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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)

DISCLOSEABLE TRANSACTION IN RELATION TO THE INVESTMENT COOPERATION AGREEMENT

THE INVESTMENT COOPERATION AGREEMENT

On 27 January 2022 (after trading hours of the Stock Exchange), Huayin Biotechnology, an indirect non-wholly owned subsidiary of the Company, entered into the Investment Cooperation Agreement with Zhongke Youkang Biotechnology and Kehong Biotechnology, pursuant to which, among others, Huayin Biotechnology, Zhongke Youkang Biotechnology and Kehong Biotechnology agreed to establish the JV Company and the total capital injection by Huayin Biotechnology is RMB15 million.

IMPLICATIONS UNDER THE GEM LISTING RULES

As one or more of the applicable percentage ratios under Rule 19.07 of the GEM Listing Rules in respect of the capital commitment of Huayin Biotechnology under the Investment Cooperation Agreement exceeds 5% but all are below 25%, the entering into of the Investment Cooperation Agreement constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules. The entering into of the Investment Cooperation Agreement is therefore subject to the reporting and announcement requirements under the GEM Listing Rules.

As the Investment Cooperation Agreement and Completion are subject to the fulfilment of certain conditions precedent and may or may not proceed, Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

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On 27 January 2022 (after trading hours of the Stock Exchange), Huayin Biotechnology, an indirect non-wholly owned subsidiary of the Company, entered into the Investment Cooperation Agreement with Zhongke Youkang Biotechnology and Kehong Biotechnology, pursuant to which, among others, Huayin Biotechnology, Zhongke Youkang Biotechnology and Kehong Biotechnology agreed to establish the JV Company and the total capital injection by Huayin Biotechnology is RMB15 million.

Subject to the conditions precedent, it is contemplated that the JV Company would be principally engaged in the development and sale of oral care products.

The salient terms of the Investment Cooperation Agreement are set out as below:

- Date** : 27 January 2022 (after trading hours of the Stock Exchange)
- Parties** : (i) Huayin Biotechnology
(ii) Zhongke Youkang Biotechnology
(iii) Kehong Biotechnology
- Subject matter** : Pursuant to the Investment Cooperation Agreement, the parties agreed, among others, to participate in the operation of the JV Company, including but not limited to the setting up of platform, establishment of staff team, product development and market expansion and operation.
- Scope and terms of the JV Company** : The scope and terms of the JV Company shall be determined by all parties to the Investment Cooperation Agreement upon its establishment.
- Equity structure and capital/in-kind contribution** : Pursuant to the Investment Cooperation Agreement, the parties agreed, among others, that the capital contributions of Huayin Biotechnology and Kehong Biotechnology shall be paid by cash in an amount of RMB15,000,000 and RMB1,180,000, respectively, while Zhongke Youkang Biotechnology shall contribute a technology in relation to the manufacturing process for making an oral and dental anti-inflammatory, repairing and cleaning products for mouth and teeth as in-kind contribution to the capital of the JV Company. The JV Company shall apply patent for such technology under its name within one month after its establishment, and the patent shall belong to the JV Company. Upon establishment of the JV Company, it shall be owned as to 51%, 45% and 4% by Huayin Biotechnology, Zhongke Youkang Biotechnology and Kehong Biotechnology, respectively.
- The respective amounts of capital/in-kind contributions of the parties were determined after arm's length negotiation among the parties with reference to the initial capital requirement of the JV Company. It is intended that Huayin Biotechnology's capital contribution of RMB15 million will be funded by the internal resources of the Company.
- Payment schedule** : As to the capital contribution of RMB15 million by Huayin Biotechnology:
- (i) RMB10 million before 31 January 2022; and
- (ii) RMB5 million before 30 June 2022.

As to the capital contribution of RMB1,180,000 by Kehong Biotechnology:

- (i) RMB780,000 before 31 January 2022; and
- (ii) RMB400,000 before 30 June 2022.

As to the in-kind contribution by Zhongke Youkang:

- (i) Zhongke Youkang shall enter into a technology transfer agreement with the JV Company within five days after the establishment of the JV Company; and
- (ii) Zhongke Youkang shall apply to the competent authority for the transfer registration/filing of the technology within five days after entering into the technology transfer agreement with the JV Company.

Others : Upon signing the Investment Cooperation Agreement, the parties thereto shall commence the establishment of the JV Company and shall complete the establishment within 30 days thereafter.

All parties to the Investment Cooperation Agreement shall have the right to formulate the articles of the JV Company, which shall not contravene the terms of the Investment Cooperation Agreement.

REASONS FOR AND BENEFITS OF THE ESTABLISHMENT OF THE JV COMPANY

The Company is an investment holding company and the Group is principally engaged in the provision of food and beverage services. As stated in the interim report of the Company for the six months ended 30 September 2021, to diversify the Group's revenue and improve its competitiveness, the Group has tapped into the healthcare market since 2020 and has successfully created a new growth driver for business development. The JV Company is expected to focus on, among others, the development and sale of oral care products, including but not limited to toothpaste.

The consumer population for oral care products is huge and fast-growing and oral care has been increasingly valued by consumer in light of the improving health awareness and the changing consumption habit of the population. According to the National Statistics Bureau of the PRC, the revenue and profit of sizeable toothpaste corporations have been increasing from 2016 to 2019, demonstrating an increasing trend. In addition, driven by aesthetic needs and dental health issues, there are more and more functional high-end toothpastes in the toothpaste market. The Directors (including the independent non-executive Directors) believe that the Group can expand the healthcare business amid such trend in order to tap into the increasing business opportunities.

By entering into the Investment Cooperation Agreement, the Group will be able to introduce long-term business partners which can provide strategic support, expertise and technology in the long run. This in turn can promote the sustainability and stability for the Group's business development, whereas strengthening the competitive edges of the Group and further consolidating its footprint in the healthcare industry through the cooperation with the partners of the JV Company, which are companies engaged in the healthcare and biotechnology industry. The formation of the JV Company also allows the Company to further expand the scale of investment, and thus, increase the investment income of the Group as well as the return to the Shareholders.

Having regard to the above, the Directors (including the independent non-executive Directors) believe that the participation in the establishment and operation of the JV Company would offer an opportunity for the Company to capitalise on growing opportunities resulting from the expanding oral care market, which is in line with the Group's business strategies.

The Directors (including the independent non-executive Directors) also consider that the Investment Cooperation Agreement and the transactions contemplated thereunder are on normal commercial terms which are fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

INFORMATION ON THE JV COMPANY

The JV Company, when established, will be a limited liability company in the PRC, which will be held as to 51% by Huayin Biotechnology, 45% by Zhongke Youkang Biotechnology and 4% by Kehong Biotechnology, respectively. The JV Company is proposed to be set up in Shenzhen, the PRC.

Subject to the conditions precedent, it is contemplated that the JV Company would be principally engaged in the development and sale of oral care products.

INFORMATION ABOUT THE PARTIES

Huayin Biotechnology was incorporated in the PRC with limited liability and is principally engaged in the development of biotechnology and skincare products.

Zhongke Youkang Biotechnology was incorporated in the PRC with limited liability and is principally engaged in internet sales, sale of hygiene products and daily consumables, research and development of industrial enzymes. The ultimate beneficial owners of Zhongke Youkang Biotechnology are Liu Junjiang (劉俊江) and Ning Xiaolei (寧曉磊).

Kehong Biotechnology was incorporated in the PRC with limited liability and is principally engaged in the production and sale of daily necessities. The ultimate beneficial owner of Kehong Biotechnology is Xiong Panfeng (熊攀峰).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, as at the date of this announcement, each of Zhongke Youkang Biotechnology and Kehong Biotechnology and their respective ultimate beneficial owners are Independent Third Parties.

IMPLICATIONS UNDER THE GEM LISTING RULES

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DEFINITIONS

The following terms have the following meanings in this announcement unless the context otherwise requires:

“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Company”	StarGlory Holdings Company Limited (榮暉控股有限公司), a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the GEM under the stock code 8213
“Completion”	completion of the Investment Cooperation Agreement
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Directors”	the directors of the Company
“GEM”	the GEM of the Stock Exchange
“GEM Listing Rules”	The Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huayin Biotechnology”	Huayin (Shenzhen) Biotechnology Co., Ltd.* (華胤(深圳) 生物科技有限公 司), a company incorporated in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons or any of their respective associates or any parties acting in concert with any of them as defined in the GEM Listing Rules

“Investment Cooperation Agreement”	the investment cooperation agreement entered into on 27 January 2022 between Huayin Biotechnology, Zhongke Youkang Biotechnology and Kehong Biotechnology in relation to the establishment of the JV Company
“JV Company”	the joint venture company to be established under Investment Cooperation Agreement, the name of which to be determined by the parties and subject to regulatory approval
“Kehong Biotechnology”	Shenzhen Kehong Biotechnology Co., Ltd.* (深圳市科宏生物科技有限公司), a company incorporated in the PRC with limited liability and an Independent Third Party
“PRC”	the People’s Republic of China, and for the purpose of this announcement only, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the issued ordinary share in the share capital of the Company
“Shareholders”	the holder(s) of the Share(s)
“Zhongke Youkang Biotechnology”	Zhongke Youkang (Guangdong) International Biotechnology Co., Ltd.* (中科有康(廣東)國際生物科技有限公司), a company incorporated in the PRC with limited liability and an Independent Third Party
“%”	per cent.

* *for identification purposes only*

By order of the Board
StarGlory Holdings Company Limited
Huang Chao
Chairman

Hong Kong, 27 January 2022

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

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and (2) there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the GEM website at www.hkgem.com on the “Latest Company Announcements” page and the website of the Company at www.stargloryhcl.com for at least 7 days from the date of its posting.