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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 2024

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 2024

Consolidated revenue of the Company and its subsidiaries (collectively the “**Group**”) was approximately HK\$22.4 million for the six months ended 30 September 2024, representing a decrease of approximately 62.3% compared with approximately HK\$59.4 million recorded in the corresponding period last year.

Loss attributable to owners of the Company increased to HK\$11.4 million for the six months ended 30 September 2024 from HK\$5.9 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 2024, 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 2024

		For the six months ended 30 September	
		2024	2023
		(Unaudited)	(Unaudited)
	Note	HK\$'000	HK\$'000
Revenue	2	22,391	59,443
Cost of sales		<u>(12,664)</u>	<u>(30,091)</u>
Gross profit		9,727	29,352
Other income		316	687
Gain on disposal of subsidiaries	3	–	6,087
Operating expenses		<u>(19,667)</u>	<u>(41,233)</u>
Operating loss		(9,624)	(5,107)
Finance costs	4(a)	(1,489)	(2,166)
Share of loss of an associate		<u>(246)</u>	<u>–</u>
Loss before income tax	4	(11,359)	(7,273)
Income tax credit	5	<u>7</u>	<u>1,305</u>
Loss for the period		<u>(11,352)</u>	<u>(5,968)</u>
Loss for the period attributable to:			
Owners of the Company		(11,352)	(5,869)
Non-controlling interests		<u>–</u>	<u>(99)</u>
		<u>(11,352)</u>	<u>(5,968)</u>
Loss per share (HK cents)	6		
– Basic		<u>(2.18)</u>	<u>(1.13)</u>
– Diluted		<u>(2.18)</u>	<u>(1.13)</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)*For the six months ended 30 September 2024*

	For the six months ended 30 September	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Loss for the period	<u>(11,352)</u>	<u>(5,968)</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>(165)</u>	<u>(1,405)</u>
Total comprehensive loss for the period	<u>(11,517)</u>	<u>(7,373)</u>
Total comprehensive loss for the period attributable to:		
Owners of the Company	(11,517)	(6,138)
Non-controlling interests	<u>–</u>	<u>(1,235)</u>
	<u>(11,517)</u>	<u>(7,373)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION*As at 30 September 2024*

		As at 30 September 2024 (Unaudited) <i>HK\$'000</i>	As at 31 March 2024 (Audited) <i>HK\$'000</i>
	<i>Note</i>		
NON-CURRENT ASSETS			
Plant and equipment		3,802	1,437
Right-of-use assets		1,086	6,668
Goodwill		–	–
Intangible assets		4,696	5,077
Interest in an associate		4,579	4,825
		<u>14,163</u>	<u>18,007</u>
CURRENT ASSETS			
Inventories		176	247
Debtors, deposits and prepayments	7	15,806	15,056
Cash and cash equivalents		18,334	21,233
		<u>34,316</u>	<u>36,536</u>
DEDUCT:–			
CURRENT LIABILITIES			
Creditors and accruals	8	39,990	30,746
Other loans	9	107,428	108,549
Contract liabilities		770	856
Lease Liabilities		3,613	5,877
Convertible bonds		–	40,000
		<u>151,801</u>	<u>186,028</u>
NET CURRENT LIABILITIES		<u>(117,485)</u>	<u>(149,492)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)*As at 30 September 2024*

	As at 30 September 2024 (Unaudited) <i>HK\$'000</i>	As at 31 March 2024 (Audited) <i>HK\$'000</i>
TOTAL ASSETS LESS CURRENT LIABILITIES	(103,322)	(131,485)
NON-CURRENT LIABILITIES		
Lease liabilities	602	1,732
Convertible bonds	40,000	–
	40,602	1,732
NET LIABILITIES	(143,924)	(133,217)
REPRESENTING:–		
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Share capital	41,662	41,662
Reserves	(186,396)	(174,879)
	(144,734)	(133,217)
NON-CONTROLLING INTERESTS	810	–
TOTAL EQUITY	(143,924)	(133,217)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 September 2024

	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 1.4.2023 (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
Total comprehensive (loss)/income										
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>
At 1.4.2024 (audited)	41,662	(440,007)	258,889	3,801	1,031	1,390	17	(133,217)	-	(133,217)
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	810	810
Total comprehensive loss										
Loss for the period	-	(11,352)	-	-	-	-	-	(11,352)	-	(11,352)
Other comprehensive loss:-										
Exchange loss arising from translation of financial statements of foreign operations	-	-	-	-	(165)	-	-	(165)	-	(165)
Total comprehensive loss for the period	-	(11,352)	-	-	(165)	-	-	(11,517)	-	(11,517)
At 30.9.2024 (unaudited)	<u>41,662</u>	<u>(451,359)</u>	<u>258,889</u>	<u>3,801</u>	<u>866</u>	<u>1,390</u>	<u>17</u>	<u>(144,734)</u>	<u>810</u>	<u>(143,924)</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

	For the six months ended 30 September	
	2024	2023
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
NET CASH USED IN OPERATING ACTIVITIES	(3,260)	(5,344)
NET CASH FROM/(USED IN) INVESTING ACTIVITIES	1,092	(85)
NET CASH (USED IN)/FROM FINANCING ACTIVITIES	(716)	2,364
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,884)	(3,065)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	21,233	31,390
EFFECT OF FOREIGN EXCHANGE RATE CHANGE	(15)	297
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>18,334</u>	<u>28,622</u>
 ANALYSIS OF CASH AND CASH EQUIVALENTS		
	As at	As at
	30 September	30 September
	2024	2023
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cash and bank balances	<u>18,334</u>	<u>28,622</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 2024, 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 2024 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 2024. 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\$117,485,000 and HK\$143,924,000 respectively as at 30 September 2024 as the Directors considered that:

- (1) Ms. Huang Li, being the sole beneficial owner and director of the ultimate holding company of the Group, has agreed to provide continuing financial support to the Group; and
- (2) On 8 April 2024, Mr. Tang Sing Ming Sherman (“**Mr. Tang**”), as 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 Mr. Tang with an outstanding balance of principal and interest of approximately HK\$99,431,000 as at 31 March 2024 was extended (the “**Extension**”) from 22 June 2024 to 22 June 2025 (the “**Extended Loan**”). The Extended Loan bears the same term after the Extension. The rest of the loan from Mr. Tang 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, 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	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Revenue from customers and recognized at a point in time		
– Provision of food and beverage services and others	<u>22,391</u>	<u>59,443</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	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Loss before income tax is arrived at after charging:		
(a) Finance costs:		
Interest expense on other loans	587	587
Interest expense on convertible bonds	400	400
Interest expense on lease liabilities	154	425
Other bank charges	348	754
	<u>1,489</u>	<u>2,166</u>
(b) Other items:		
Amortization of other intangible assets	381	411
Depreciation of plant and equipment	443	1,470
Depreciation of right-of-use assets	3,539	8,624
	<u>3,539</u>	<u>8,624</u>

5. INCOME TAX

Taxation in the consolidated statement of profit or loss represents:

	For the six months ended 30 September	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current tax	–	–
Deferred tax	(7)	(1,305)
Income tax credit	<u>(7)</u>	<u>(1,305)</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 (2023: 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 approximately HK\$11,352,000 (2023: approximately HK\$5,869,000) and the weighted average number of ordinary shares of 520,771,875 (2023: 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 this assumed exercise would result in decrease in loss for both the six months ended 30 September 2024 and 2023.

7. DEBTORS, DEPOSITS AND PREPAYMENTS

Debtors, deposits and prepayments comprise:–

	As at 30 September 2024 (Unaudited) <i>HK\$'000</i>	As at 31 March 2024 (Audited) <i>HK\$'000</i>
Trade debtors	544	693
Less: loss allowance	<u>–</u>	<u>–</u>
	544	693
Rental and utility deposits	9,558	6,812
Prepayments	3,583	5,011
Other debtors	<u>2,121</u>	<u>2,540</u>
	<u>15,806</u>	<u>15,056</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:–

	As at 30 September 2024 (Unaudited) <i>HK\$'000</i>	As at 31 March 2024 (Audited) <i>HK\$'000</i>
At beginning of the period/year	<u>–</u>	<u>205</u>
Provision for the period/year	–	–
Reversal of impairment	–	(205)
Written off of uncollectible debts	<u>–</u>	<u>–</u>
At end of the period/year	<u>–</u>	<u>–</u>

(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:–

	As at 30 September 2024 (Unaudited) HK\$'000	As at 31 March 2024 (Audited) HK\$'000
0 – 30 days	480	643
31 – 60 days	2	12
61 – 90 days	1	4
91 – 180 days	62	34
	<u>544</u>	<u>693</u>

(c) Trade debtors that are not impaired

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

	As at 30 September 2024 (Unaudited) HK\$'000	As at 31 March 2024 (Audited) HK\$'000
Neither past due nor impaired	480	643
Past due but not impaired:–		
1 – 30 days	2	12
31 – 60 days	1	4
61 – 90 days	62	34
	<u>65</u>	<u>50</u>
	<u>544</u>	<u>693</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:–

	As at 30 September 2024 (Unaudited) HK\$'000	As at 31 March 2024 (Audited) HK\$'000
Trade creditors	24,161	16,556
Accruals and provisions	6,340	5,281
Interest payables	8,153	7,166
Other creditors and payables	1,336	1,743
	<u>39,990</u>	<u>30,746</u>

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

	As at 30 September 2024 (Unaudited) HK\$'000	As at 31 March 2024 (Audited) HK\$'000
0 – 30 days	2,789	969
31 – 60 days	580	696
61 – 90 days	658	1,855
91 – 180 days	–	5,227
Over 180 days	20,134	7,809
	<u>24,161</u>	<u>16,556</u>

9. OTHER LOANS

	As at 30 September 2024 (Unaudited) HK\$'000	As at 31 March 2024 (Audited) HK\$'000
Other loans	<u>107,428</u>	<u>108,549</u>

Other loan from a lender of approximately HK\$97,864,000 (31 March 2024: HK\$97,864,000) as at 30 September 2024 is unsecured, carries interest rate at 0.1% per month and repayable on 22 June 2024. Remaining loans of approximately HK\$2,590,000 (31 March 2024: approximately HK\$2,536,000) are interest-free, unsecured and repayable on demand. On 8 April 2024, Mr. Tang Sing Ming Sherman, as the 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 Mr. Tang with an outstanding balance of principal and interest of approximately HK\$99,431,000 as at 31 March 2024 was extended from 22 June 2024 to 22 June 2025. The Extended Loan bears the same term after the Extension. The rest of the loan from Mr. Tang is interest-free, unsecured and repayable on demand.

Interest payable to this lender of approximately HK\$2,154,000 (31 March 2024: approximately HK\$1,567,000) is included in interest payables.

Other loan of approximately HK\$6,973,000 (31 March 2024: approximately HK\$8,149,000) as at 30 September 2024 is unsecured and interest-free. The loan is repayable on 26 February 2025.

10. 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 2024 and 2023.

Directors and key management personnel remunerations

	For the six months ended 30 September	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Fees	390	430
Salaries, allowances and other benefits in kind	1,277	1,263
Retirement scheme contributions	<u>20</u>	<u>9</u>
	<u>1,687</u>	<u>1,702</u>

11. 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	
	2024	2023	2024	2023	2024	2023
	(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	–	–	22,391	59,443	22,391	59,443
Other revenue	8	2	308	685	316	687
	<u>8</u>	<u>2</u>	<u>22,699</u>	<u>60,128</u>	<u>22,707</u>	<u>60,130</u>
Total revenue	<u>8</u>	<u>2</u>	<u>22,699</u>	<u>60,128</u>	<u>22,707</u>	<u>60,130</u>

	PRC		Hong Kong		Consolidated	
	At	At	At	At	At	At
	30 September	31 March	30 September	31 March	30 September	31 March
	2024	2023	2024	2023	2024	2023
	(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	6,605	1,101	7,558	16,906	14,163	18,007
	<u>6,605</u>	<u>1,101</u>	<u>7,558</u>	<u>16,906</u>	<u>14,163</u>	<u>18,007</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 2024 and 2023.

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend in respect of the six months ended 30 September 2024 (2023: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's unaudited revenue for the six months ended 30 September 2024 (the “**Reporting Period**”) amounted to approximately HK\$22.4 million (2023: approximately HK\$59.4 million), representing a decrease of approximately 62.3% compared with the same period of the last financial year. Loss attributable to owners of the Company increased to approximately HK\$11.4 million for the six months ended 30 September 2024 from approximately HK\$5.9 million recorded in the corresponding period last financial year.

Industry Overview

During the Reporting Period, the United Nations' “2024 Mid-Year World Economic Situation and Prospects” indicates an amelioration in global economic outlook since January 2024. Nevertheless, economic expansion remains constraint by elevated interest rates, geopolitical volatility, and climate-related vulnerabilities. Global economic growth projections stand at 2.7% and 2.9% for 2024 and 2025 respectively, falling short of the 3.2% average observed during 2010 to 2019.

In 2024, China's economic landscape demonstrated remarkable resilience and stability, evidenced by a notable 4.6% year-on-year expansion in gross domestic product (“**GDP**”) during the third quarter. Concurrent with this growth, the value-added industrial output from large-scale enterprises exhibited robust performance, achieving a substantial year-on-year increase of 5.8%. The Chinese government's implementation of the transformative “Two New” policy in September 2024 represents a strategic initiative designed to catalyze industrial advancement through comprehensive equipment modernization and systematic consumer goods replacement programs. The policy framework particularly emphasizes technological innovation within high-tech manufacturing sectors, encompassing new energy vehicles, solar panels, and battery technologies, while simultaneously promoting industrial equipment optimization. Furthermore, the “14th Five-Year Plan for Modern Energy Development Systems” articulates a comprehensive roadmap for establishing an integrated energy infrastructure characterized by cleanliness, low carbon emissions, operational safety, and maximum efficiency.

Supported by comprehensive national policy frameworks, China's clean energy sector has exhibited unprecedented growth, achieving a significant milestone in May 2024 when clean energy sources accounted for 44% of national electricity generation capacity, marking a historic peak. The new energy industry ecosystem exhibits continuous enhancement of its value chain infrastructure, catalyzing escalating demand for advanced materials. The strategic incorporation of hydrogen energy into the national energy framework, guided by the comprehensive “Medium- and Long-Term Plan for the Development of Hydrogen Energy Industry (2021-2035)” and aligned with “dual-carbon” objectives, has entered an accelerated development trajectory. China's advanced materials sector, designated as a strategic emerging industry, achieved remarkable revenue generation of RMB7.9 trillion in 2023, with analytical projections indicating expansion beyond RMB10 trillion by 2025. The “Made in China 2025” strategic initiative further elevates advanced materials as a cornerstone of industrial development, emphasizing the integration of Internet of Things and artificial intelligence technologies as fundamental drivers of economic advancement.

Hong Kong's economic indicators demonstrated moderate improvement during the second quarter of 2024, with real GDP exhibiting a year-on-year expansion of 3.3%. However, the food and beverage sector encountered significant operational headwinds, characterized by suppressed domestic consumption patterns and intensified market competition. Statistical data from the Census and Statistics Department reveals that the sector generated aggregate revenue of HK\$26.9 billion in the second quarter of 2024, representing a year-on-year contraction of 2.1%. The emergence of the "one-hour living sphere" phenomenon, coupled with the implementation of "Northbound Travel for Hong Kong Vehicles" initiatives and mainland China's competitive pricing dynamics, has fundamentally altered the competitive landscape of the local food and beverage industry. The Hong Kong Federation of Restaurants and Related Trades reported the unprecedented closure of 300 food service establishments within a single month in 2024. Furthermore, the proliferation of mainland enterprises in prime commercial districts during the Reporting Period has exerted substantial influence on local market dynamics. This intensified competitive environment necessitates aggressive pursuit of innovative strategies and transformative initiatives to ensure sustainable adaptation to evolving market conditions.

Business Review

During the Reporting Period, Hong Kong's economic framework encountered multifaceted challenges. Despite enhanced consumer expenditure metrics and the government's implementation of the "Mega Events Economy" initiative to stimulate commercial activity, fundamental structural impediments persisted. The convergence of evolving consumer preferences, diminished regional competitiveness, escalating operational costs, accelerated cross-border consumption patterns, and intensifying e-commerce penetration has created an increasingly complex operational paradigm for the food and beverage sector.

The Group's food and beverage operations experienced significant margin pressure, materially impacting revenue generation. In response, the management implemented comprehensive strategic measures, including optimization of production outsourcing protocols, enhancement of cost and inventory management systems, and implementation of operational efficiency initiatives. Leveraging the established market position and brand equity of Italian Tomato, the Group executed strategic portfolio refinements to capitalize on seasonal opportunities, implementing targeted promotional initiatives and introducing innovative product variants featuring contemporary character licensing to enhance customer engagement and competitive positioning. However, the increasing prevalence of cross-border consumption patterns during holiday periods has significantly impacted the establishment of patronage.

In response to dynamic market conditions, the Group has initiated a comprehensive business transformation strategy. The escalating global imperative for environmental sustainability has underscored the critical significance of clean and renewable energy technologies. Since the implementation of China's strategic carbon initiatives in 2021, encompassing "carbon peak" and "carbon neutrality" objectives, the regulatory framework has evolved to provide substantial policy support for renewable energy sector development. The intrinsic synergy between renewable energy technologies and advanced materials applications, coupled with China's expansive advanced materials market infrastructure, presents compelling opportunities for strategic integration. Consequently, during the Reporting Period, the Group has executed a strategic pivot into the renewable energy and advanced materials sectors, with particular emphasis on photovoltaic ("PV") technology and advanced materials development, thereby implementing a calculated portfolio diversification strategy aligned with emergent market opportunities and regulatory frameworks.

Within the PV sector, the Group has strategically positioned itself in the development and commercialization of precision wire mesh technology, a fundamental component critical to PV industry value chain optimization. Following comprehensive market intelligence gathering and strategic industry trend analysis, the Group successfully negotiated and executed an exclusive commercialization agreement in December 2023, securing comprehensive intellectual property rights and patent protection for proprietary precision wire mesh technology. Building upon established strategic partnerships, notably the previously executed memorandum of understanding with the Harbin Institute of Technology, Weihai, for collaborative precision wire mesh technology development, the Group has achieved significant technological advancement. During the Reporting Period, intensive research and development initiatives have focused on technological refinement and optimization protocols, with the strategic objective of completing final validation processes and initiating small-scale production and commercialization operations by the conclusion of the current fiscal year.

In alignment with China's rapidly expanding hydrogen energy sector, the Group has successfully developed and secured independent intellectual property rights for innovative high-performance titanium fiber felt technology. This advanced material solution demonstrates industry-leading specifications, achieving wire diameter precision of 8 to 11 microns and porosity optimization between 87% and 92%, establishing technological leadership within China's competitive landscape. This significant technological advancement exemplifies the Group's research and development capabilities and intellectual capital, while establishing a robust foundation for strategic market penetration in the emerging hydrogen-energy titanium fiber felt sector. The management maintains a confident outlook regarding the Group's growth trajectory, supported by strategic diversification initiatives and continuous enhancement of operational frameworks, positioning the organization for accelerated growth in the near future.

Future Prospects

The global economic landscape maintains elements of uncertainty, with International Monetary Fund projections indicating sustained growth rates of 3.2% for both 2024 and 2025. China's economic trajectory, underpinned by strategic policy mechanisms and comprehensive structural reforms, is anticipated to maintain growth momentum of 4.5% in 2025. Notwithstanding multifaceted challenges, the Chinese government's strategic emphasis on sustainable, quality-centric development is expected to catalyze the emergence of innovative industrial paradigms, transformative business models, and dynamic operational frameworks, thereby generating substantial opportunities for economic advancement.

China's 2024 "Government Work Report" articulated the strategic imperative of "advancing industrial modernization and accelerating new quality productivity development." The International Energy Agency projects China's dominant position in global renewable energy expansion, forecasting 56% contribution to global capacity enhancement during 2023 to 2028. A significant milestone was achieved in September 2024 through the formalization of strategic cooperation between the Hong Kong government and the Ministry of Industry and Information Technology, culminating in the "Co-operation Agreement on the Development of New Qualitative Productivity for the Promotion of New Industrialization." This comprehensive framework prioritizes development across critical sectors, encompassing artificial intelligence, advanced manufacturing capabilities, green and low-carbon technologies, new energy solutions, and advanced materials development, with particular emphasis on industrial organization optimization. This strategic initiative is positioned to significantly influence renewable energy market dynamics and technological advancement.

Aligned with the emerging paradigm of “new quality productive forces,” the Group has formulated comprehensive strategic initiatives for market penetration in renewable energy and advanced materials sectors. Within the PV industry, the Group maintains strategic focus on the development and commercialization of high-precision PV screen-printing technology, a critical enabler of enhanced solar cell conversion efficiency within manufacturing processes. The strategic partnership with Harbin Institute of Technology, Weihai, facilitates collaborative development of next-generation ultra-fine wire mesh technology, specifically engineered to address escalating efficiency requirements in solar cell production. In the hydrogen energy sector, the Group’s strategic emphasis centers on hydrogen titanium fiber felt technology advancement, providing critical material infrastructure for hydrogen fuel cell supply chain optimization. Furthermore, the Group has expanded its advanced materials portfolio to encompass radio frequency identification electronic label development, while actively pursuing strategic alliance opportunities with industry leaders to enhance market penetration.

Hong Kong’s economic indicators project real GDP growth between 2.5% and 3.0% for 2024, with comparable growth trajectories anticipated for 2025. The Hong Kong government’s strategic economic revitalization initiatives encompass enhanced tourism product development and experiential offerings, designed to stimulate demand across retail, consumer, and food and beverage sectors. This comprehensive framework incorporates large-scale event promotion and specialized thematic tourism development, targeting increased visitor arrivals and consumption patterns. To leverage these emerging opportunities, the Group maintains strategic focus on operational optimization within its food and beverage portfolio. Product innovation strategies encompass continuous portfolio enhancement through new cake variety introduction and seasonal specialty development, supported by continuous formula refinement to address evolving consumer preferences across market segments. Operational excellence initiatives focus on efficiency optimization and service quality enhancement, incorporating advanced supply chain management protocols to ensure premium raw material sourcing while maintaining cost efficiency. Additionally, the Group maintains emphasis on comprehensive staff development programs to elevate service delivery standards and technical production capabilities.

The Group implements comprehensive member engagement initiatives through enhanced membership program optimization and strategic loyalty development protocols. This framework encompasses diversified member benefit structures, complemented by thematic promotional campaigns and limited-edition product launches aligned with seasonal festivities and significant occasions. Strategic brand collaboration initiatives further enhance member value proposition through elevated experiential offerings. The Group maintains agile response capabilities to align with Hong Kong government’s tourism revitalization and retail stimulation initiatives, implementing dynamic product portfolio adjustments and marketing strategy refinements to capitalize on emergent market opportunities.

Looking forward, the Group maintains strategic focus on portfolio diversification across high-growth sectors, specifically targeting renewable energy, clean energy technologies, and advanced materials development. Leveraging the collective expertise of seasoned management leadership and robust research and development capabilities, the Group maintains strong conviction in its ability to enhance competitive market positioning and generate sustainable long-term shareholder value creation.

FINANCIAL REVIEW

For the six months ended 30 September 2024, the Group recorded revenue of approximately HK\$22.4 million (2023: approximately HK\$59.4 million), which decreased by approximately 62.3% compared with the corresponding period last financial year. This decrease in revenue reflects the ongoing transformation in consumer behavior patterns, characterized by a measured shift towards value-oriented purchasing decisions amid evolving macroeconomic conditions. The emergence of cross-border consumption alternatives has further influenced this trend. The interplay of regional market dynamics and the growing presence of e-commerce platforms has presented new challenges for Hong Kong's food and beverage sector. While the Hong Kong government's initiatives to stimulate consumption have yielded modest improvements in consumer sentiment, the industry continues to navigate through a period of adjustment.

Loss attributable to owners of the Company was approximately HK\$11.4 million (2023: approximately HK\$5.9 million). Such increase in loss was mainly due to decrease in gain on disposal of subsidiaries of approximately HKD\$6.1 million. During the six months ended 30 September 2023, the Group 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 an one-off gain on disposal of subsidiaries of approximately HK\$6.1 million in the corresponding period last financial year.

During the Reporting Period, the gross profit margin from the operations of the Group was approximately 43.4% (2023: approximately 49.4%). In response to evolving market dynamics, the Group has proactively diversified its product portfolio by introducing an expanded range of peripheral and seasonal offerings, including mooncakes, egg rolls, and French palmier products. While these new product categories currently operate at different margin profiles compared to our traditional cake offerings, they represent an important strategic initiative to broaden our market reach and create additional revenue streams. The Group remains focused on optimizing its product mix and implementing operational enhancements to gradually strengthen overall profitability while maintaining market competitiveness.

The Group strived to exercise stringent cost control and further enhanced operational efficiency during the Reporting Period. As a result, total operating expenses for the operations decreased by approximately 52.3% to approximately HK\$19.7 million (2023: approximately HK\$41.2 million). This change reflects the Group's strategic refinement of its retail portfolio, specifically the calibrated optimization of our outlet network. This measured action aligns with its strategic imperative to enhance resource allocation and strengthen operations around high-potential locations. As a result of these strategic initiatives, the Group achieved an improvement in operational efficiency, with total operating expenses moderated to HK\$19.7 million during the Reporting Period.

Financial Resources and Liquidity

As at 30 September 2024, the Group's current assets amounted to approximately HK\$34.3 million (31 March 2024: approximately HK\$36.5 million) of which approximately HK\$18.3 million (31 March 2024: approximately HK\$21.2 million) was cash and cash equivalents, approximately HK\$15.8 million (31 March 2024: approximately HK\$15.1 million) was debtors, deposits and prepayments. The Group's current liabilities amounted to approximately HK\$151.8 million (31 March 2024: approximately HK\$186.0 million), including creditors and accruals in the amount of approximately HK\$40.0 million (31 March 2024: approximately HK\$30.7 million), approximately HK\$107.4 million (31 March 2024: approximately HK\$108.5 million) was other loans.

As at 30 September 2024, convertible bonds issued by the Company amounted to approximately HK\$40 million (31 March 2024: approximately HK\$40 million). On 12 August 2024, the Company entered into the fourth 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 12 August 2024) for 36 months from the date falling on the twelfth anniversary to the fifteenth anniversary of the date of issue of the convertible bonds, being 15 August 2024, to 15 August 2027. As such, the Convertible Bonds (as defined in the announcement of the Company dated 12 August 2024) amounting to approximately HK\$40 million which will mature more than twelve months was classified as non-current liabilities as at 30 September 2024 while classified as current liabilities as at 31 March 2024.

The current ratio and quick assets ratio of the Group were 0.23 and 0.22 respectively (31 March 2024: 0.20 and 0.20 respectively). As the Group incurred net liabilities as at 30 September 2024 and 31 March 2024, 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, which is calculated by dividing 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 year and multiplying by 100% was 397% (31 March 2024: 344%).

Foreign Exchange

During both periods for the six months ended 30 September 2024 and 2023, 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 (2023: Nil).

Charges on the Group's Assets

No Group's assets had been pledged or charged as at 30 September 2024 (31 March 2023: 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. 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 2024 amounted to approximately HK\$97,864,000 and HK\$40,000,000 respectively. As at 30 September 2024, the Group's borrowings with fixed interest rates amounted for 100% of total borrowings.

Acquisition, disposal and significant investment held

During the Reporting Period, a wholly-owned subsidiary of the Company entered into an equity transfer agreement to purchase an aggregate of 51% equity interests in Shenzhen City Xinyuanchang Information Technology Co., Ltd.* (深圳市鑫元昌信息技術有限公司), with a total consideration of RMB1,173,000. For more details, please refer to the announcement of the Company dated 4 November 2024.

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 24 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 2024.

Capital Commitments

As at 30 September 2024, the Group's outstanding capital commitments were approximately HK\$1,885,000 (31 March 2024: approximately HK\$1,875,000).

Contingent Liabilities

As at 30 September 2024 and 31 March 2024, the Group did not have any material contingent liabilities.

Save as disclosed above, during the six months ended 30 September 2024 and 2023, 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 2024, the Group had 56 full-time employees in Hong Kong and the PRC (31 March 2024: 62 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 2024, approximately HK\$37.5 million, HK\$20.0 million, HK\$2.9 million, HK\$18.5 million and HK\$13.0 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, investment in medical and healthcare business and investment in renewable energy and new material respectively. As at 30 September 2024, approximately HK\$7.1 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 2024:

Summary of use of the 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 2023 <i>HK\$ million</i>	Re-allocation of the unutilized amount during the year ended 31 March 2024 <i>HK\$ million</i>	Actual amount utilized up to 31 March 2024 <i>HK\$ million</i>	Unutilized balance as at 31 March 2024 <i>HK\$ million</i>	Re-allocation of the unutilized amount during the six months period ended 30 September 2024 <i>HK\$ million</i>	Actual amount utilized up to 30 September 2024 <i>HK\$ million</i>	Unutilized balance as at 30 September 2024 <i>HK\$ million</i>
Operation and expansion of the existing food and beverage business	29.0	-	-	5.6	(34.6)	-	2.9	(37.5)	-
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)	(16.0)	-	7.0	-	-	7.0
Investment in, research and development, sales and marketing of e-cigarette in the PRC and overseas countries	-	15.0	(6.5)	(2.6)	(2.9)	3.0	(2.9)	(2.9)	0.1
Investment in medical and healthcare business	-	-	18.5	-	(18.5)	-	-	(18.5)	-
Investment in renewable energy and new material	-	-	-	13.0	(13.0)	-	-	(13.0)	-
	<u>99.0</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(89.0)</u>	<u>10.0</u>	<u>-</u>	<u>(91.9)</u>	<u>7.1</u>

During the Reporting Period, the Group pursued a prudent yet efficient network expansion strategy and up to 30 September 2024, Net Proceeds amounting to approximately HK\$37.5 million had been utilized for operating and expanding existing food and beverage business.

As at 30 September 2024, 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 planned 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 2024, 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\$5.5 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\$0.1 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 2024, 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 sluggish economic recovery, weak private consumption, poor consumer sentiment and intense competition, the food and beverage industry continued to experience a tough period of time, in which was further exacerbated by the increasing number of Hong Kong residents choosing to travel north for dining experiences. As a result, 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. In view of the increasing significance of renewable energy, the Group allocated approximately HK\$13.0 million from the Net Proceeds from the Rights Issue which were originally reserved for the potential investment opportunities towards its indirect wholly-owned subsidiaries for the advancement of research and development in renewable energy and new material products and businesses. This included a strategic investment of RMB7.0 million (equivalent to approximately HK\$7.7 million) in Weihai Qingying Precision Technology Company Limited, acquiring a 20% equity stake in the company and obtaining an exclusive sales right in order to develop the sales business in this arena; the Group has also initiated a technology collaboration partnership with the Harbin Institute of Technology, Weihai, involving a one-off payment of RMB2.8 million (equivalent to approximately HK\$3.1 million) for research and development operation, to enhance its renewable energy business through a comprehensive approach. As for the remaining amount of RMB2.0 million (equivalent to HK\$2.2 million), it was used for general operating capital. The Net Proceeds for potential investment opportunities purpose were still reserved and the unutilized balance of approximately HK\$7.0 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 interim results 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 2024, 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 2024, so far as the Directors were aware, the interests, short positions or long positions of the Directors and the chief executives of the Company in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of 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 were as follows:

Long positions in Shares of the Company

Name	Capacity in which interests are held	Number of Shares held	Approximate percentage of the Company's issued voting Shares (Note 1) %
Ms. Pang Xiaoli	Beneficial owner	410,000	0.08

Notes:

(1) Based on 520,771,875 ordinary Shares of the Company in issue as at 30 September 2024.

Save as disclosed above, as at 30 September 2024, 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 the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of 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 Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 September 2024, 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 were 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 (Note 1)	Interest of corporation controlled by Ms. Huang Li	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 are 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 2024.
- (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 2024.

Save as disclosed above, as at 30 September 2024, 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 expired on 25 February 2013, on 20 July 2012 which expired on 19 July 2022, and on 22 September 2023 (the “**Adoption Date**”) (the “**New Share Option Scheme**”), respectively (collectively, the “**Share Option Schemes**”). The terms of the New Share Option Scheme are in compliance with the provisions of Chapter 23 of the GEM Listing Rules. The following is a summary of the principal terms of the New Share Option Scheme:

The New Share Option Scheme shall be subject to the administration of the Board whose decision on all matters arising in relation to the New Share Option Scheme or its interpretation or application or effect shall (save as otherwise provided in the New Share Option Scheme and in the absence of manifest error) be final and binding on all persons who may be affected thereby.

(A) Purpose

The New Share Option Scheme is to recognize and acknowledge the contributions made by Eligible Option Participants (as defined below) and, to provide additional incentive to motivate Eligible Option Participants and to enhance the Group’s success. The New Share Option Scheme will give the Eligible Option Participants an opportunity to have a personal stake in the Group and will help motivate the Eligible Option Participants in optimizing their performance and efficiency and attract and retain the Eligible Option Participants whose contributions are important to the long-term growth and profitability of the Group.

(B) Duration

Subject to any early termination as may be determined by the Board pursuant to the scheme rules of the New Share Option Scheme, the New Share Option Scheme shall be valid and effective for a term of 10 years commencing on the Adoption Date.

(C) Eligible Option Participants

The Eligible Option Participants of the New Share Option Scheme include: (a) the director(s) and employee(s) (whether full-time or part-time) of any member of the Group (including persons who are granted options under the New Share Option Scheme as inducement to enter into employment contracts with the Group (the “**Employee Participant(s)**”); and (b) person(s) who provide services to any members of the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long term growth of the Group, which include any independent contractor, supplier, agent, consultant or adviser to any area of business or business development of the Group, but exclude any placing agent or financial adviser providing advisory services for fundraising, mergers or acquisitions, and other professional services provider such as auditor or valuer (the “**Service Provider(s)**”), provided that the Board may have absolute discretion to determine whether or not one falls within the above categories.

(D) *Maximum Number of Shares Available for Issue*

The maximum number of Shares which may be allotted and issued in respect of all options to be granted under the New Share Option Scheme shall not in aggregate exceed 10% of the entire issued share capital of the Company as at the Adoption Date without the Shareholders' approval, which is 52,077,187 Shares. At the date of this interim results announcement, a total of 52,077,187 Shares, representing 10% of the issued share capital of the Company (excluding treasury shares), are available for issue under the Share Option Scheme. The Service Provider sublimit of the New Share Option Scheme will be 1% of total number of the issued Shares as of the Adoption Date.

(E) *Maximum Entitlement of Each Eligible Option Participant*

Where any grant of options to an Eligible Option Participant would result in the Shares issued and to be issued in respect of all options and awards granted to such Eligible Option Participant (excluding any options and awards lapsed in accordance with the terms of the relevant schemes) in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the Shares in issue, such grant must be separately approved by the Shareholders in general meeting with such Eligible Option Participant and his/her close associates (or associates if the Eligible Option Participant is a connected person) abstaining from voting. The Company must send a circular to the Shareholders and the circular must disclose the identity of the Eligible Option Participant, the number and terms of the options to be granted (and options previously granted to such Eligible Option Participant in the twelve (12)-month period), the purpose of granting options to the Eligible Option Participant, an explanation as to how the terms of the options serve such purpose and such information as may be required by the Stock Exchange from time to time. The number and terms (including the subscription price) of options to be granted to such Eligible Option Participant must be fixed before Shareholders' approval and the date of Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

(F) *Grant and Acceptance of Options*

An option may be exercised in accordance with the scheme rules of the New Share Option Scheme at any time during a period as the Board may determine which shall not exceed 10 years from the date of grant subject to the provisions of early termination thereof. An offer for the grant of options shall remain open for acceptance for a period of twenty-one days, including the day in which the offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of the option is HK\$1.0. No performance target is required to be reached by the participant before any option can be exercised.

(G) *Vesting Period*

Save for the circumstances prescribed in the New Share Option Scheme, an option must be held by the grantee for at least 12 months before the Option can be exercised.

(H) Subscription Price of Shares

The subscription price for Shares to be subscribed under the New Share Option Scheme may be determined by the Board at its absolute discretion, provided that it shall not be less than the highest of: (a) the closing price of the Shares as shown in the daily quotations sheet of the Stock Exchange on the Offer Date, which must be a Business Day; (b) the average of the closing prices of the Shares as shown in the daily quotations sheets of the Stock Exchange for the five consecutive Business Days immediately preceding the Offer Date; and (c) the nominal value of the Share on the Offer Date.

No share option was granted, exercised, lapsed or cancelled during the Reporting Period (2023: Nil) and as at 30 September 2024 and 31 March 2024, there was no outstanding share option.

CHANGE OF DIRECTORS' INFORMATION

Pursuant to Rule 17.50A of the GEM Listing Rules, change of Directors' information since the publication of the Company's annual report for the year ended 31 March 2024 and up to the date this interim results announcement is as follows:

Mr. Chan Yee Ping Michael, an independent non-executive Director, resigned as the independent non-executive director of China Sandi Holdings Limited (stock code: 910), whose shares are listed on the Main Board of the Stock Exchange, in September 2024.

Save as disclosed above, there is no other change to the Directors' information required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules.

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

No important events affecting the Group occurred since 30 September 2024 and up to the date of this announcement.

COMPETING INTERESTS

As at 30 September 2024, 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 and interim 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 2024, the Audit Committee comprises three independent non-executive Directors, namely Mr. Chan Yee Ping Michael, Ms. Pang Xiaoli and Ms. Zhang Wenjuan.

Up to the date of approval of the Group's unaudited results for the six months ended 30 September 2024, the Audit Committee had held one meeting and had reviewed the draft interim report and accounts for the six months ended 30 September 2024 prior to recommending such report and accounts to the Board for approval.

DIRECTORS' SECURITIES TRANSACTIONS

Throughout the six months ended 30 September 2024, 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 C1 of the GEM Listing Rules throughout the six months ended 30 September 2024.

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

Hong Kong, 29 November 2024

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, Ms. Pang Xiaoli and Ms. Zhang Wenjuan.

This announcement will remain on the "Latest Listed Company Information" page of The Stock Exchange of Hong Kong Limited website at www.hkexnews.hk for at least 7 days from the date of its posting and the website of the Company at www.stargloryhcl.com.

* *for identification purpose only*