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## **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 2023**

#### **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 2023**

Consolidated revenue of the Company and its subsidiaries (collectively the “**Group**”) was approximately HK\$59.4 million for the six months ended 30 September 2023, representing a decrease of approximately 24.2% compared with approximately HK\$78.4 million recorded in the corresponding period last year.

Loss attributable to owners of the Company increased to HK\$5.9 million for the six months ended 30 September 2023 from HK\$3.8 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 2023, 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 2023

	Note	For the six months ended 30 September		For the three months ended 30 September	
		2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Revenue	2	59,443	78,424	28,384	39,142
Cost of sales		<u>(30,091)</u>	<u>(33,392)</u>	<u>(14,589)</u>	<u>(17,180)</u>
Gross profit		29,352	45,032	13,795	21,962
Other income		687	6,875	–	2,369
Gain on disposal of subsidiaries	3	6,087	–	6,422	–
Operating expenses		<u>(41,233)</u>	<u>(54,182)</u>	<u>(19,801)</u>	<u>(26,777)</u>
Operating (loss)/profit		(5,107)	(2,275)	416	(2,446)
Finance costs	4(a)	<u>(2,166)</u>	<u>(2,756)</u>	<u>(1,041)</u>	<u>(1,344)</u>
Loss before income tax	4	(7,273)	(5,031)	(625)	(3,790)
Income tax credit	5	<u>1,305</u>	<u>114</u>	<u>734</u>	<u>165</u>
<b>(Loss)/profit for the period</b>		<b><u>(5,968)</u></b>	<b><u>(4,917)</u></b>	<b><u>109</u></b>	<b><u>(3,625)</u></b>
<b>(Loss)/profit for the period attributable to:</b>					
Owners of the Company		(5,869)	(3,798)	109	(3,267)
Non-controlling interests		<u>(99)</u>	<u>(1,119)</u>	<u>–</u>	<u>(358)</u>
		<b><u>(5,968)</u></b>	<b><u>(4,917)</u></b>	<b><u>109</u></b>	<b><u>(3,625)</u></b>
<b>(Loss)/profit per share (HK cents)</b>	6				
– Basic		<u>(1.13)</u>	<u>(0.73)</u>	<u>0.02</u>	<u>(0.63)</u>
– Diluted		<u>(1.13)</u>	<u>(0.73)</u>	<u>0.02</u>	<u>(0.63)</u>

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)***For the six months ended 30 September 2023*

	<b>For the six months ended 30 September</b>		<b>For the three months ended 30 September</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</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>(Loss)/profit for the period</b>	<b><u>(5,968)</u></b>	<b><u>(4,917)</u></b>	<b><u>109</u></b>	<b><u>(3,625)</u></b>
<b>Other comprehensive (loss)/income:</b>				
Items that may be subsequently reclassified to profit or loss:				
Exchange (loss)/gain arising from translation of financial statements of foreign operations	<u>(1,405)</u>	<u>1,887</u>	<u>(1,430)</u>	<u>1,060</u>
<b>Total comprehensive loss for the period</b>	<b><u>(7,373)</u></b>	<b><u>(3,030)</u></b>	<b><u>(1,321)</u></b>	<b><u>(2,565)</u></b>
<b>Total comprehensive (loss)/income for the period attributable to:</b>				
Owners of the Company	<u>(6,138)</u>	<u>(1,137)</u>	<u>10,204</u>	<u>(1,811)</u>
Non-controlling interests	<u>(1,235)</u>	<u>(1,893)</u>	<u>(984)</u>	<u>(754)</u>
	<b><u>(7,373)</u></b>	<b><u>(3,030)</u></b>	<b><u>9,220</u></b>	<b><u>(2,565)</u></b>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION***As at 30 September 2023*

		As at 30 September 2023 (Unaudited) <i>HK\$'000</i>	As at 31 March 2023 (Audited) <i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>			
Plant and equipment		1,149	3,114
Goodwill		–	–
Other intangible assets		5,496	5,907
Right-of-use assets		5,879	14,224
Deferred tax assets		1,720	381
		<u>14,244</u>	<u>23,626</u>
<b>CURRENT ASSETS</b>			
Inventories	7	407	369
Debtors, deposits and prepayments		18,598	17,354
Cash and cash equivalents		28,622	31,390
		<u>47,627</u>	<u>49,113</u>
<b>DEDUCT:–</b>			
<b>CURRENT LIABILITIES</b>			
Creditors and accruals	8	131,004	129,321
Contract liabilities		1,058	1,154
Lease liabilities		8,136	13,988
Convertible bonds		40,000	–
Income tax payable		333	–
		<u>180,531</u>	<u>144,463</u>
<b>NET CURRENT LIABILITIES</b>		<u>(132,904)</u>	<u>(95,350)</u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)***As at 30 September 2023*

		As at 30 September 2023 (Unaudited) <i>HK\$'000</i>	As at 31 March 2023 (Audited) <i>HK\$'000</i>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>(118,660)</b>	<b>(71,724)</b>
<b>NON-CURRENT LIABILITIES</b>			
Creditors and accruals	8	–	125
Lease liabilities		<b>4,256</b>	6,939
Convertible bonds		–	40,000
		<b>4,256</b>	47,064
<b>NET LIABILITIES</b>		<b>(122,916)</b>	<b>(118,788)</b>
<b>REPRESENTING:–</b>			
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>			
Share capital		<b>41,662</b>	41,662
Reserves		<b>(164,578)</b>	(158,440)
		<b>(122,916)</b>	(116,778)
<b>NON-CONTROLLING INTERESTS</b>		–	(2,010)
<b>TOTAL EQUITY</b>		<b>(122,916)</b>	<b>(118,788)</b>

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 September 2023

	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 1.4.2022 (audited)	41,662	(410,285)	258,889	3,801	(675)	1,390	17	(105,201)	(1,254)	(106,455)
Acquisition of additional interests in a subsidiary	-	(1,126)	-	-	-	-	-	(1,126)	1,126	-
Capital contribution from non-controlling shareholders	-	-	-	-	-	-	-	-	379	379
<b>Total comprehensive (loss)/income</b>										
Loss for the period	-	(3,798)	-	-	-	-	-	(3,798)	(1,119)	(4,917)
Other comprehensive income/(loss):-										
Exchange gain/(loss) arising from translation of financial statements of foreign operations	-	-	-	-	2,661	-	-	2,661	(774)	1,887
Total comprehensive (loss)/income for the period	-	(3,798)	-	-	2,661	-	-	(1,137)	(1,893)	(3,030)
At 30.9.2022 (unaudited)	<u>41,662</u>	<u>(415,209)</u>	<u>258,889</u>	<u>3,801</u>	<u>1,986</u>	<u>1,390</u>	<u>17</u>	<u>(107,464)</u>	<u>(1,642)</u>	<u>(109,106)</u>
At 1.4.2023 (audited)	41,662	(423,802)	258,889	3,801	1,265	1,390	17	(116,778)	(2,010)	(118,788)
Disposal of subsidiaries – Note 3	-	-	-	-	(2,290)	-	-	(2,290)	3,245	955
<b>Total comprehensive (loss)/income</b>										
Loss for the period	-	(5,869)	-	-	-	-	-	(5,869)	(99)	(5,968)
Other comprehensive income/(loss):-										
Exchange gain/(loss) arising from translation of financial statements of foreign operations	-	-	-	-	2,021	-	-	2,021	(1,136)	885
Total comprehensive (loss)/income for the period	-	(5,869)	-	-	2,021	-	-	(3,848)	(1,235)	(5,083)
At 30.9.2023 (unaudited)	<u>41,662</u>	<u>(429,671)</u>	<u>258,889</u>	<u>3,801</u>	<u>996</u>	<u>1,390</u>	<u>17</u>	<u>(122,916)</u>	<u>-</u>	<u>(122,916)</u>

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

	<b>For the six months ended 30 September</b>	
	<b>2023</b>	<b>2022</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
NET CASH (USED IN)/FROM OPERATING ACTIVITIES	(5,344)	1,343
NET CASH USED IN INVESTING ACTIVITIES	(85)	(2,511)
NET CASH FROM/(USED IN) FINANCING ACTIVITIES	<u>2,364</u>	<u>(12,580)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,065)	(13,748)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	31,390	51,474
EFFECT OF FOREIGN EXCHANGE RATE CHANGE	<u>297</u>	<u>905</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u><u>28,622</u></u>	<u><u>38,631</u></u>
 <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>2023</b>	<b>2022</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
Cash and bank balances	<u><u>28,622</u></u>	<u><u>38,631</u></u>



## 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 2023, 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 2023 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 2023. 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\$132,904,000 and HK\$122,916,000 respectively as at 30 September 2023 as the Directors considered that:

- (1) Ms. Huang Li, the sole beneficial owner and director of the ultimate holding company of the Group, will provide continuing financial support to the Group; and
- (2) On 14 June 2023, a lender who is also the sole beneficial owner of the convertible bonds (“**Convertible Bonds**”) issued by the Company, signed a memorandum of loans with a subsidiary of the Company, pursuant to which repayment date of a loan from this lender with an outstanding balance of principal and interest of approximately HK\$98,453,000 as at 14 June 2023 was extended (the “**Extension**”) from 22 June 2023 to 22 June 2024 (the “**Extended Loan**”). The Extended Loan bears the same term after the Extension. The rest of the loan from this lender is unsecured, interest-free and repayable on demand.

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 others and sales of healthcare products, 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 six months ended 30 September	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Revenue from customers and recognized at a point in time		
– Provision of food and beverage services and others	59,443	78,346
– Sales of healthcare products	–	78
	<u>59,443</u>	<u>78,424</u>

## 3. GAIN ON DISPOSAL OF SUBSIDIARIES

During the six months ended 30 September 2023, the Group disposed of its entire interests in the issued share capital of Huayin (Shenzhen) Biotechnology Co., Ltd (“**Huayin Biotechnology**”) and its subsidiaries (collectively referred to as the “**Huayin Biotechnology Group**”) to an independent third party and a subsidiary of Huayin Biotechnology, at an aggregate cash consideration of RMB2 (equivalent to approximately HK\$2).

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

	(Unaudited) HK\$'000
Plant and equipment	20
Debtors, deposits and prepayments	970
Cash and bank balances	506
Creditors and accruals	<u>(8,538)</u>
Net liabilities disposed of	(7,042)
Release of exchange reserve	<u>(2,290)</u>
	(9,332)
Non-controlling interests	3,245
Gain on disposal of subsidiaries	<u>6,087</u>
	<u>–</u>
Total consideration satisfied by:-	
Cash consideration#	<u>–</u>
Net cash inflow arising:-	
Cash consideration received	–
Cash and bank balances disposed of	<u>(506)</u>
	<u>(506)</u>

# Cash consideration of RMB2 (equivalent to approximately HK\$2).

#### 4. LOSS BEFORE INCOME TAX

	For the six months ended 30 September	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Loss before income tax is arrived at after charging:		
(a) Finance costs:		
Interest expense on other loans	587	949
Interest expense on convertible bonds	400	400
Interest expense on lease liabilities	425	363
Other bank charges	754	1,044
	<u>2,166</u>	<u>2,756</u>
(b) Other items:		
Amortization of other intangible assets	411	380
Depreciation of plant and equipment	1,470	1,686
Depreciation of right-of-use assets	8,624	10,819
	<u>8,624</u>	<u>10,819</u>

#### 5. INCOME TAX

Taxation in the consolidated statement of profit or loss represents:

	For the six months ended 30 September	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current tax	–	–
Deferred tax	(1,305)	(114)
	<u>(1,305)</u>	<u>(114)</u>
Income tax credit	<u>(1,305)</u>	<u>(114)</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 (2022: Hong Kong – 16.5% and PRC – 25% respectively).

## 6. LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to owners of the Company of HK\$5,869,000 (2022: approximately HK\$3,798,000) and the weighted average number of ordinary shares of 520,771,875 (2022: ordinary shares of 520,771,875) in issue during all periods.

The computation of diluted loss per share does not assume the conversion of the Company's outstanding Convertible Bonds since the exercise price of those convertible bonds was higher than the average market price for the six months ended 30 September 2023 and 2022.

## 7. DEBTORS, DEPOSITS AND PREPAYMENTS

Debtors, deposits and prepayments comprise:–

	<b>As at 30 September 2023 (Unaudited) HK\$'000</b>	<b>As at 31 March 2023 (Audited) HK\$'000</b>
Trade debtors	1,471	1,937
Less: loss allowance	<u>(205)</u>	<u>(205)</u>
	<b>1,266</b>	<b>1,732</b>
Rental and utility deposits	14,026	12,647
Prepayments	1,975	829
Other debtors	<u>1,331</u>	<u>2,146</u>
	<b><u>18,598</u></b>	<b><u>17,354</u></b>

### (a) Loss allowance

Loss allowance in respect of trade debtors is recorded using loss allowance account unless the Group considers 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 2023 (Unaudited) HK\$'000</b>	<b>As at 31 March 2023 (Audited) HK\$'000</b>
At beginning of the period	<u>205</u>	<u>478</u>
Provision for the period	–	205
Written off of uncollectible debts	<u>–</u>	<u>(478)</u>
At end of the period	<b><u>205</u></b>	<b><u>205</u></b>

**(b) Aging analysis**

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

	<b>As at 30 September 2023 (Unaudited) HK\$'000</b>	<b>As at 31 March 2023 (Audited) HK\$'000</b>
0-30 days	950	1,669
31-60 days	6	16
61-90 days	17	20
91-180 days	50	27
Over 180 days	243	–
	<u>1,266</u>	<u>1,732</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 2023 (Unaudited) HK\$'000</b>	<b>As at 31 March 2023 (Audited) HK\$'000</b>
Neither past due nor impaired	950	1,669
Past due but not impaired:–		
1 – 30 days	6	16
31 – 60 days	17	20
61 – 90 days	50	27
Over 180 days	243	–
	<u>316</u>	<u>63</u>
	<u>1,266</u>	<u>1,732</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 ECLs prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for trade debtors. To measure the ECLs, 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 2023 (Unaudited) HK\$'000</b>	As at 31 March 2023 (Audited) HK\$'000
Trade creditors	<b>15,680</b>	6,379
Accruals and provisions	<b>13,195</b>	10,150
Other creditors and payables	<b>1,746</b>	7,661
Other loans – <i>Note</i>	<b>100,383</b>	105,256
	<b>131,004</b>	129,446
Less: amounts classified in non-current liabilities	<b>–</b>	(125)
Amounts classified in current liabilities	<b>131,004</b>	129,321

*Note:*

Other loan of a lender of approximately HK\$97,864,000 (31 March 2023: approximately HK\$97,864,000) as at 30 September 2023 is unsecured, carries interest rate at 0.1% per month and repayable on 22 June 2023. Remaining loans of HK\$2,519,000 (31 March 2023: HK\$2,674,000) are interest-free, unsecured and repayable on demand. On 14 June 2023, a lender who is also the sole beneficial owner of the Convertible Bonds issued by the Company, signed a memorandum of loans with a subsidiary of the Company, pursuant to which repayment date of a loan from this lender with an outstanding balance of principal and interest of approximately HK\$98,453,000 as at 14 June 2023 was extended from 22 June 2023 to 22 June 2024. The Extended Loan bears the same term after the Extension. The rest of the loan from this lender is interest-free, unsecured and repayable on demand.

Interest payable to this lender of approximately HK\$980,000 (31 March 2023: approximately HK\$393,000) as at 30 September 2023 is included in other creditors and payables.

As at 31 March 2023, other loan of approximately HK\$4,718,000 was unsecured and carried interest rate at 4.35% per annum. Amounts of approximately HK\$3,575,000 and HK\$1,143,000 were repayable on 23 March 2024 and 13 April 2023, respectively. During the six months ended 30 September 2023, the loan was derecognised upon the disposal of subsidiaries (Note 3).

As at 31 March 2023, interest payable to this lender of approximately HK\$159,000 was included in other creditors and payables.

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

	<b>As at 30 September 2023 (Unaudited) HK\$'000</b>	<b>As at 31 March 2023 (Audited) HK\$'000</b>
0 – 30 days	7,925	4,185
31 – 60 days	690	1,385
61 – 90 days	979	160
91 – 180 days	3,373	348
Over 180 days	2,713	301
	<u>15,680</u>	<u>6,379</u>

## 9. RELATED PARTY AND CONNECTED TRANSACTIONS

The Group had no material transactions with its related parties and connected persons as defined in HKAS 24 and GEM Listing Rules for the six months ended 30 September 2023 and 2022.

### Directors and key management personnel remunerations

	<b>For the six months ended 30 September</b>	
	<b>2023 (Unaudited) HK\$'000</b>	<b>2022 (Unaudited) HK\$'000</b>
Fees	430	510
Salaries, allowances and other benefits in kind	1,263	1,724
Retirement scheme contributions	9	9
	<u>1,702</u>	<u>2,243</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		Consolidated	
	For the six months		For the six months		For the six months	
	ended 30 September		ended 30 September		ended 30 September	
	2023	2022	2023	2022	2023	2022
	(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	–	78	59,443	78,346	59,443	78,424
Other revenue	2	9	685	6,866	687	6,875
Total revenue	<u>2</u>	<u>87</u>	<u>60,128</u>	<u>85,212</u>	<u>60,130</u>	<u>85,299</u>

	PRC		Hong Kong		Consolidated	
	At	At	At	At	At	At
	30 September	31 March	30 September	31 March	30 September	31 March
	2023	2022	2023	2022	2023	2022
	(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>613</u>	<u>2,390</u>	<u>13,631</u>	<u>18,649</u>	<u>14,244</u>	<u>21,039</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 is based on (i) the physical location of the assets, in the case of plant and equipment and (ii) the location of operation to which they are allocated, in the case of intangible assets, right-of-use-assets and goodwill.

### (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 2023 and 2022.



## INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend in respect of the six months ended 30 September 2023 (2022: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

The Group's unaudited revenue for the six months ended 30 September 2023 (the "**Reporting Period**") amounted to approximately HK\$59.4 million (2022: approximately HK\$78.4 million), representing a decrease of approximately 24.2% compared with the same period of the last financial year. Loss attributable to owners of the Company increased to approximately HK\$5.9 million for the six months ended 30 September 2023 from approximately HK\$3.8 million recorded in the corresponding period last year.

### Industry Overview

During the Reporting Period, the global economic recovery remained slow, albeit with some encouraging signs, including the resilience of consumers spending on services and a reduction in immediate risks in the banking sector, which lead to an upturn in global economic growth. According to the Organization for Economic Co-operation and Development, the gross domestic product ("**GDP**") of its member nations rose by 0.4% quarter on quarter in the second quarter of 2023. Nevertheless, the sustainability of these gains remained uncertain and fragile amid numerous potential risks confronting the global economy, such as the swift implementation of tighter monetary policies, persistently high core inflation, and a slower-than-expected economic recovery in China, which continued to place considerable downward pressure on both the world economy and the economies of developed nations.

China has been grappling with multiple economic challenges, including extensive high levels of debt related to infrastructure investments, a sluggish property market, rising youth unemployment, and weak consumer demand. Constrained by feeble external demand, China's exports contracted significantly in July 2023, marking the largest decline in more than three years. Against this lackluster economic backdrop, China's consumer price index ("**CPI**") rose by only 0.1%, and food and beverage sales fell by 1.7% in August compared with the previous year, according to the National Bureau of Statistics of China.

Hong Kong's economy continued to recover during the second quarter of 2023, albeit at a slightly slower pace than during the robust rebound in the preceding quarter, fueled by inbound tourism and private consumption. Government efforts to accelerate the momentum of the recovery and provide supplementary support to private consumption helped the city to achieve real GDP growth of 1.5% over a year earlier and overall consumer price growth of 1.8% in July 2023. Additionally, according to a provisional estimate by the city's Census and Statistics Department ("**C&SD**"), the value of total receipts in its restaurant sector during the second quarter of 2023 was \$27.4 billion, an increase of 24.3% than a year earlier.

CPI data released by the C&SD also showed that overall consumer prices rose by 1.8% in August 2023 on the same month a year earlier, at virtually the same rate as in July 2023. Nevertheless, Deliveroo's Q2 2023 Restaurant Confidence Index was at 6.2, a 12% decline from the previous quarter's score of 6.5. Such index reflected labor shortage problems in the food and beverage industry, with 86% of respondent restaurants citing difficulties in recruitment leading to increased labor costs. Despite the reopening of Hong Kong's borders, data from the Hong Kong Tourism Board showed that tourist arrivals remained below pre-pandemic levels, resulting in subdued consumer spending, which is one of the multiple challenges that Hong Kong faces in its endeavors to revive its economy and improve its international reputation.

In China, health has become a top public concern since the outbreak of COVID-19 in 2020. The oral care products market, in particular, has enjoyed stable growth in recent years. However, intense competitive challenges posed by key market players have continued to present major hurdles for new entrants. Recent data from the China Oral Care Industry Association revealed that the top five brands in the online toothpaste retail market collectively controlled a share of more than one-third of the market between January and July 2023, creating a high barrier to market entry for non-incumbents.

In the e-cigarette industry, tighter policies and regulations have been implemented in countries worldwide in response to the growing market penetration and popularity of e-cigarettes. During the Reporting Period, regulation of e-cigarettes in China was extended to advertisements, with the Administrative Measures for Online Advertising officially implemented to prohibit online advertisements for e-cigarettes in the country. Hong Kong's government also announced its intention to conduct a thorough review of regulations governing alternative smoking products, including the possibility of implementing a complete ban on their possession. These increasingly stringent regulatory measures have cast a shadow over the prospects of the e-cigarette industry.

## **Business Review**

Despite signs of a gradual recovery in Hong Kong's economy during the Reporting Period, momentum has started to slow, primarily due to weak exports and prevailing weakness in the global economic environment. Although the reopening of borders and the launch of the second phase of Hong Kong's Consumption Voucher Scheme have facilitated the gradual revival in the food and beverage industry, the Group's food and beverage business continued to face significant challenges, such as intense competition and labor shortages that pushed labor costs higher, both of which impeded revenue generation. Additionally, increased travel by Hong Kong residents to China during holidays has contributed to the headwinds facing the Group's business.

To tackle the challenge of higher costs, the Group implemented a series of stringent cost control measures during the Reporting Period, namely outsourcing manufacturing processes. The Group also leveraged the strength of its flagship brand, Italian Tomato, a renowned Hong Kong restaurant, café and cake shop name, the management team is dedicated to reviewing its product mix in a timely fashion and diversifying its product offerings by continuing to introduce seasonal and fancy cakes, in order to broaden our shares in the market and ensuring that the Group is well positioned to capitalize of all appropriate opportunities as they arise.

In China, consumers' focus on healthcare products and services has grown, fueled by the ongoing emergence of new COVID variants and the aging of the country's population. As the profile of oral health products has increased, the Group has capitalized on opportunities in healthcare sector since 2020, focusing on the production and sale of anti-inflammatory toothpastes. Yet despite its efforts to expand sales channels and its intensive marketing activities, fierce competition and high entry barriers to the country's oral care market have remained obstacles, with the result that sales revenue from healthcare products, primarily oral care products, fell short of expectations during the last financial year. The Group decided to suspend this loss-making business segment from April 2023 after thorough consideration. Subsequently, the Group divested its complete issued share capital in Huayin (Shenzhen) Biotechnology Co., Ltd ("**Huayin Biotechnology**") and its subsidiaries (collectively known as the "**Huayin Biotechnology Group**") to an independent third party and a subsidiary of Huayin Biotechnology during the Reporting Period, for a cash consideration of RMB2 (equivalent to approximately HK\$2). As a result of the transaction, the Group recorded a gain on disposal of subsidiaries amounting to approximately HK\$6.1 million. Continuing its established practice, the Group will actively explore and pursue suitable new opportunities, while remaining committed to delivering sustainable long-term benefits to its shareholders.

In view of the increasingly stringent regulation of e-cigarettes by governments worldwide, including advertising constraints, sales restrictions, flavor prohibitions and strict controls on public consumption, the Group has maintained its prudent approach toward its e-cigarette business, an approach characterized by circumspection and judicious deliberation.

## **Future Prospects**

The global economy proved to be more resilient than expected during the first half of 2023, yet its outlook for growth remains weak. While core inflation persisted, headline inflation has reached its peak in several countries, suggesting a stable downward trajectory will prevail. The International Monetary Fund (“IMF”) has adjusted its projection for 2023 global economic growth to 3.0%, which remains weak by historical standards.

China’s economy continues to face several challenges, including weak consumer confidence, high levels of local government debt, and a property downturn, despite the Chinese government’s implementation of an array of stimulus measures aimed at bolstering home sales and revitalizing the real estate market. According to a Reuters poll of analysts, China’s economy is expected to grow 5.0% in 2023, lower than the 5.5% forecast in its July poll, attributable mainly to woes in the property sector. Hong Kong’s real GDP growth forecast has been revised to 4.0-5.0% for full-year 2023. However, the resurgence of inbound tourism and a series of measures by the city’s government, including the “Night Vibes Hong Kong” campaign, are set to create a wave of emerging opportunities for the food and beverage industry in the near term.

Tapping the potential of the Hong Kong government’s measures, the Group will continue to focus on its principal food and beverage business. With our commitment to delivering excellent quality and services to our customers and our experience in the food and beverage industry, the Group will continue to maintain its pragmatic and prudent business approach to explore options for business optimization. Additionally, the Group will dedicate more efforts on enhancing in-store operational efficiency and effectiveness, by upgrading its point-of-sale systems, streamlining its procurement processes, adhering to stringent cost management and providing staff with comprehensive training, aiming at improving overall margins and profitability.

The Group will initiate a proactive approach to understanding customers’ tastes and preferences through surveys and feedback forms, in order to gain multiple perspectives to better meet their demands. By continuing to innovate and transform its menu offerings, the Group aims to provide customers with fresh dining experiences that are flexible, diverse, and enriching. Since limited-time offers and seasonally featured products have always been appealing to its customers, the Group will continue to seek new promotion partners and strengthen cooperation with Japanese prefectural institutions to introduce more seasonal specialties to enhance consumer satisfaction, attracting new customers and retaining existing ones.

In the light of the widespread integration of artificial intelligence technologies and big data, the Group will further advance its digitalization initiatives. These will include improving its loyalty membership scheme to cultivate stronger customer relationships and to create seamless, integrated dining experiences across the Group’s restaurant chains, which will better support the Group as it develops a more in-depth understanding of its customers. Given ongoing robust demand for meal deliveries, the Group will further strengthen its partnerships with local online food delivery platforms.

While the Group's oral care business continues to face challenges such as the high entry barriers presented by intense competition and the large market shares held by industry incumbents, the Group has made a strategic move to temporarily halt the development of this business. The Group firmly believes that its ongoing focus on its core food and beverage business will better insulate it from current challenges, and it will continue to pursue profitable ventures that facilitate the diversification of its operations and the expansion of its income streams.

In the e-cigarette business, the Group anticipates an uncertain, somewhat downbeat outlook, due to increasingly stringent global regulations. It will therefore remain vigilant. The Group is dedicated to the timely implementation of tailored strategies to capitalize any potential opportunities that may arise as the market continues to evolve.

As always, StarGlory is committed to exploring and seizing fresh opportunities, improving its operational efficiency, and revitalizing its core business. At the same time, it remains steadfast in its pursuit of a diversified range of development goals and the expansion of the scope of its activities, with the ultimate aim of fostering sustainable growth and enhancing shareholder value.

## **FINANCIAL REVIEW**

For the six months ended 30 September 2023, the Group recorded revenue of approximately HK\$59.4 million (2022: approximately HK\$78.4 million), which decreased by approximately 24.2% compared with the corresponding period last year mainly held back by the decrease in number of customers and fierce competition in the food and beverage market, despite a series of stimulated measures imposed by the local government. The resumption of outbound travel, leading to reduced consumption and posing challenges to local caterers, impacted consumers' local sentiment and consumption as the data indicated that the exodus of residents had caused operators in food and beverage industry to face challenges with a drop in business. Moreover, the operating environment became increasingly difficult as a large number of entrants entered into the food and beverage market, resulting in an even more intensified competition. Consequently, the Group's food and beverage business performance was inevitably affected.

Loss attributable to owners of the Company was approximately HK\$5.9 million (2022: approximately HK\$3.8 million). Such increase in loss was mainly due to the combined effect of (i) decrease in other income as (a) no wage subsidies under the Employment Support Scheme launched by the Government of the Hong Kong Special Administrative Region (the "**HKSAR Government**") were received and recognized as other income during the Reporting Period while subsidies in the sum of approximately HK\$5.6 million under such a scheme was recorded in other income during the corresponding period last year and (b) no subsidy under the food licence holders subsidy scheme launched by the HKSAR Government were received and recognized as other income during the Reporting Period while a one-off subsidy of HK\$400,000 under such a scheme was recorded in other income during the corresponding period last year; and (ii) decrease in revenue from provision of food and beverage services.

During the Reporting Period, the gross profit margin of the Group was approximately 49.4% (2022: approximately 57.4%), the decrease was mainly caused by the increase in cost of sales during the Reporting Period as compared to corresponding period last year, resulting from the commencement of outsourcing of the Group's cakes manufacturing process, starting from the fourth quarter of last financial year. Despite a decrease in gross profit margin recorded, the management noted the benefit from the resources deployed in shop operation is more worthwhile than that in factory operations, the Group has thus started such strategy since the fourth quarter of last financial year with the aim to optimize the cost structure including staff costs and some other operating expenses. The move was implemented successfully as the Group recorded a reduction in total operating expenses by approximately 23.9% to approximately HK\$41.2 million (2022: approximately HK\$54.2 million). In addition, because of the unsatisfactory performance of the Group's healthcare business, the Group's management decided to temporarily suspend sales channels for its oral care products during the first quarter of the Reporting Period and cut back in operating expenses for this segment as a result. In the second quarter of the Reporting Period, the Group further disposed of its entire interests in the issued share capital of Huayin Biotechnology Group to an independent third party and a subsidiary of Huayin Biotechnology, at an aggregate cash consideration of RMB2 (equivalent to approximately HK\$2). As a result of the disposal, the Group recorded a gain on disposal of subsidiaries of approximately HK\$6.1 million.

### **Financial Resources and Liquidity**

As at 30 September 2023, the Group's current assets amounted to approximately HK\$47.6 million (31 March 2023: approximately HK\$49.1 million) of which approximately HK\$28.6 million (31 March 2023: approximately HK\$31.4 million) was cash and bank deposits, approximately HK\$18.6 million (31 March 2023: approximately HK\$17.4 million) was debtors, deposits and prepayments. The Group's current liabilities amounted to approximately HK\$180.5 million (31 March 2023: approximately HK\$144.5 million), including creditors and accruals in the amount of approximately HK\$131.0 million (31 March 2023: approximately HK\$129.3 million). As at 30 September 2023, convertible bonds issued by the Company amounted to approximately HK\$40 million (31 March 2023: approximately HK\$40 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\$40 million was classified as current liabilities as at 30 September 2023 while approximately HK\$40 million was classified as non-current liabilities as at 31 March 2023.

Current ratio and quick assets ratio were 0.26 and 0.26 respectively (31 March 2023: 0.34 and 0.34 respectively). According to the Group incurred net liabilities as at 30 September 2023 and 31 March 2023, 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 299% (31 March 2023: 263%).

### **Foreign Exchange**

During both periods for the six months ended 30 September 2023 and 2022, the Group conducted commercial transactions in the PRC denominated in Renminbi. Fluctuations in exchange rates of Renminbi against Hong Kong Dollar could affect the Group's results of operations.

During the Reporting Period, no hedging transactions or other exchange rate arrangements were made (2022: Nil).



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

No Group's assets had been pledged or charged as at 30 September 2023 (31 March 2022: Nil).

## **Capital Structure**

The Group's operations were financed mainly by internal funds, loans from the sole beneficial owner of the convertible bonds issued by the Company, loans from independent third party and fund raised from rights issue to finance its operation. 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 and the Group's other loans and convertible bonds issued by the Company both were denominated in Hong Kong dollar, as at 30 September 2023 amounted to approximately HK\$40,000,000 and HK\$40,000,000 respectively. As at 30 September 2023, the Group's borrowings with fixed interest rates amounted for 100% of total borrowings.

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

On 17 July 2023, the Group disposed of its entire interests in the issued share capital of 華胤生物科技 to an independent third party and a subsidiary of 華胤生物科技, at an aggregate cash consideration of RMB2 (equivalent to approximately HK\$2).

Save as disclosed above, the Group did not carry out any 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 26 of this interim results announcement, the Group did not have any specific future plans for material investments or capital assets as at 30 September 2023.

## **Capital Commitments**

As at 30 September 2023, the Group's outstanding capital commitments were approximately HK\$2,180,000 (31 March 2023: approximately HK\$7,996,000).

## **Contingent Liabilities**

As at 30 September 2023 and 31 March 2023, the Group did not have any material contingent liabilities.

Save as disclosed above, during the six months ended 30 September 2023 and 2022, 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 2023, the Group had 88 full-time employees in Hong Kong and the PRC (31 March 2023: 115 full-time 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, 20 July 2012 and 22 September 2023.

## **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 2023, approximately HK\$31.6 million, approximately HK\$20.0 million, approximately HK\$2.9 million and approximately HK\$18.5 million, respectively, 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 2023, approximately HK\$26.0 million of the Net Proceeds remained unutilized 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 2023:

## 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 on/before 31 March 2021 <i>HK\$ million</i>	Re-allocation of the unutilized amount during the year ended 31 March 2022 <i>HK\$ million</i>	Actual amount utilized up to 31 March 2023 <i>HK\$ million</i>	Unutilized balance as at 31 March 2023 <i>HK\$ million</i>	Re-allocation of the unutilized amount during the six months ended 30 September 2023 <i>HK\$ million</i>	Actual amount utilized up to 30 September 2023 <i>HK\$ million</i>	Unutilized balance as at 30 September 2023 <i>HK\$ million</i>
Operation and expansion of the existing food and beverage business	29.0	-	-	-	(28.7)	0.3	2.6	(31.6)	-
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)	(3.7)	(2.9)	5.6	(2.6)	(2.9)	3.0
Investment in medical and healthcare business	-	-	14.8	3.7	(18.5)	-	-	(18.5)	-
	<u>99.0</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(70.1)</u>	<u>28.9</u>	<u>-</u>	<u>(73.0)</u>	<u>26.0</u>

During the Reporting Period, the Group pursued a prudent yet efficient network expansion strategy and up to 30 September 2023, Net Proceeds amounting to approximately HK\$31.6 million had been utilized for operating and expanding existing food and beverage business.

As at 30 September 2023, 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 into trade fairs and seeking cooperation with external parties. Up to 30 September 2023, 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 office and purchasing new equipment. And, approximately HK\$2.6 million and approximately HK\$6.5 million respectively was reallocated to operation and expansion of the existing food and beverage business and 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\$3.0 million allocated for this purpose is expected to be fully utilized by 31 July 2025.

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 2023, approximately HK\$18.5 million in total, which represented by HK\$6.5 million and HK\$12.0 million of the Net Proceeds from the Rights Issue which 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 lingering effects of the COVID-19, 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 but the Group had not entered into any agreements nor memorandum of understanding for such type of acquisitions as at 30 September 2023. 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 2025. The actual timeline will be subject to the availability of appropriate acquisition targets, market condition and time required for performing due diligence work. As at the date of 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 2023, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

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

As at 30 September 2023, so far as the Directors were aware, none of the Directors and the chief executives of the Company had any interest or short 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 and short 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 AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY**

As at 30 September 2023, 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 whose interests are disclosed above) 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	296,887,066	–	296,887,066	57.01
Ms. Huang Li	Interest of corporation controlled by Ms. Huang Li (Note 1)	296,887,066	–	296,887,066	57.01
	Beneficial owner	5,280,000	–	5,280,000	1.01
Mr. Tang Sing Ming Sherman (Note 2)	Beneficial owner	–	71,428,571	71,428,571	13.72
Ms. Ho Ming Yee (Note 3)	Interest of a substantial shareholder's spouse	–	71,428,571	71,428,571	13.72

### Notes:

- (1) 296,887,066 shares are held by Oceanic Fortress Holdings Limited, the entire issued shares of 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 71,428,571 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 71,428,571 ordinary shares of the Company, representing approximately 13.72% of the issued share capital of the Company as at 30 September 2023.
- (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 520,771,875 ordinary shares of the Company in issue as at 30 September 2023.

Save as disclosed above, as at 30 September 2023, 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 which was expired on 25 February 2013, 20 July 2012 which was expired on 19 July 2022 and 22 September 2023, respectively (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 service provider sublimit of the Company will be 1% of the total number of the issued shares of the Company as at 22 September 2023.

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 (2022: Nil) and as at 30 September 2023 and 31 March 2023, there was no outstanding share option.

## **CHANGE OF DIRECTORS AND COMPOSITION OF BOARD COMMITTEES**

- (i) As disclosed in the Company’s announcement dated 4 July 2023, with effect from 4 July 2023, Mr. Zeng Shiquan (“**Mr. Zeng**”) has resigned as an independent non-executive Director. Mr. Zeng has ceased to be a member of the audit committee of the Board (the “**Audit Committee**”), a member of the nomination committee of the Board (the “**Nomination Committee**”) and a member of the corporate governance committee of the Board (the “**Corporate Governance Committee**”). Mr. Feng Xingwei (“**Mr. Feng**”) has been appointed as an independent non-executive Director. Mr. Feng has been appointed as a member of the Audit Committee, a member of the Nomination Committee and a member of the Corporate Governance Committee.

Mr. Feng, aged 38, has over 10 years of experience in investment management, in particular within the information technology and semi-conductor industry. Mr. Feng obtained a bachelor’s degree with major in Accounting and Finance from the University of East London in United Kingdom in September 2008 and his qualification for fund investment from the Asset Management Association of China\* (中國證券投資基金業協會) in July 2021.

Before joining the Company, from July 2010 to May 2013, Mr. Feng worked as a manager in the post-investment management department at Zhejiang Zheshang Venture Capital Company Limited\* (浙江浙商創業投資管理有限公司) (currently known as 浙商創投股份有限公司) (stock code: 834089), a company listed on the National Equities Exchange and Quotations\* (全國中小企業股份轉讓系統) (the “**NEEQ**”), whose business included investment management and asset management consultancy in the PRC, and subsequently as an investment manager at Shanghai New Access Capital Management Co., Ltd.\* (上海漢韜股權投資管理有限公司) (currently known as 上海漢理股權投資管理股份有限公司), whose business included equity investment management in the PRC, from May 2013 to April 2014.

Mr. Feng joined Shanghai Zhong Hui Jin Investment Co., Ltd.\* (上海中匯金投資集團股份有限公司) (“**Shanghai ZHJ Group**”), whose business included equity investment, investment management and asset management in the PRC and has held various position in its respective subsidiaries in the PRC since April 2014. He is currently the chief investment director of the equity department at Shanghai Zhong Hui Jin Chuang Ye Investment Co., Ltd.\* (上海中匯金創業投資管理有限公司), a direct wholly-owned subsidiary of Shanghai ZHJ Group, whose business included venture capital, investment management and asset management in the PRC.

Since May 2017, Mr. Feng has been a supervisor of Beijing Xiaoqing Environmental Protection Engineering Co., Ltd.\* (曉清環保科技股份有限公司) (previous stock code: 871116) (“**Xiaoqing Environmental**”), a company previously listed on the NEEQ but delisted in September 2018, whose principal business comprises of water, solid waste and new energy source treatment, and environmental engineering.

- (ii) As disclosed in the Company’s announcement dated 28 July 2023, with effect from 28 July 2023, Mr. Wu Xiaowen (“**Mr. Wu**”) has resigned as an executive Director; Mr. Li Hongchen (“**Mr. Li**”) has been appointed as an executive Director; Mr. Yang Haiyu (“**Mr. Yang**”) has resigned as an independent non-executive Director; Mr. Yang has ceased to be a member of the Audit Committee and the chairman of the remuneration committee of the Board (the “**Remuneration Committee**”); Ms. Liao Sijie (“**Ms. Liao**”) has been appointed as an independent non-executive Director; and Ms. Liao has been appointed as a member of the Audit Committee and the chairman of Remuneration Committee.

Mr. Li, aged 24, has over 4 years of experience in the management of several subsidiaries of the Company. Mr. Li obtained a bachelor’s degree in education from the South China University of Technology in the People’s Republic of China (the “**PRC**”) in June 2021.

From December 2018 to December 2019, Mr. Li served as the chairman of the board of Sky Label Holdings Limited (天寶集團有限公司), an indirect wholly-owned subsidiary of the Company, whose business included investment holding. Since January 2019, Mr. Li served as the chairman of the board of Haiyuncai Technology (Shenzhen) Company Limited\* (海韻彩科技(深圳)有限公司), an indirect wholly-owned subsidiary of the Company, which has not yet commenced business in the PRC. From May 2021 to July 2023, Mr. Li served as the chairman of the board of Huayin (Shenzhen) Biotechnology Co., Ltd\* (華胤(深圳)生物科技有限公司), an indirect wholly-owned subsidiary of the Company, whose business included investment holding and trading of healthcare products in the PRC and he also served as chairman of the board of two directly non-wholly owned subsidiaries of Huayin, namely Zhongke Huayin (Shenzhen) Biotechnology Co., Ltd.\* (中科華胤(深圳)生物科技有限公司) and Zhongke Huayin (Shenzhen) Biology Co., Ltd.\* (中科華胤(深圳)生物有限公司) since March 2022 and January 2022, respectively. Since January 2020, Mr. Li served as the chairman of the board of StarGlory Enterprise Management (Shenzhen) Company Limited\* (榮暉企業管理(深圳)有限公司), an indirect wholly-owned subsidiary of the Company, whose business included trading of healthcare products in the PRC.

Ms. Liao, age 27, has over 3 years of experience in management consultancy and operations management. Ms. Liao obtained a bachelor’s degree in science from The Pennsylvania State University in the United States of America in May 2018 and a master’s degree in science from Columbia University in the City of New York in the United States of America in May 2021.



Before joining the Company, from July 2018 to June 2019, Ms. Liao served as an economics & valuation services consultant in KPMG US LLP. From August 2021 to March 2022, Ms. Liao served as a management consultant in Alvarez & Marsal Consumer and Retail Group, LLC, a consulting firm. Since March 2022, Ms. Liao served as a strategy & operations manager in Uber Technologies, Inc., a technology company.

In accordance with the articles of association of the Company and the GEM Listing Rules, Mr. Feng, Mr. Li and Ms. Liao will hold office until the first general meeting of the Company after their appointment and shall then be eligible for re-election. Mr. Feng, Mr. Li and Ms. Liao will be subject to rotation requirements as contained in the articles of association of the Company and shall retire from office by rotation at least once every three years.

Mr. Feng, Mr. Li and Ms. Liao will be entitled to receive a Director's fee of HK\$15,000, HK\$20,000 and HK\$15,000 per month, respectively, which were determined by the Remuneration Committee with reference to their duties, responsibilities, qualifications, experiences and the prevailing market conditions.

Save as disclosed above, as at the date of this announcement, Mr. Feng, Mr. Li and Ms. Liao have confirmed that they do not have any relationship with any Directors, senior management, substantial shareholders, or controlling shareholders of the Company.

## **COMPETING INTERESTS**

As at 30 September 2023, 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. As at 30 September 2020, the Audit Committee comprises three independent non-executive Directors, namely Mr. Chan Yee Ping Michael, Mr. Feng Xingwei and Ms. Liao Sijie.

Up to the date of approval of the Group's unaudited results for the six months ended 30 September 2023, the Audit Committee had held two meetings and had reviewed the draft interim report and accounts for the six months ended 30 September 2023 prior to recommending such report and accounts to the Board for approval.

## **DIRECTORS' SECURITIES TRANSACTIONS**

Throughout the six months ended 30 September 2023, 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 2023.

By order of the Board  
**StarGlory Holdings Company Limited**  
**Zhang Tao**  
*Chairman and executive Director*

Hong Kong, 10 November 2023

*As at the date of this announcement, the executive Directors are Mr. Zhang Tao and Mr. Li Hongchen; and the independent non-executive Directors are Mr. Chan Yee Ping Michael, Mr. Feng Xingwei and Ms. Liao Sijie.*

*This announcement will remain on the “Latest Listed Company Information” page of The Stock Exchange of Hong Kong Limited website at [www.hkexnews.hk](http://www.hkexnews.hk) for at least 7 days from the date of its posting and the website of the Company at [www.stargloryhcl.com](http://www.stargloryhcl.com).*