</b>	<b>(80,900)</b>	<b>39</b>	<b>(80,861)</b>
At 1.4.2021 (audited)	41,662	(390,475)	258,889	3,801	128	1,390	17	(84,588)	-	(84,588)
Extension of convertible bonds	-	-	-	-	-	346	-	346	-	346
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	(967)	(967)
<b>Comprehensive (loss)/income</b>										
(Loss)/profit for the period	-	(8,359)	-	-	-	-	-	(8,359)	7	(8,352)
Other comprehensive income:										
Exchange loss arising from translation of financial statements of foreign operations	-	-	-	-	(917)	-	-	(917)	-	(917)
Total comprehensive (loss)/income for the period	-	(8,359)	-	-	(917)	-	-	(9,276)	7	(9,269)
<b>At 30.9.2021 (unaudited)</b>	<b>41,662</b>	<b>(398,834)</b>	<b>258,889</b>	<b>3,801</b>	<b>(789)</b>	<b>1,736</b>	<b>17</b>	<b>(93,518)</b>	<b>(960)</b>	<b>(94,478)</b>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)**

	<b>For the six months ended 30 September</b>	
	<b>2021</b>	<b>2020</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
NET CASH (USED IN)/FROM OPERATING ACTIVITIES	<b>(8,472)</b>	15,985
NET CASH USED IN INVESTING ACTIVITIES	<b>(1,643)</b>	(1,786)
NET CASH USED IN FINANCING ACTIVITIES	<b>(8,274)</b>	(10,224)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	<b>(18,389)</b>	3,975
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<b>72,369</b>	82,552
EFFECT OF FOREIGN EXCHANGE RATE CHANGE	<b>155</b>	(186)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<b><u>54,135</u></b>	<b><u>86,341</u></b>
 <b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>		
	<b>As at</b>	<b>As at</b>
	<b>30 September</b>	<b>30 September</b>
	<b>2021</b>	<b>2020</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
Cash and bank balances	<b><u>54,135</u></b>	<b><u>86,341</u></b>



## 1. BASIS OF PREPARATION

- (a) These unaudited condensed consolidated interim results have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” 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 disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange.

These unaudited condensed consolidated interim results should be read in conjunction with the consolidated financial statements for the year ended 31 March 2021, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”).

These unaudited condensed consolidated interim results have been prepared in accordance with the same accounting policies adopted in the 2021 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 2021. 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 interim results and amounts reported for the current period and prior periods.

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

When preparing the unaudited condensed consolidated interim results, the Group’s ability to continue as a going concern has been assessed. These unaudited condensed consolidated interim 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\$81,529,000 and HK\$94,478,000 respectively as at 30 September 2021 as the Directors considered that:

- (1) Ms. Huang Li, being the sole beneficial owner and director of the ultimate holding company will provide continuing financial support to the Group; and
- (2) On 17 June 2021, 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 outstanding other loans balance of approximately HK\$109,801,000 as at 17 June 2021 was extended from 22 June 2021 to 22 June 2022.

After taking into consideration of the 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 interim 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 and sales of skincare products, net of discounts and value-added tax, during the period. An analysis of the revenue recorded for the period is set out below:

	<b>For the six months ended 30 September</b>	
	<b>2021</b>	<b>2020</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Revenue from customers and recognized at a point in time		
– Provision of food and beverage services and others	<b>83,502</b>	88,198
– Sales of skincare products	<b>175</b>	–
	<hr/>	<hr/>
	<b>83,677</b>	<b>88,198</b>
	<hr/> <hr/>	<hr/> <hr/>

### 3. GAIN ON DISPOSAL OF SUBSIDIARIES

During the six months ended 30 September 2020, the Group disposed of its 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:

	<b>HK\$'000</b> <b>(Unaudited)</b>
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/>
	<b>3,297</b>
	<hr/> <hr/>
Total consideration satisfied by:-	
Cash consideration	3,297
	<hr/> <hr/>
Net cash inflow arising:-	
Cash consideration received	3,297
Cash and bank balances disposed of	(2,541)
	<hr/>
	<b>756</b>
	<hr/> <hr/>

#### 4. (LOSS)/PROFIT BEFORE INCOME TAX

	For the six months ended 30 September	
	2021	2020
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
(Loss)/profit before income tax is arrived at after charging:		
(a) Finance costs:		
Interest expense on other loans	655	714
Interest expense on convertible bonds	400	400
Imputed interest expense on convertible bonds	302	220
Interest expense on lease liabilities	390	636
Other bank charges	1,053	869
	<u>2,800</u>	<u>2,839</u>
(b) Other items:		
Amortization of other intangible assets	374	370
Depreciation of plant and equipment	1,423	1,520
Depreciation of right-of-use assets	8,380	11,648

#### 5. INCOME TAX

Taxation in the profit or loss represents:

	For the six months ended 30 September	
	2021	2020
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current tax	–	358
Deferred tax	(239)	520
Income tax credit/(expense)	<u>(239)</u>	<u>878</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 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 (2020: Hong Kong – 16.5% and PRC – 25%).

## 6. (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share for all periods presented is based on loss attributable to owners of the Company of approximately HK\$8,359,000 (2020: profit of approximately HK\$5,240,000) and the weighted average number of ordinary shares of 4,166,175,000 (2020: 4,166,175,000 ordinary shares) in issue during all periods.

Diluted (loss)/earnings per share has not been disclosed as no dilutive potential equity shares are in existence as at 30 September 2021 and 2020.

## 7. DEBTORS, DEPOSITS AND PREPAYMENTS

Debtors, deposits and prepayments comprise:–

	<b>As at 30 September 2021 (Unaudited) HK\$'000</b>	<b>As at 31 March 2021 (Audited) HK\$'000</b>
Trade debtors	6,155	6,535
Less: loss allowance	<u>(478)</u>	<u>(478)</u>
	5,677	6,057
Rental and utility deposits	11,924	11,504
Prepayments	205	947
Other debtors	<u>501</u>	<u>622</u>
	<u><b>18,307</b></u>	<u><b>19,130</b></u>

### (a) Loss allowance

Loss allowance in respect of trade debtors is recorded using loss allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the loss allowance is written off against trade debtors.

Movements of loss allowance for trade debtors are as follows:–

	<b>As at 30 September 2021 (Unaudited) HK\$'000</b>	<b>As at 31 March 2021 (Audited) HK\$'000</b>
At the beginning and end of the year	<u><b>478</b></u>	<u><b>478</b></u>

**(b) Aging analysis**

The Group normally allows credit term of 180 days to its customers for trading of skincare products. The trading terms with the Group's customers for provision of food and beverage services are mainly on cash and credit card settlements, except for well established corporate customers who are granted credit term of 30-60 days. For credit card settlements, the banks normally settle the balances within 2-3 days. The following was an aging analysis of trade debtors, which included outstanding balances for credit card settlements, based on the invoice date (net of loss allowance), at the end of the reporting period:–

	<b>As at 30 September 2021 (Unaudited) HK\$'000</b>	<b>As at 31 March 2021 (Audited) HK\$'000</b>
0 – 30 days	<b>1,913</b>	5,979
31 – 60 days	<b>38</b>	29
61 – 90 days	<b>54</b>	13
91 – 180 days	<b>189</b>	36
over 181 days	<b>3,483</b>	–
	<u><b>5,677</b></u>	<u>6,057</u>

**(c) Trade debtors that are not impaired**

The aging analysis of trade debtors that are not considered to be impaired was as follow:–

	<b>As at 30 September 2021 (Unaudited) HK\$'000</b>	<b>As at 31 March 2021 (Audited) HK\$'000</b>
Neither past due nor impaired	<u><b>2,225</b></u>	<u>5,979</u>
Past due but not impaired:–		
1 – 30 days	<b>3,362</b>	29
31 – 60 days	<b>54</b>	13
61 – 90 days	<b>36</b>	36
	<u><b>3,452</b></u>	<u>78</u>
	<u><b>5,677</b></u>	<u>6,057</u>

Trade debtors that were neither past due nor impaired relate to customers for whom there was no recent history of default.

Trade debtors that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no loss allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for trade debtors. To measure the expected credit losses, these debtors have been grouped based on shared credit risk characteristics and the aging from billing.

## 8. CREDITORS AND ACCRUALS

Creditors and accruals comprise:–

	<b>As at 30 September 2021 (Unaudited) HK\$'000</b>	<b>As at 31 March 2021 (Audited) HK\$'000</b>
Trade creditors	<b>9,067</b>	10,843
Accruals and provisions	<b>16,688</b>	11,431
Other creditors	<b>6,101</b>	7,993
Other loans – <i>Note 8(a)</i>	<b>107,715</b>	114,867
	<b>139,571</b>	145,134
<i>Less: classified in non-current liabilities</i>	<b>–</b>	(519)
Classified in current liabilities	<b>139,571</b>	144,615

*Notes:–*

- (a) Other loans of approximately HK\$104,991,000 as at 30 September 2021 (31 March 2021: approximately HK\$112,091,000) were unsecured, carried interest rate at 0.1% per month and repayable on 22 June 2021. The remaining amounts are interest-free and unsecured. On 17 June 2021, the lender of other loans signed a memorandum of loans with the Borrower, pursuant to which repayment date of the outstanding other loans balance of approximately HK\$109,801,000 as at 16 June 2021 was extended from 22 June 2021 to 22 June 2022.

Interest payable to the lender of approximately HK\$1,101,000 as at 30 September 2021 (31 March 2021: approximately HK\$454,000) is included in other creditors.

The following was an aging analysis, based on invoice date, of trade creditors:–

	<b>As at 30 September 2021 (Unaudited) HK\$'000</b>	<b>As at 31 March 2021 (Audited) HK\$'000</b>
0 – 30 days	8,196	9,994
31 – 60 days	83	284
61 – 90 days	38	–
91 – 180 days	–	5
Over 180 days	750	560
	<u>9,067</u>	<u>10,843</u>

## 9. RELATED PARTY AND CONNECTED TRANSACTIONS

The Group had the following related party and connected transactions under the GEM Listing Rules during the period:

### Key management compensation

	<b>For the six months ended 30 September 2021 (Unaudited) HK\$'000</b>	<b>2020 (Unaudited) HK\$'000</b>
Fees for key management personnel	510	510
Salaries, allowances and other benefits in kind	1,700	1,663
Retirement scheme contributions	27	27
	<u>2,237</u>	<u>2,200</u>



## 10. SEGMENT INFORMATION

HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (the Directors) in order to allocate resources to the segment and to assess its performance.

(a) The Group operates in one business unit, and has one reportable and operating segment: food and beverage. Accordingly, the Group does not have any identifiable segment or any discrete information for segment reporting purpose.

### (b) Geographical information

	PRC		Hong Kong/overseas		Consolidated	
	For the six months		For the six months		For the six months	
	ended 30 September		ended 30 September		ended 30 September	
	2021	2020	2021	2020	2021	2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue from external customers	175	11,859	83,502	76,339	83,677	88,198
Other revenue	226	178	805	10,745	1,031	10,923
Total revenue	<u>401</u>	<u>12,037</u>	<u>84,307</u>	<u>87,084</u>	<u>84,708</u>	<u>99,121</u>

  

	PRC		Hong Kong/overseas		Consolidated	
	At	At	At	At	At	At
	30 September	31 March	30 September	31 March	30 September	31 March
	2021	2021	2021	2021	2021	2021
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets	<u>2,714</u>	<u>508</u>	<u>24,683</u>	<u>32,119</u>	<u>27,397</u>	<u>32,627</u>

The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the non-current assets (excluding deferred tax assets) is based on (i) the physical location of the assets, in the case of plant and equipment, (ii) the location of operation to which they are allocated, in the case of intangible assets, right-of-use-assets and goodwill, and (iii) the location of operation to which they are incurred, in the case of deposits paid.

### (c) Major customers

The Group's customer base is diversified and no revenues from transactions with a single external customer amount to 10% or more of the Group's revenue for the six months ended 30 September 2021 and 2020.

## INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend in respect of the six months ended 30 September 2021 (2020: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

The Group's unaudited revenue for the six months ended 30 September 2021 (the "**Reporting Period**") amounted to approximately HK\$83.7 million (2020: approximately HK\$88.2 million), representing a decrease of approximately 5.1% compared with the same period of the last financial year.

### Industry Overview

During the Reporting Period, many major economies continued to expand their mass vaccination programmes and roll out strong fiscal and monetary support, which resulted in solid economic rebounds, where the overall gross domestic product ("**GDP**") growth of Major Seven economies accelerated to 1.6% in the second quarter from 0.6% in the previous quarter. However, the International Monetary Fund (the "**IMF**") expects the global economic growth in 2021 to fall slightly below its July forecast of 6% due to risks associated with debts, inflation and divergent economic trends in the wake of the novel coronavirus ("**COVID-19**") pandemic. Meanwhile, the World Trade Organization believes that the global trade recovery from coronavirus shock may have reached the peak.

China's economic growth decelerated given that the new COVID-19 outbreaks and floods disrupted business operations in June 2021, adding to signs the economic recovery was losing momentum. The Chinese government tightened social restrictions to fight its latest COVID-19 outbreak in several cities, which unfortunately subdued the services sector, especially travel, catering and hospitality since late July. According to the National Bureau of Statistics of China, the industry income fell by 4.5% year-on-year in August, and a sharp contrast as compared to the 14.3% high increment in June. The country's total retail sales of consumer goods increased at a mild rate of 2.5% year-on-year to RMB3,439.5 billion in August, or only 0.9% year-on-year excluding price factors. Higher costs and supply bottlenecks further hindered the China's economic rebound.

In Hong Kong, the government put huge effort in achieving zero infection, driving industries to run smoothly. Hong Kong's economy remained on track for recovery in the first half of 2021 with a 7.8% GDP expansion. The stable local epidemic and Consumption Voucher Scheme led to an 11.9% year-on-year growth in the value of total retail sales in August. According to the Census and Statistics Department, the total revenue of the catering sector in the second quarter was estimated at HK\$23.3 billion, an increase of 9.9% compared with the previous year. The provisional estimate of total restaurant receipts increased by 26.9% in value and 26.0% in volume in the second quarter of 2021 compared with the preceding quarter. Meanwhile, the private consumption expenditure grew by 6.8% year-on-year in real terms in the second quarter, reflecting an improvement in consumer sentiment.

The demand for healthcare products increased sharply due to rapidly ageing population in China. The number of people aged 60 and above reached 264 million, accounting for 18.7% of the country's total population as of 2020 year-end. According to an iiMedia Research Report, total sales of healthcare products in China grew 12.4% year-on-year to about RMB250.3 billion in 2020 and are estimated to reach RMB270.8 billion in 2021. Healthcare products for elderly are expected to grow by 22.3% in 2021. With China's healthcare industry still at its early stage of development, the sector continues to provide long-term growth opportunities.

As for the e-cigarette industry, various countries tightened scrutiny of e-cigarettes which impinged on the growth of the vaping market. In China, a new draft amendment to the Chinese Tobacco Monopoly Law was released by the Ministry of Industry and Information Technology at the end of March 2021. Meanwhile, the Food and Drug Administration rejected more than 900 thousand related e-cigarette products and prohibited the listing or sale of related products. Regulations and policies on e-cigarette introduced around the world further threatened the development of the industry.

## **Business Review**

While the pandemic situation of “COVID-19” in Hong Kong becomes steady, the food cost is jumping in the third quarter of 2021. Thank you for the encouragement, support and patience from our loyal customers and suppliers, and diligent staffs, the Group’s food and beverage business has a sustainable result for the Reporting Period.

During this Reporting Period, the Group’s food and beverage businesses have two Japanese related concepts in Hong Kong, namely Italian Tomato and Ginza Bairin.

Italian Tomato, is the Group’s major brand of restaurants, café and cake shops, and the major revenue contributor to the Group. Italian Tomato is undoubtedly one of the well-recognized cake shops in Hong Kong, both traditional and seasonal products are welcomed in the market. The result of this Reporting Period is encouraging, which gives great encouragement and confidence to the management for enlarging the network of Italian Tomato. By the addition of 2 shops in the Reporting Period, there are 6 cafés and 25 cake shops in Hong Kong as at 30 September 2021. A recent study conducted by the management noted that the benefit from the resource deployed in shop operation is more worthwhile than in factory operation, the management therefore has an expansion plan on shop number which is now subject to the conclusion of tenancies.

Ginza Bairin, the Japanese tonkatsu, has 1 shop in Hong Kong. With the unfailing support from a small but steady population of tonkatsu lover who is addicted to Ginza Bairin taste, Ginza Bairin therefore maintains a satisfactory result in this Reporting Period. However, shortage of labor supply is a serious problem in the food and beverage industry now, the management is trying all effort to ensure the quality of food and service provided by Ginza Bairin.

To diversify the Group’s revenue and improve its competitiveness, the Group has tapped into the healthcare market since 2020 and has successfully created a new growth driver for business development. In mid-May 2021, the Group completed the acquisition of 70% equity interest in Huayin (Shenzhen) Biotechnology Co., Ltd (“**Huayin Biotechnology**”), together with the subsidiaries of Huayin Biotechnology, which engage in the development of biotechnology and skincare products. A series of new skincare products in relation to freckle removal and skin whitening have officially been launched under the brand name “NA+NP BEAUTY MARKING TIME NONERAPOSTO BEAUTY MARKING TIME” since December 2020 and have achieved pleasing results. During the Reporting Period, the Group has smoothly completed the initial stage of business development. By establishing official accounts on various online platforms, building an in-house online livestreaming team, launching effective marketing promotions, comprehensive offline training as well as commencing mass production of products, the Group has successfully earned wide consumers’ attention on its freckle removal and skin whitening products and began to generate satisfactory revenue in the Reporting Period, marking a triumphant breakthrough of the Group in the PRC healthcare market.

The tightening policy in particular the new amendment released by the Chinese authority continued to pose intense regulatory challenges on the e-cigarette industry. Given the difficult business environment, the Group adopts a wait-and-see approach and continues to closely monitor the market condition. After taking into account all factors, including market environment and industry prospects, the Group has strategically reallocated and reserved resources to focus on its food and beverages business as the industry has been reviving attributable to the recovering global economy, and its newly developed healthcare business in order to capture the strong market demand.

## Future Prospects

With the disparities of the vaccine access in the globe, the global recovery splits into two blocs. Advanced economies, such as China and Hong Kong, are now looking forward to normalization of activity later this year, whereas other countries are still facing resurgent infections and rising COVID-19 death tolls. According to the latest update from the IMF, the global economy is projected to grow 5.9% in 2021 and 4.9% in 2022. The 2021 global forecast sees a meagre change from its estimation in July 2021 while the increase in the 0.5 percentage-point upgrade for 2022 derives largely from the forecast update for advanced economies, reflecting the anticipated fiscal support in the second half of 2021 and higher level of public health awareness. China's annual GDP growth remains strong and is expected to reach the government's target at above 6% thanks to the strong consumption sentiment in the first half of 2021. As for Hong Kong, the real GDP growth forecast for 2021 as a whole is at 5.5-6.5%. Looking ahead, the Group is confident to carefully expand its business, strengthen management and reintegrate to capture the momentum in the second half of the year.

The Group will continue to focus on the food & beverage business and expect to achieve positive growth riding on the consistently improving business sentiment. Subsequent to the first batch of Consumption Voucher Scheme distributed on 1st of August, the second batch of voucher was distributed on 1st of October. The management is optimistic towards the effects brought by the scheme as it can encourage the public to consume in local retail, catering and services sectors. With the pandemic being brought under control in Hong Kong, the Group will bolster its marketing efforts going forward to stimulate consumption at its restaurants and revitalise its brand image. Meanwhile, the Group will reinforce the development of seasonal and festival products to enhance the brand awareness of "Italian Tomato", to lay a solid foundation for the continued growth in the future. As COVID-19 pandemic is well into its second year of existence with the emergence of Delta variant virus, and the border between Hong Kong and Mainland China is unlikely to be opened this year, the operating environment of the food and beverage sector remains challenging replete with uncertainties. The Group will closely monitor market development and will cautiously adopt appropriate cost control measures to facilitate continuous business growth based on the external environment.

With regard to the new healthcare business, following the successful launch of skincare products in March 2021, the Group has devised a detail online and offline marketing and promotion plan for the second half of the year in order to capture the enormous market demand on beauty and healthcare products. The Group will provide regular recruitment and training for its frontline staff and proactively explore more offline channels to expand its sales team. Furthermore, data from the National Bureau of Statistic of China states that the country's online retail sales reached RMB7,110.8 billion from January to July 2021 while market expects sales from e-commerce will grow by 11.0% and amount for 55.6% of the countries' total retail in 2022. To grasp the growing online shopping trend in China, the Group will explore collaborations with different e-commerce platforms, and reinforce its livestreaming business on various online applications. The Group is confident to tap further into the rapidly developing healthcare industry and will keep a close eye to the latest market demand, carefully plan for product development matrix, and actively promote the online sales of its skincare products.

Given the continuous effort of the Chinese government in regulating and monitoring cigarette consumption, the prospect of the e-cigarette business remains uncertain and ambiguous. To better allocate resources and generate the best return for shareholders, the Group will closely monitor the industry environment, regularly review its business strategy and make appropriate action when necessary.

## FINANCIAL REVIEW

For the six months ended 30 September 2021, the Group recorded revenue of approximately HK\$83.7 million (2020: approximately HK\$88.2 million), which decreased by approximately 5.1% compared with the corresponding period last year mainly because no revenue was recognized from Japanese curry restaurants under the trade name of Shirokuma Curry for the Reporting Period which was disposed in late September 2020.

Loss attributable to owners of the Company was approximately HK\$8.4 million (2020: profit of approximately HK\$5.2 million). Such loss was mainly due to the combined effect of (i) decrease in other income as no wage subsidies under the Employment Support Scheme launched by the government of the Hong Kong Special Administrative Region (the “HKSAR”) and subsidies from the Anti-epidemic Fund from the government of the HKSAR were received and recognized as other income during the Reporting Period while subsidies in the sum of approximately HK\$9.7 million was recorded as other income for the Group’s business activities carried out in Hong Kong during the corresponding period last year; and (ii) increase in operating expenses as the Group commenced full operation of its new healthcare business at the beginning of 2021, and has put some financial resources to develop this new segment.

The gross profit margin of the Group was 56% (2020: 61%). The decrease in ratio was mainly attributable to the increase in costs of food ingredients.

Total operating expenses decreased by approximately 4.5% to approximately HK\$55.4 million (2020: approximately HK\$58.0 million). It was generally in line with the decrease in revenue and also resulted from exercising stringent cost control during the Reporting Period.

### Financial Resources and Liquidity

As at 30 September 2021, the Group’s current assets amounted to approximately HK\$77.6 million (31 March 2021: approximately HK\$97.2 million) of which approximately HK\$54.1 million (31 March 2021: approximately HK\$72.4 million) was cash and bank deposits, approximately HK\$18.3 million (31 March 2021: approximately HK\$19.1 million) was debtors, deposits and prepayments. The Group’s current liabilities amounted to approximately HK\$159.1 million (31 March 2021: approximately HK\$202.4 million), including creditors and accruals in the amount of approximately HK\$139.6 million (31 March 2021: approximately HK\$144.6 million). On 13 August 2021, the Company entered into the third supplemental deed with the bondholder pursuant to which the Company and the bondholder agreed to extend the maturity date of the Convertible Bond (as defined in the announcement of the Company dated 13 August 2021) for 36 months from the date falling on the sixth anniversary of the date of issue of the convertible bonds, being 15 August 2021, to 15 August 2024. As such, the Convertible Bonds (as defined in the announcement of the Company dated 13 August 2021) amounting to approximately HK\$38.3 million which will not mature within twelve months was classified as non-current liabilities as at 30 September 2021 while approximately HK\$39.8 million was classified as current liabilities as at 31 March 2021.

Current ratio and quick assets ratio were 0.49 and 0.46 respectively (31 March 2021: 0.48 and 0.45 respectively). As the Group incurred net liabilities as at 30 September 2021 and 31 March 2021 there is no debt-to-equity ratio, which is expressed as a ratio of total debts less cash and bank balances to total equity, to be calculated. The gearing ratio of the Group, is calculated as total liabilities (being non-current liabilities and current liabilities) over total assets (being non-current assets and current assets) as at the end of the Reporting Period and multiplied by 100% was 190% (31 March 2021: 165%).

## **Foreign Exchange**

During both periods for the six months ended 30 September 2021 and 2020, the Group conducted commercial transactions in the PRC denominated in Renminbi. Fluctuation in exchange rates of Renminbi against Hong Kong Dollar could affect the Group's results of operations.

During the Reporting Period, no hedging transaction or other exchange rate arrangements were made (2020: Nil).

## **Charges on the Group's Assets**

No Group's assets had been pledged or charged as at 30 September 2021 (31 March 2021: Nil).

## **Capital Structure**

The Group's operations were financed mainly by issuing convertible bonds, other loans available to the Group and internal resources. The Group will continue to adopt its treasury policy of placing its cash and cash equivalents as interest-bearing deposits. The Group's cash and cash equivalents were mainly denominated in Hong Kong dollar. The Group's other loans and convertible bonds issued by the Company both were denominated in Hong Kong dollar, as at 30 September 2021 amounted to approximately HK\$104,991,000 and HK\$38,337,000, respectively. As at 30 September 2021, the Group's borrowings with fixed interest rates amounted for 100% of total borrowings.

## **Acquisition, disposal and significant investment held**

The Group did not carry out significant acquisition or disposal of subsidiaries and associates or held any significant investment during the Reporting Period.

Save as disclosed in the section headed "Use of Proceeds From the Rights Issue" on page 23 to 25 of this announcement, the Group did not have any specific future plans for material investments or capital assets as at 30 September 2021.

## **Capital Commitments**

As at 30 September 2021, the Group's outstanding capital commitments were approximately HK\$4,201,000 (31 March 2021: approximately HK\$4,616,000).

## **Contingent Liabilities**

As at 30 September 2021 and 31 March 2021, the Group did not have any material contingent liabilities.

Save as disclosed above, during the six months ended 30 September 2021 and 2020, there was no on-going financial exposure to borrowers or other on-going matters of relevance as defined in Rules 17.22 to 17.24 of the GEM Listing Rules.

## Employees and Remuneration Policies

As at 30 September 2021, the Group had 211 employees in Hong Kong and the PRC (31 March 2021: 231 employees in Hong Kong and the PRC). The remuneration of employees of the Group is determined by reference to market terms and in accordance with the performance, qualification and experience of each individual employee. Discretionary bonuses, based on each individual's performance, are paid to employees as recognition and reward for their contributions. Other fringe benefits such as medical subsidies, medical insurance, education/training subsidies, pension fund plans are offered to most employees. Share options are granted at the discretion of the Board and under the terms and conditions of the share option schemes adopted on 26 February 2003 and 20 July 2012.

## EVENTS AFTER END OF REPORTING PERIOD

On 13 August 2021, the Board proposed to implement the share consolidation on the basis that every five (5) issued and unissued shares of HK\$0.01 each be consolidated into one (1) consolidated share of HK\$0.05, which was conditional upon, among other things, the approval of the shareholders of the Company. An extraordinary general meeting will be held on 19 November 2021 to approve the share consolidation. Upon the share consolidation becoming effective, the authorized share capital of the Company will become HK\$50,000,000 divided into 1,000,000,000 shares of HK\$0.05 each, of which 833,235,000 consolidated shares will be in issue.

For details of the share consolidation, please refer to the announcement and circular of the Company dated 13 August 2021 and 26 October 2021, respectively.

## USE OF PROCEEDS FROM THE RIGHTS ISSUE

On 27 April 2017, the Company announced that it proposed to raise approximately HK\$100 million, before expenses, by way of allotting and issuing 1,388,725,000 rights shares (the “**Rights Shares**”) by way of rights issue (the “**Rights Issue**”) at the subscription price of HK\$0.072 per Rights Share, on the basis of one (1) Rights Share for every two (2) existing Shares held on 19 May 2017. Completion of the Rights Issue took place on 14 June 2017.

Among the net proceeds (the “**Net Proceeds**”) of the Rights Issue of approximately HK\$99 million, as at 30 September 2021, approximately HK\$18.2 million, approximately HK\$20.0 million, approximately HK\$2.9 million and approximately HK\$14.8 million have been used as operation and expansion of the existing food and beverage business, the Company's corporate expenses, investment in e-cigarette business in the PRC and investment in medical and healthcare business, respectively. As at 30 September 2021, approximately HK\$43.1 million of the Net Proceeds remained unutilised and this remaining balance was kept in the Group's bank account. Set out below is the breakdown of the use of the Net Proceeds up to, and the balance thereof as at 30 September 2021:

## Summary of use of Net Proceeds

	Original allocation of the Net Proceeds <i>HK\$ million</i>	Re-allocation of the unutilized amount as disclosed in the Company's announcement dated 6 November 2018 <i>HK\$ million</i>	Re-allocation of the unutilized amount during the year ended 31 March 2021 <i>HK\$ million</i>	Actual amount utilized up to 31 March 2021 <i>HK\$ million</i>	Unutilized balance as at 31 March 2021 <i>HK\$ million</i>	Actual amount utilized up to 30 September 2021 <i>HK\$ million</i>	Unutilized balance as at 30 September 2021 <i>HK\$ million</i>
Operation and expansion of the existing food and beverage business	29.0	–	–	(15.3)	13.7	(18.2)	10.8
Company's corporate expenses	20.0	–	–	(20.0)	–	(20.0)	–
Repayment of bank loans	15.0	(15.0)	–	–	–	–	–
Potential investment opportunities	35.0	–	(12.0)	–	23.0	–	23.0
Investment in, research and development, sales and marketing of e-cigarette in the PRC and overseas countries	–	15.0	(2.8)	(2.9)	9.3	(2.9)	9.3
Investment in medical and healthcare business	–	–	14.8	(14.8)	–	(14.8)	–
	<u>99.0</u>	<u>–</u>	<u>–</u>	<u>(53.0)</u>	<u>46.0</u>	<u>(55.9)</u>	<u>43.1</u>

During the Reporting Period, the Group pursued a prudent yet efficient network expansion strategy and up to 30 September 2021, Net Proceeds amounting to approximately HK\$18.2 million had been utilized for operating and expanding existing food and beverage business and the unutilized balance of approximately HK\$10.8 million allocated for this purpose is expected to be fully utilized by 31 October 2022.

As at 30 September 2021, approximately HK\$20.0 million has been used as the Company's corporate expenses.

As disclosed in the Company's announcement dated 6 November 2018, the Company has changed the original allocation of the Net Proceeds by reallocating HK\$15.0 million of the Net Proceeds originally planned to be applied for the repayment of bank loans to the intended investment in research and development, sales and marketing of e-cigarette in the PRC and overseas countries. In this connection, the Company plans to conduct research on the use of new ingredients for producing e-cigarette liquid and e-cigarette cartridge, purchase production lines for manufacturing e-cigarette, and market and sell such products through exploring and developing a sales network, building a new e-cigarette brand, participating in trade fairs and seeking cooperation with external parties. Up to 30 September 2021, the Group utilized approximately HK\$2.9 million of the Net Proceeds from the Rights Issue to invest in the e-cigarette business in the PRC, including setting up offices and purchasing new equipment. And, approximately HK\$2.8 million was reallocated to investment in the medical and healthcare business as set out below. The Group will remain mindful of the risks and assess the impact of external environment on the e-cigarette business. The remaining unutilized balance of approximately HK\$9.3 million allocated for this purpose is expected to be fully utilized by 31 July 2023.



In recognition of the growing importance of medical and healthcare services and products, the Group strives to grasp the prosperous opportunities in the domestic market, thereby strengthening its core competence through broadening its revenue base. After thorough study and consideration, up to 30 September 2021, approximately HK\$14.8 million Net Proceeds in total, of which HK\$2.8 million and HK\$12.0 million were originally reserved for the e-cigarette business and potential investment opportunities, respectively, was reallocated and utilized to invest in the medical and healthcare business in the domestic market, including brand building, office set-up, expert recruitment and product development.

The Group has been aiming to expand its existing food and beverage business and continued to identify suitable acquisition targets during the Reporting Period. However, taking into account the uncertain business environment arising from the COVID-19 outbreak, the Group adopted a relatively prudent approach in such business expansion. In order to weather the headwinds, the Group endeavored to explore potential acquisition opportunities in different markets instead of only focusing on the negotiation talk with a Chinese restaurant chain but the Group had not entered into any agreements nor memorandum of understanding for such type of acquisitions as at 30 September 2021. The Net Proceeds for potential investment opportunities purpose were still reserved and the unutilized balance of approximately HK\$23.0 million allocated for this purpose is expected to be fully utilized by 31 July 2023. The actual timeline will be subject to the availability of appropriate acquisition targets, market condition and time required for performing due diligence work. As of the date of this announcement, save as set out in elsewhere in this announcement, the Board has not identified any suitable acquisition target.

The Directors will constantly evaluate the Group's business objectives and may change or modify the plans against the changing market condition to suit the business growth of the Group. Further announcement(s), in respect of redeploying the allocation and use of Net Proceeds, if necessary, will be made in accordance with the requirements of the GEM Listing Rules as and when appropriate to update its shareholders and potential investors.

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

During the six months ended 30 September 2021, 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 POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY**

As at 30 September 2021, 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, 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 positions 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 Rule 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 POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 September 2021, 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 and the Stock Exchange 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	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 of the Company, representing approximately 13.72% of the issued share capital of the Company as at 30 September 2021.
- (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 of the Company held by Mr. Tang Sing Ming Sherman.
- (4) Based on 4,166,175,000 ordinary shares of the Company in issue as at 30 September 2021.

Save as disclosed above, as at 30 September 2021, 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 (the “**Share 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 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 (2020: Nil) and as at 30 September 2021 and 31 March 2021, there was no outstanding share option.

## **COMPETING INTERESTS**

As at 30 September 2021, none of the Directors, the controlling shareholders of the Company 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 (the “**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. 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 six months ended 30 September 2021, the Audit Committee had held two meetings and had reviewed the draft interim report and accounts for the six months ended 30 September 2021 prior to recommending such report and accounts to the Board for approval.

## **DIRECTORS’ SECURITIES TRANSACTIONS**

Throughout the six months ended 30 September 2021, 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 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 six months ended 30 September 2021.

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

Hong Kong, 10 November 2021

*As at the date of this announcement, the 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).*