

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

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

**(Stock Code: 8213)**

**THIRD QUARTERLY REPORT**  
**FOR THE NINE MONTHS ENDED**  
**31 DECEMBER 2022**

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**FINANCIAL HIGHLIGHTS FOR THE NINE MONTHS ENDED  
31 DECEMBER 2022**

Consolidated revenue of the Company and its subsidiaries (collectively the “**Group**”) was approximately HK\$121.3 million for the nine months ended 31 December 2022, representing a decrease of approximately 7.2% compared with approximately HK\$130.6 million recorded in the corresponding period last year.

Loss attributable to owners of the Company decreased to approximately HK\$7.8 million for the nine months ended 31 December 2022 from approximately HK\$11.5 million recorded in the corresponding period last year.

## RESULTS

The board (the “**Board**”) of Directors of the Company hereby announces the unaudited condensed consolidated results of the Group for the nine months ended 31 December 2022, together with the comparative unaudited consolidated figures for the corresponding period last year:

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

For the nine months ended 31 December 2022

	Note	For the nine months ended 31 December		For the three months ended 31 December	
		2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Revenue	2	121,276	130,633	42,852	46,956
Cost of sales		(52,655)	(55,953)	(19,263)	(19,449)
Gross profit		68,621	74,680	23,589	27,507
Other income		7,470	1,462	595	431
Gain on modification of convertible bonds		–	1,390	–	–
Operating expenses		(81,308)	(84,355)	(27,126)	(28,970)
Operating loss		(5,217)	(6,823)	(2,942)	(1,032)
Finance costs		(4,085)	(4,163)	(1,329)	(1,363)
Loss before income tax		(9,302)	(10,986)	(4,271)	(2,395)
Income tax credit/(expenses)	3	217	(541)	103	(780)
<b>Loss for the period</b>		<b>(9,085)</b>	<b>(11,527)</b>	<b>(4,168)</b>	<b>(3,175)</b>
<b>Loss for the period attributable to:</b>					
Owners of the Company		(7,753)	(11,534)	(3,955)	(3,175)
Non-controlling interests		(1,332)	7	(213)	–
		<b>(9,085)</b>	<b>(11,527)</b>	<b>(4,168)</b>	<b>(3,175)</b>
			(Restated)		(Restated)
<b>Loss per share</b> (HK cents)	4				
– Basic		<b>(1.49)</b>	(2.21)	<b>(0.76)</b>	(0.61)
– Diluted		<b>(1.49)</b>	(2.21)	<b>(0.76)</b>	(0.61)

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

*For the nine months ended 31 December 2022*

	For the nine months ended 31 December		For the three months ended 31 December	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Loss for the period</b>	<u>(9,085)</u>	<u>(11,527)</u>	<u>(4,168)</u>	<u>(3,175)</u>
Other comprehensive loss:				
Items that may be subsequently reclassified to profit or loss:				
Exchange gain/(loss) arising from translation of financial statements of foreign operations	<u>1,540</u>	<u>(1,212)</u>	<u>(347)</u>	<u>(295)</u>
<b>Total comprehensive loss for the period</b>	<u><b>(7,545)</b></u>	<u><b>(12,739)</b></u>	<u><b>(4,515)</b></u>	<u><b>(3,470)</b></u>
<b>Total comprehensive loss for the period attributable to:</b>				
Owners of the Company	<u>(5,506)</u>	<u>(12,746)</u>	<u>(4,369)</u>	<u>(3,470)</u>
Non-controlling interests	<u>(2,039)</u>	<u>7</u>	<u>(146)</u>	<u>-</u>
	<u><b>(7,545)</b></u>	<u><b>(12,739)</b></u>	<u><b>(4,515)</b></u>	<u><b>(3,470)</b></u>

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the nine months ended 31 December 2022

	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 1.4.2021 (audited)	41,662	(390,475)	258,889	3,801	128	1,390	17	(84,588)	-	(84,588)
Extension of convertible bonds	-	-	-	-	-	346	-	346	-	346
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	(967)	(967)
<b>Comprehensive (loss)/income</b>										
(Loss)/profit for the period	-	(11,534)	-	-	-	-	-	(11,534)	7	(11,527)
Other comprehensive (loss)/income:										
Exchange loss arising from translation of financial statements of foreign operations	-	-	-	-	(1,212)	-	-	(1,212)	-	(1,212)
Total comprehensive (loss)/income for the period	-	(11,534)	-	-	(1,212)	-	-	(12,746)	7	(12,739)
<b>At 31.12.2021 (unaudited)</b>	<b>41,662</b>	<b>(402,009)</b>	<b>258,889</b>	<b>3,801</b>	<b>(1,084)</b>	<b>1,736</b>	<b>17</b>	<b>(96,988)</b>	<b>(960)</b>	<b>(97,948)</b>
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	-	(7,753)	-	-	-	-	-	(7,753)	(1,332)	(9,085)
Other comprehensive income/(loss):-										
Exchange gain/(loss) arising from translation of financial statements of foreign operations	-	-	-	-	2,247	-	-	2,247	(707)	1,540
Total comprehensive (loss)/income for the period	-	(7,753)	-	-	2,247	-	-	(5,506)	(2,039)	(7,545)
<b>At 31.12.2022 (unaudited)</b>	<b>41,662</b>	<b>(419,164)</b>	<b>258,889</b>	<b>3,801</b>	<b>1,572</b>	<b>1,390</b>	<b>17</b>	<b>(111,833)</b>	<b>(1,788)</b>	<b>(113,621)</b>

Notes:

## 1. BASIS OF PREPARATION

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

These unaudited condensed consolidated quarterly results should be read in conjunction with the consolidated financial statements for the year ended 31 March 2022, which have been prepared in accordance with HKFRSs.

These unaudited condensed consolidated quarterly results have been prepared in accordance with the same accounting policies adopted in the 2022 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 2022. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s unaudited condensed consolidated quarterly results and amounts reported for the current period and prior periods.

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

When preparing the unaudited condensed consolidated quarterly results, the Group’s ability to continue as a going concern has been assessed. These unaudited condensed consolidated quarterly results have been prepared by the Directors on a going concern basis notwithstanding that the Group had net current liabilities and net liabilities of approximately HK\$82,954,000 and HK\$113,621,000 respectively as at 31 December 2022 as the Directors considered that:

- (1) Ms. Huang Li, being a director of the Company, 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 2022, a lender of the other loans, 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 the lender with an outstanding balance of approximately HK\$104,119,000 as at 14 June 2022 was extended (the “**Extension**”) from 22 June 2022 to 22 June 2023 (the “**Extended Loan**”). The Extended Loan bears the same term after the Extension. The rest of the loans from the lender are unsecured, interest-free and repayable on demand.

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

## 2. REVENUE

Revenue, represents invoiced value recognized in respect of provision of food and beverage services 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 nine months ended 31 December	
	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000
Revenue from customers and recognized at a point in time		
– Provision of food and beverage services and others	121,129	130,350
– Sales of healthcare products	147	283
	<u>121,276</u>	<u>130,633</u>

## 3. INCOME TAX

Taxation in the consolidated statement of profit or loss represents:

	For the nine months ended 31 December	
	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000
Current tax	–	31
Deferred tax	(217)	510
Income tax (credit)/expense	<u>(217)</u>	<u>541</u>

- (i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (“BVI”), the Group is not subject to any income tax in the Cayman Islands and the BVI.
- (ii) The Company’s subsidiaries incorporated/established in Hong Kong and the People’s Republic of China (“PRC”) are subject to Hong Kong Profits Tax and PRC Enterprise Income Tax at the rates of 16.5% and 25% respectively (2021: Hong Kong – 16.5% and PRC – 25% respectively) except for a Hong Kong subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rate regime. For this subsidiary, the first HK\$2 million of assessable profits are taxed at the rate of 8.25% and the remaining assessable profits are taxed at the rate of 16.5%.



#### 4. LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to owners of the Company of approximately HK\$7,753,000 (2021: approximately HK\$11,534,000) and the weighted average number of ordinary shares of 520,771,875 (2021 (restated): ordinary shares of 520,771,875) in issue during the three months ended 31 December 2022.

On 11 January 2022, every eight (8) issued and unissued ordinary shares of HK\$0.01 each in the share capital of the Company were consolidated into one (1) ordinary share of HK\$0.08 each (each a “**Consolidated Share**”) in the share capital of the Company (the “**Share Consolidation**”) and resulted in the weighted average number of Consolidated Shares of 520,771,875 in issue during all periods presented. Comparative figures of the weighted average number of ordinary shares for calculating basic loss per share have been adjusted on the assumption that the Share Consolidation has been effective since the beginning of the corresponding prior period.

The computation of diluted loss per share (2021: 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 nine months ended 31 December 2022 and 2021.

## INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend in respect of the nine months ended 31 December 2022 (2021: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

The Group's unaudited revenue for the nine months ended 31 December 2022 (the **"Reporting Period"**) amounted to approximately HK\$121.3 million (2021: approximately HK\$130.6 million), representing a decrease of approximately 7.2% compared with the same period of the last financial year.

### Industry Overview

The global economy remained on course for a sharp slowdown throughout 2022, due mainly to persistent inflation, the rapid tightening of monetary policy in response to inflationary pressures, economic underperformance in China, and an energy crisis in Europe. The International Monetary Fund expects global growth to have slowed to 3.2% for full-year 2022.

During the Reporting Period, China's productivity levels fell dramatically as its strict Coronavirus disease ("**Covid**" or "**pandemic**") lockdown policies persisted much longer than those implemented by other countries since the beginning of the pandemic. Although data released by China's National Bureau of Statistics indicated that total retail sales of consumer goods fell 5.9% year on year in November, and that revenues in the food & beverage industry were down 8.4% in the same month, the World Bank predicted that the country's real GDP growth would slow to 2.7% for full-year 2022. Nevertheless, China's Consumer Price Index ("**CPI**") has shown a steady recovery, rising 1.6% year on year in November.

In Hong Kong, despite improved labour market conditions and a stabilised Covid situation that supported an economic rebound in the territory, growth remained constrained by significant interest rate increases and continued disruptions to cross-boundary land-based cargo flows during the Reporting Period. Hong Kong's real GDP in the third quarter of 2022 declined 4.5% from a year earlier, following a 1.3% decline in the preceding quarter. Nonetheless, thanks to Government relief measures including the easing of pandemic-related restrictions and the operation of the Consumption Voucher Scheme, the city's Composite CPI rose by 1.8% in November, according to data released by the Census and Statistics Department.

In addition, a year-on-year increase in the prices of the various components of the Composite CPI was also recorded. Among them, meals and takeaway food prices rose 3.6%. According to the latest report by multinational real estate services company Coldwell Banker Richard Ellis, the number of licensed restaurants in Hong Kong grew 3.9% between 2020 and 2022, slightly faster than the rate of growth between 2017 and 2019. The city's major food delivery services are optimistic about post-pandemic market expansion as Covid has changed people's dining habits. The latter half of 2022 was fuelled by intense excitement around post-Covid "revenge" dining and travel, with bottlenecks caused by delayed openings and events. Following the resumption of customs clearance and the arrival of the Chinese New Year holiday season, the food and beverage sector is all but certain to enjoy a boom.

The pandemic has raised public awareness of, and concerns over, health issues, and the ongoing emergence of new Covid variants has led the Chinese government to focus on increasing its public healthcare budget. Data released by Statista in December indicate that revenue in the global healthcare market is expected to reach US\$63.9 billion in 2023, with the largest single-country portion of that revenue accounted for by China. Revenue in the global oral care market stood at US\$48.6 billion in 2022, fuelled by growing demand for dental care, and Statista expects the oral care market in China to be worth US\$5.99 billion in 2023. Growing awareness of the importance of oral hygiene and rising consumer incomes have driven substantial growth in the Chinese oral care market.

In the e-cigarette segment, tightening regulations have cast a shadow over the industry's prospects. In China, the State of Tobacco Monopoly Administration has implemented a number of rules governing sales of e-cigarettes, including a minimum purchase age, a ban on sales near certain education facilities, a prohibition on sales through vending machines and the internet, and a ban on the domestic sale of non-tobacco-flavoured e-cigarettes. The new rules also require domestic e-cigarette manufacturers and traders to obtain licenses to operate, further impeding the ability of incumbent e-cigarette suppliers from selling in the domestic e-cigarette market.

## **Business Review**

The food and beverage business of the Group has been facing the deep impacts brought by the social distance and quarantine measures caused by the fifth wave of Covid. For the Reporting Period, the revenue of the food and beverage business of the Group on one hand became struggling. On the other hand, the food cost has been jumping since the third quarter of 2021. However, with the relaxation of certain quarantine measures in this quarter and the compliments for the encouragement, support and patience from our loyal customers and suppliers, and diligent staff, the Group's food and beverage business has a sustainable result in the Reporting Period.

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

Italian Tomato, is the Group's promising brand of restaurants, café and cake shops. Italian Tomato is undoubtedly one of the well-recognized cake shops in Hong Kong, both traditional and seasonal products are welcomed in the market. The result of this Reporting Period is encouraging, however, the results of the coming quarters may be affected by the increasing rental expenses resulting from the release of the social distance and quarantine measures. By the addition of 1 cake shop in the Reporting Period, there are 5 cafés and 30 cake shops in Hong Kong as at 31 December 2022. The management will put more efforts in finding potential locations to open more shops in the coming quarters.

Ginza Bairin, the Japanese tonkatsu, has 1 shop in Hong Kong. Even with the unfailing support from a small but steady population of tonkatsu lover who is addicted to Ginza Bairin taste, Ginza Bairin is still struggling to survive in this Reporting Period. Moreover, the management is currently looking for new locations for Ginza Bairin since the Group was unable to renew the current lease which will be expired in the next quarter, and hopefully it will provide quality of food and services to the tonkatsu lover soon.

Covid has strained most industries for almost three years, but in the early days of the pandemic, the Group had the foresight to begin expanding its operations to healthcare, with a particular focus on oral hygiene and care. During the Reporting Period, the Group maintained that strategy, steadily strengthening related operations and allocating resources to the development of its oral care product business to seize market opportunities.

The Group's mass production of anti-inflammatory toothpaste is up and running, and sales of the toothpaste both online and offline developed steadily during the Reporting Period. Taking into account the pandemic-related developments in China, the Group has optimised both online and offline sales channels and adjusted its marketing campaign strategies.

The two phases of the Group's development of its oral care business – the construction stage and the development stage – were completed respectively in April and July 2022. During the construction stage, a number of tasks were accomplished, including store positioning, product planning, branding, warehouse docking infrastructure construction, and customer service training for staff. In the development stage, marketing campaigns such as special offers and promotional packages involving live broadcasts were arranged to improve and enhance brand reputation and awareness in the market. Efforts made between July and September were based on work at the development stage to bolster production efficiency and the establishment of toothpaste sales channels through various means of testing. From October to December, the main focus of the Group's work in the segment was based on tasks completed since July, selecting preferred sales channels with greater efficiency for toothpaste promotions, and solid progress was made during the period. Sales during the Reporting Period grew steadily.

As social media has become a ubiquitous part of modern life in China, the Group has grasped the opportunities that social media platforms offer by collaborating with major players in the market such as Douyin, Kuaishou, JD.com and WeChat mini-programs. Following its initial setting up of an online store, the Group actively participated in platforms' promotional activities, such as the Double 11 and 12 shopping festivals, to drive up customer repurchase rates. The Group has also been developing online-to-offline sales channels by seeking new collaborations with an increased number of distribution outlets through supply chain manager Eternal Asia. Despite the widespread disruption to supply chains in China caused by the pandemic in 2022, the Group is optimistic about the lead time for orders during the next several quarters as Covid restrictions in the country have been lifted.

In terms of other offline sales channels, the Group has commenced cooperation agreements with channels such as Pikaso and Mini Fit, and approached platforms including Nuspower, Freshippo and VC Sports with the aim of improving product positioning, optimising its sales channels and further enhancing its brand image. Meanwhile, the Group has been planning to use more Douyin live rooms for further collaboration, sending out experiential packs, and working more effectively with a wider range of online and offline sales channels.

In the e-cigarette market, taking account of efforts by the Governments of both China and Hong Kong to strengthen restrictions and prohibitions, the Group has adopted a prudent yet feasible approach, closely monitoring developments in order to adjust its business strategy in a timely manner to the evolving regulatory environment. The Group will continue to consolidate its existing businesses while exploring potential drivers of business growth and will stand ready to expand accordingly to generate greater returns for its shareholders.

### **Future Prospects**

Uncertainty and volatility will remain the principal themes in the global economy in 2023 as the three main engines of the world's growth – the United States, Europe and China – are facing economic headwinds simultaneously. Research conducted by the Centre for Economics and Business Research indicates that more than one-third of the world's economies will shrink in 2023, and that there is a 25% chance that global GDP growth will fall below 2%. The World Bank has also predicted that the global economy may enter a recession in 2023 as central banks continue raising interest rates to combat inflation, and it expects a series of financial problems in emerging markets and developing economies to remain a drag on growth. Nevertheless, financial services giant J.P. Morgan suggests it is likely that central banks will be forced to pivot and signal interest rate cuts at some point during the year, which should result in a sustained recovery of asset prices and subsequently the economy by the end of 2023.

In China, economists and analysts believe the country's growth will accelerate to 4.7% in 2023 as pressure on the economy stemming from the spread of Covid-19 and the imposition of pandemic restrictions eases. The country's relaxation of Covid control measures echoes the message of "pursing steady economic progress" delivered at the meeting of the Political Bureau of the Communist Party of China's Central Committee in early December 2022. Economists from Morgan Stanley and J.P. Morgan have said, respectively, that China's accelerated reopening will likely weigh on growth in the fourth quarter of 2022 and the first quarter of 2023, but that they expected a strong, V-shaped rebound to commence in the second quarter of 2023, led by private consumption.

In Hong Kong, following a worse-than-expected economic performance in the first three quarters, the government downgraded its forecast for full-year 2022 real GDP growth to -3.2%. The outlook for the territory's economy remains gloomy, although the food and beverage industry will embrace a new wave of growing opportunities following the anticipated lifting of almost all Covid restrictions at the end of 2022. Industry professionals are confident that the food and beverage sector will gradually embrace its promising growth prospects.

Amid a gradual revival of dining-in, the Group will maintain a strategic yet prudent approach to opening physical stores and continue to introduce more seasonal specialities and voucher schemes to drive revenue growth. In the online segment, the Group will continue to deepen its collaboration with local online food delivery platforms to fulfil customer demand for increased convenience and transparency. As an overarching goal, the Group will also optimise its loyalty membership scheme to provide a more stable and convenient user experience for its customers.

In China, the healthcare market is expanding at an astonishing rate, driven primarily by factors such as the country's ageing population, rising health expenditure, continuous government support, technical innovation, and increasing internet penetration. A report by market research service Research and Markets entitled "The China Online Healthcare Market: Insights & Forecast with Potential Impact of COVID-19 (2022-2026)" predicts that the value of China's online healthcare market is likely to reach US\$311.48 billion in 2026, experiencing a compound annual growth rate of 36.89% between 2022 and 2026.

The Covid pandemic has given a significant boost to the development of online healthcare in China, particularly in oral care, as it has raised people's awareness of personal hygiene. Given the huge potential of the sector, the Group will continue to allocate more resources to this segment, to raise brand awareness and build long-term relationships with customers by launching more seasonal promotions and special offers, retaining its solid existing client base while attracting new customers. The Group will also study the latest market trends and dedicate itself to modifying its existing products and developing a wider range of new offerings. The Group is optimistic about the development of the oral hygiene care segment and hopeful that it will provide a steady contribution to the Group's revenue.

Around the world, the tobacco and e-cigarette industries are facing an uncertain future amid restrictions imposed by the Governments. The Group will adjust its approach to this business as required and as is prudent, closely monitoring market developments and taking appropriate action with due consideration. Looking ahead, the Group remains committed to consolidating its existing businesses and increasing efficiency while redoubling its pragmatic pursuit of new business development.

## **FINANCIAL REVIEW**

### **Consolidated results of operations**

For the nine months ended 31 December 2022, the Group recorded a revenue of approximately HK\$121.3 million (2021: approximately HK\$130.6 million), which decreased by approximately 7.2% compared with the corresponding period of last year mainly due to the revival of the fifth wave of pandemic, which led to government's implementation of tightening social distancing measures and evening dine-in ban for almost a month during the period from 1 April 2022 to 20 April 2022, resulting in a sluggish atmosphere in the food and beverage industry, and a significant impact in the Group's business.

Loss attributable to owners of the Company was approximately HK\$7.8 million (2021: approximately HK\$11.5 million). Such decrease in loss was mainly due to the increase in other income as a sum of approximately HK\$5.6 million wage subsidies under the Employment Support Scheme launched by the Government of the Hong Kong Special Administrative Region (the “**HKSAR Government**”) were received for the Group’s business activities carried out in Hong Kong during the Reporting Period. In addition, as the HKSAR Government launched a food licence holders subsidy scheme under the Anti-Epidemic Fund to provide financial relief to the food business sector which was directly affected by the social distancing measures. A total one-off subsidy of HK\$400,000 was provided to the Group and recorded as other income for being an eligible licence holder of general restaurants in operation. No such subsidies were recorded for the corresponding period last year.

The gross profit margin of the Group was approximately 57% (2021: approximately 57%). Although competition in the food and beverage industry remained fierce, the Group successfully maintained the gross profit margin stable during the Reporting Period through adjusting cake prices and exercising good cost control.

Total operating expenses decreased by approximately 3.6% to approximately HK\$81.3 million (2021: approximately HK\$84.4 million). The decrease in operating expenses as compared to the corresponding period last year was in line with the decrease in revenue and partially offset with the increase in the operating expenses incurred by the Group in developing its healthcare business for the Reporting Period.

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

During the nine months ended 31 December 2022, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

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

As at 31 December 2022, 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 (the “**Shares**”), underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the “**SFO**”) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests, short positions and long 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 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 2)
Ms. Huang Li (Note 1)	Interest of corporation controlled by Ms. Huang Li (Note 1)	296,887,066	57.01
	Beneficial owner	5,280,000	1.01

### 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, an executive Director and the chairlady of the Board.
- (2) Based on 520,771,875 ordinary Shares of the Company in issue as at 31 December 2022.

Save as disclosed above, as at 31 December 2022, 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' INTERESTS, SHORT POSITIONS AND LONG POSITION IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2022, according to the register kept by the Company pursuant to section 336 of the SFO, so far as the Directors were aware, the following persons (other than the Directors or chief executives of the Company) had, or were deemed or taken to have, an interest, a short position or a long position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO:

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

Name of shareholders	Capacity in which interests are held	Number of shares held	Number of underlying shares held	Total number of shares and underlying shares	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 (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, representing approximately 13.72% of the issued voting Shares of the Company as at 31 December 2022.
- (3) Ms. Ho Ming Yee is the spouse of Mr. Tang Sing Ming Sherman, and is therefore deemed to be interested in the same number of Shares held by Mr. Tang Sing Ming Sherman.
- (4) Based on 520,771,875 ordinary Shares of the Company in issue as at 31 December 2022.

Save as disclosed above, as at 31 December 2022, so far as the Directors were aware, the Directors were not aware of any other person (other than the Directors or chief executives of the Company) who had an interest or a short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

## SHARE OPTIONS

### Share Option Schemes

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

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

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

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

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

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

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

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

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

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

No share option was granted, exercised, lapsed or cancelled during the Reporting Period (2021: Nil) and as at 31 December 2022 (2021: Nil), there was no outstanding share option.

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

As disclosed in the Company’s announcement dated 13 October 2022, with effect from 13 October 2022, Mr. Huang Chao (“**Mr. Huang**”) resigned as an executive Director and the chairman of the Board. Mr. Huang ceased to be the chairman of nomination committee of the Board, a member of remuneration committee of the Board, a member of the corporate governance committee of the Board, an authorized representative (“**Authorized Representative**”) of the Company under Rule 5.24 of the GEM Listing Rules and compliance officer (“**Compliance Officer**”) under Rule 5.19 of the GEM Listing Rules. Following the resignation of Mr. Huang, Ms. Huang Li (“**Ms. Huang**”) was appointed as an executive Director and the chairlady of the Board. Ms. Huang was appointed to be the chairlady of nomination committee of the Board, a member of remuneration committee of the Board, a member of the corporate governance committee of the Board, an Authorized Representative and Compliance Officer.

## **COMPETING INTERESTS**

As at 31 December 2022, none of the Directors, the controlling shareholders or their respective associates (as defined in the GEM Listing Rules) had any interests in any business which competed with or might compete with the business of the Group or had any other conflicts of interests with the Group.

## **AUDIT COMMITTEE**

The Company has established an Audit Committee with written terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules. The primary duties of the Audit Committee are to review the Company’s draft annual, interim and quarterly financial reports and accounts and to provide advice and comments thereon to the Board. The Audit Committee is also responsible for reviewing and supervising the financial reporting process and internal control procedures of the Group. As at 31 December 2022, the Audit Committee comprises three independent non-executive Directors, namely Mr. Chan Yee Ping Michael, Mr. Yang Haiyu and Mr. Zeng Shiquan.

Up to the date of approval of the Group's unaudited results for the nine months ended 31 December 2022, the Audit Committee had held three meetings and had reviewed the draft quarterly report and accounts for the nine months ended 31 December 2022 prior to recommending such report and accounts to the Board for approval.

## **DIRECTORS' SECURITIES TRANSACTIONS**

Throughout the nine months ended 31 December 2022, the Company adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries of all Directors, the Company confirms that all of the Company's Directors complied with such required standard of dealings and its code of conduct regarding directors' securities transactions.

## **CORPORATE GOVERNANCE**

The Company is firmly committed to maintaining and ensuring a high level of corporate governance standards and will review and improve the corporate governance practices and standards constantly. The Company has complied with the code provisions set out in the Corporate Governance Code contained in Appendix 15 of the GEM Listing Rules throughout the nine months ended 31 December 2022.

By order of the Board  
**StarGlory Holdings Company Limited**  
**Huang Li**  
*Chairlady and executive Director*

Hong Kong, 14 February 2023

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

*This report 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).*